卓尔发展

Zall Development Group Ltd.
卓爾發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2098

Annual Report 2015

Contents

About

Zall Development Group Ltd.

Zall Development Group Ltd. (the "Group") is adjusting its principal business activities to develop and operate integrated wholesale trading platforms supported with logistics and warehousing, E-commerce and finance services. The Group's traditional business, property development will be only a part of the principal businesses and the Group will develop a cloud market trading and service system combining online and offline business, on the basis of physical market, logistics and property and regarding Zall Cloud Market as an opportunity, and actively promote cross-border trading, customer-end service, integrated logistics, financial services, arrangement of intelligent payment hardware and system integration, to form the world's largest B2B trading platform and database for consumer goods.

Corporate Information

DIRECTORS

Executive Directors	Mr. Yan Zhi *(Co-chairman and Chief Executive Officer)* *(Re-designated as Co-chairman on 17 August 2015)* Dr. Gang Yu *(Co-chairman)* *(Appointed on 17 August 2015)* Mr. Cui Jinfeng Mr. Wang Chuang *(Appointed on 23 December 2015)* Mr. Peng Chi *(Re-designated on 11 April 2016)*
Independent Non-Executive Directors	Mr. Cheung Ka Fai Mr. Wu Ying *(Appointed on 29 February 2016)* Mr. Wei Zhe, David *(Appointed on 11 April 2016)*
Registered Office	Cricket Square Hutchins Drive P. O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office in the PRC	Zall Plaza No. 1 Enterprise Community 1 Chutian Avenue Panlongcheng Economics and Technology Development Zone Wuhan, Hubei Province China 430000
Principal Place of Business in Hong Kong	Suite 1606, 16/F Two Exchange Square Central Hong Kong
Audit Committee	Mr. Cheung Ka Fai *(Chairman)* Mr. Wu Ying *(Appointed on 29 February 2016)* Mr. Wei Zei, David *(Appointed on 11 April 2016)*

Corporate Information (Continued)

Nomination Committee	Mr. Wu Ying *(Chairman)* *(Appointed on 29 February 2016)* Mr. Cui Jinfeng Mr. Wei Zhe, David *(Appointed on 11 April 2016)*
Remuneration Committee	Mr. Wei Zhe, David *(Chairman)* *(Appointed on 11 April 2016)* Mr. Wu Ying *(Appointed on 29 February 2016)* Mr. Peng Chi
Company Secretary	Mr. Ma Wing Ming
Company Website	http://www.zallcn.com/
Authorized Representatives	Mr. Cui Jinfeng *(Appointed on 23 December 2015)* Mr. Ma Wing Ming
Hong Kong Share Registrar	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal Share Registrar and Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road George Town Grand Cayman KY1-1110 Cayman Islands
Legal Advisor	Sidley Austin P. C. Woo & Co.
Auditors	KPMG Certified Public Accountants
Principal Bankers	Bank of Communications China Construction Bank China Mingsheng Banking Corp., Ltd. Hankou Bank Industrial and Commercial Bank of China

Financial Highlights

	2015 RMB'000	2014 RMB'000
Revenue	**1,029,482**	1,986,129
Gross profit	**271,210**	976,104
Gross profit margin	**26.3%**	49.1%
Profit for the year	**2,045,988**	1,610,724
Earnings per share (Note)		
— Basic (RMB)	**0.193**	0.150
— Diluted (RMB)	**0.188**	0.147
Total non-current assets	**13,244,027**	9,442,153
Total current assets	**10,525,592**	12,733,861
Total assets	**23,769,619**	22,176,014
Total non-current liabilities	**7,906,997**	5,662,713
Total current liabilities	**5,552,091**	7,951,161
Total liabilities	**13,459,088**	13,613,874
Net assets	**10,310,531**	8,562,140

Note: Earnings per share for the year ended 31 December 2014 has been retroactively adjusted for the Share Subdivision in 2015.

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Zall Development Group Ltd. ("Zall Development" or the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2015.

CONNECT THE WORLD, VISION THE FUTURE

2015 was a year witnessed profound changes in China's market. China's economy entered into, of which the internet has comprehensively restructured China's business environment and physical commerce was subject to unprecedented impacts and challenges. With 2016 as the first year, the collaborative development of internet and big data, artificial intelligence, virtual reality and other cutting-edge technologies will create stronger and more radical influences and changes on the business sector in China. As business-organisational structure in human society is experiencing profound changes and intelligent internet era is around the corner, business world is under a gradual transition from assisting humans on convenient information matching and transaction with computers and internet, to voluntarily initiating and completing transactions with intelligent internet nodes on the basis of big data.

This change of an era is often concomitant with significant opportunities, just like this round of internet tide giving rise to the ultra-large commercial organisation, such as Alibaba, Tencent and JD.com. With further extensive and deep-going spread of internet and new technologies and new application models in the internet-related fields, it will continue to lead China's enterprises to transform and upgrade, meanwhile, it will once again spawn a number of outstanding enterprises that have solid foundation of entity industry and realize qualitative change and leap through the combination of internet + and advanced technologies.

As the global manufacturing centre as well as a giant in the internet industry, China enjoys exceptional advantages to become the world's commodities exchange centre. Zall Development Group Ltd. (the "Company") and its subsidiaries (collectively, the "Group") have been taking root on trading circulation area for years, and profoundly studying, judging and firmly grasping the trend and opportunity of internet development in recent years. Since mid-2015, we comprehensively embraced the internet, actively promoted the transformation and upgrade, and proposed the "Zall Cloud Market" program with "wholesale + internet" to create a global trading platform. It was a great honor that the program was highly recognized by Dr. Gang Yu, the founder of Yihaodian.com. Dr. Gang Yu first directly invested in the Group, and then was invited to serve as co-chairman of the board of directors of the Group, responsible for the structure and implementation of the Zall Cloud Market program.

It is generally known that the Group has a relatively large-scale offline entity trading and logistics market, comprising over 20 specialized wholesale markets with more than 20,000 merchants. As the Group held the "China Wholesale Market Annual Meeting" and "China North Hankou Trade Fair" for recent successive years, it built and maintained good communication and cooperation with the main wholesale markets in different regions of China, including Yiwu, Guangzhou, Kunming, Chengdu, Xi'an and Shenyang. The Group launched the "Zall Cloud Market" program, based on the properties, clients, logistics and data basis and advantages of the offline entity trading markets with North Hankou International Trade Centre, Tianjin Zall E-commerce Mall, Jingzhou Zall City, etc. as representation, to achieve full integration of various entity wholesale markets and e-commerce throughout the country, to reduce supply chain costs of China's wholesale segment, to improve operating efficiency, and to build China's largest integrated online and offline wholesale trading platform. Zall Cloud Market includes three online trading and service platforms, namely Zallgo, Zalljinfu and Zallfuhui, which serve online transactions of wholesale trading, financing support and smart logistics respectively to form a closed loop of big data integration services. By the end of February 2016, Zallgo's transaction amount exceeded RMB4.3 billion and registered business operators reached 9,654; Zalljinfu's total financing amounted to RMB1.1 billion and registered users reached 60,000; and Zallfuhui's service charges amounted to RMB180 million and registered users reached 12,000.

Chairman's Statement (Continued)

It is just the first step of the Group's transformation and upgrade that assisting online trading of China's offline wholesale markets and providing online trading, financing and logistics services. The Group has a place in transformation and upgrading mode of wholesale markets in China's market where e-commerce providers gather, owing to its unique offline basis. But if it just stopped there without forming Zall's unique transaction system, increasing customer's loyalty, thereby enhancing the Company's operating scale and profitability, nor fully jointing with latest technology and trend of internet development, it is bound to lag behind the market.

I have proposed the board of the directors to consider changing the Group's name from "Zall Development Group" to "Zall Group", representing that the Group's traditional business, property development will be only a part of the principal businesses. The Group will develop a cloud market trading and service system combining online and offline business, on the basis of entity market, logistics and property and regarding Zall Cloud Market as an opportunity, and actively promote cross-border trading, customer-end business, integrated logistics, financial services, arrangement of intelligent payment hardware and system integration, to form the world's largest B2B trading platform and database for consumer goods.

【Zall Development】business segment focuses on operating entity market and continues to develop, manage and operate offline market, logistics, storage and processing facilities, maintaining its leading position in the industry, whereas it will make prudent investment judgment and protect and enhance the offline advantages through alliances, joint venture, management output and collaboration.

【Zall Cloud Market】business segment focuses on business-end operation and implements "Zall Cloud Market" plan. Zall Cloud Market devotes itself to building online markets for all the mainstream offline entity wholesale markets in China, so as to become China's largest B2B e-commerce platform.

【Zall Cross-border】business segment focuses on cross-border trading and procurement business. With the business advantages of the world's leading cross-border e-commerce, Lightinthebox which just invested by the Group, by using the data, merchant and commodity advantages of Zallgo platform, it actively develops cross-border e-commerce business, which is to assist merchants of Zallgo to sell commodities to the global market through Lightinthebox, and to provide distribution services for overseas goods in the China's market through cooperation and establishment of new channels.

【Zall Cloud Commerce】business segment focuses on customer-end operation. Based on the data of Zallgo and the advantages of direct procurement from offline market, it develops B2B2C business in the forms of new setup or merger and acquisition, building the commercial brands with complete online and offline integration such as "Zalldaji（卓爾大集）", "www.whwgh.com（萬國優選）" and "Zallselected（卓爾優選）".

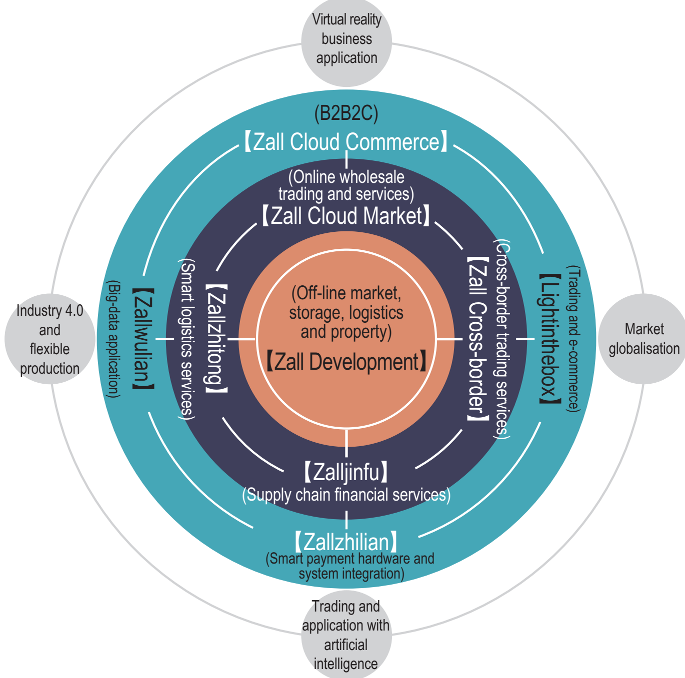
【Zalljinfu】business segment focuses on supply chain financial service business. It will make Zalljinfu and the guarantee company's team in the Zall Cloud Market independent and actively develop the supply chain financial services, becoming the Group's important profit growth points in due course.

【Zallzhilian】business segment focuses on research and development, manufacture and application of smart logistics and payment hardware. Meanwhile, it established a payment system targeted at various trading scenes, and actively applies for the third-party payment license, providing Zall trading platform and ecosphere with payment and hardware support.

【Zallzhitong】business segment focuses on smart logistics business. Based on the market advantages of online and offline trading, it creates "Zalljisong（卓集送）" system through building and hosting regional distribution centers and the use of logistics information of trading, to achieve smart logistics.

【Zallwulian】business segment, we will conduct big data mining based on the platform trading to apply the internet of things technology to transformation and upgrading of supply chain and flexible production, and improve performance of production and circulation of the enterprises.

From this, we can draw the outline of ecosphere and supply chain created on the basis of the trading system with integration of online and offline business of Zall:



Without doubt, the Group has consistently adhered to the prudent business philosophy. The existing offline property development and operation business also achieved good results in 2015:

In 2015, net profit amounted to approximately RMB2,037.7 million for the year, representing an increase of 29.6% as compared with that of 2014. The first market of Tianjin Zall E-commerce Mall, "Zall Haining Leather Mall (卓爾海寧皮革城)" opened, becoming the largest fur specialized market in Northern China, which undertook the transfer of the old wholesale markets in Beijing and Tianjin. Ten malls, such as phase I of Jingzhou Zall City opened and Hotel Articles Mall, Brand Clothing Mall and Wanguo Selected Plaza were unveiled simultaneously. The phase II of Brand Clothing Mall of North Hankou opened, the supporting industrial park of North Hankou City was put into use, and the model of "front store and back plant" was established, which enhanced the market competitiveness of North Hankou.

In respect of offline business, we will pay more attention to quality management in 2016, focusing on improving the operation and service level, with an aim to assist the Company to achieve a substantial increase in rental and service revenue.

The business transformation aforementioned will be implemented in accordance with the Group's principles of prudent operation, of which Zall Development, Zalljinfu, Zallzhilian, Zallzhitong, Zall Cloud Commerce shall always guarantee profit. Zall Cloud Market, Zall Cross-border will break even in recent years, both making contribution for profits of Zall Group.

We believe that, traditional supply chain in western countries is established on OEM system connected to major brands and sales, while the supply chain in China is established on a supply chain relating to wholesale and distribution. The former one enjoys higher efficiency and the latter one shows greater flexibility. Supply chain in future can unprecedentedly integrate these two major advantages in one system, by standardization, separation of trading model and socialization, big data and intelligentization, production and trading can be arranged and switched with flexibility in different situations so that commodity trading, financial transaction and goods circulation can be separated and combined, through which a complete intelligent organization can be reached on demand discovery, demand aggregation, production capacity allocation, complement finance, logistics and distribution as well as service crowdsourcing, etc. The arrival of virtual reality and 5G generation will blur the distinction between online and offline. 3D printing and Industry 4.0 will drive production to an extreme that a commercial and professional social network allows supplier and buyer connected to each other at any time and the artificial intelligence will discover and grasp opportunity for trading ahead to human being.

We strongly believe that, trading in future will become a crucial driving force to our demand and production. Technological innovation on our trading platform will eventually bring an evolution in trading, which lead to an upsurge in the efficiency and frequency of commodity trading compared to nowadays, making commodity trading easier and cheaper.

It is always said that Google and Baidu built a network between text and hypertext, Facebook and Tencent established a network on socialization between human being and Amazon and Alibaba created a network for final step in commercial trading, the outlook of Zall is arranging a smart commercial trading system: Beginning with commodities circulation; link with logistics, finance, data, software and service; combine O2O's B2B, B2C and C2B and connect to the world to achieve a full intelligentization.

We are certainly standing on a starting point of a new era; thereby we can arrange our business and plan our future at a brand new height. I will lead the staff, together with members of the Board, based on the intelligent commercial trading ecosystem to build China's largest commodity trading platform, reduce transaction costs, assist growth of manufacturers as our duties, joint with cutting-edge technology, maintain innovation of business models, and lead the market and the future, so as to make Zall a market platform and a service organization that is trusted by customers and a great commercial undertaking that is widely respected.

Yan Zhi
Co-chairman

Hong Kong, 31 March 2016

Management Discussion and Analysis

BUSINESS REVIEW

Business Restructuring and Strategic Transformation of the Group

In 2015, the Group completed its business restructuring by disposing of its non-core assets and business, with the transformation strategies established by the Board during the second half of 2014 being basically implemented. The Group will continue to consolidate its advantages in core business and push forward the process of bringing its core business online and O2O integration, all in a bid to thoroughly transform the Group from a traditional property developer to a service-oriented and internet-based E-commerce enterprise. With the proactive effort to develop its E-commerce business, the Group launched the "Cloud Market" plan during the second half of 2015, which aims to expand E-commerce, internet finance, logistics information and data services based on the data advantage and service functions of transaction, warehousing, logistics and finance of the large-scale commerce and logistics center. The "Cloud Market" plan, encompassing three online transaction and service platforms, namely Zallgo (卓爾購), Zalljinfu (卓金服) and Zallfuhui (卓服匯) for E-commerce, finance and logistics respectively, will provide core functions including online wholesale and procurement management, as well as value-added services such as supply chain finance, logistics information and transaction matching so as to facilitate the integration of online and offline businesses. Through its "Cloud Market" plan, the Group will swiftly sharpen its competitive edge in supply chain resources, with an aim to build the largest wholesale transaction platform featuring online-offline integration and become a leading O2O enterprise in China.

Currently, the Group's businesses are categorized into offline businesses and online businesses:

Offline businesses

Offline businesses mainly comprise: 1) development, operation and sale of large-scale wholesale and trade centers, including the three main trade center projects of North Hankou International Trade Centre, Tianjin Zall E-commerce Mall and Jingzhou Zall City; 2) provision of office, commercial production, processing and auxiliary commercial space for the regional headquarters of various types of corporate customers (including enterprises inside the wholesale markets) through projects such as No.1 Enterprise Community-Wuhan project, No.1 Enterprise Community-Changsha headquarters project and North Hankou Industrial City project; and 3) warehousing and logistics business, including different types of warehousing and logistics facilities and the Wuhan Inland Port Centre project.

North Hankou International Trade Centre is the flagship project of the Group, and is an integrated commodity sale platform featuring display, storage, logistics and E-commerce in one. North Hankou is well-positioned to capitalize on the relocation of the market on Hanzheng Street, and to proactively introduce Zhejiang, Guangdong and other coastal markets of origin for the construction of more than 20 specialized markets in footwear, small goods, clothing, hotel supplies, daily chemical products, children's products, electronics and electrical appliances, automobiles and related accessories, staging active wholesale transactions of millions of commodities. In 2015, the sixth North Hankou International Trade Fair was successfully held in China. A total transaction amount of RMB23.8 billion was recorded for the 37 days of the trade fair, representing a historical record high for the trade fair and an increase by approximately 12% from last year. Riding on the edges of the North Hankou project that clusters numerous merchants in one single platform, the development and E-commercialization of foreign trade in North Hankou has achieved new breakthroughs. In respect of foreign trade, North Hankou Imported Goods Display Centre "萬國優選" (www.whwgh.com) commenced business in 2015, showcasing a comprehensive series of imported goods including mother and childcare, food, beverages and wines, daily chemical products, fruits and seafood. The first North Hankou-Russia Economic and Trade Symposium was successfully held, bringing in a purchase amount of approximately US$1 billion by the Russian merchants. After their visit, trade representatives of Thai enterprises will strengthen the cooperation with North Hankou to increase the number of local Thai product directly imported to Wuhan. In respect of E-commercialization, North Hankou E-commerce Mall has commenced operation and formed the largest E-commerce business in China that encompasses mega-scale E-commercial building, base for ventures by university students and salon for E-commerce customer generation in one comprehensive system. Leveraging on the property advantages of the offline market, the Company has joined hands with Alibaba Wuhan Industrial Zone to launch the "萬家網店Support Scheme" that has attracted more than 3,000 online wholesalers to enter North Hankou, bringing in monthly transaction amount of over RMB800 million. With ICBC e-Buy North Hankou channel going online, more than 4,000 merchants of North Hankou made their presence on the ICBC e-Buy E-commerce platform, establishing the largest online wholesale service platform in China. In 2015, North Hankou project was once again awarded as "National E-commerce Demonstration Base(國家級電子商務示範基地)", "National Pilot Market for Domestic and Foreign Trade(國家級內外貿結合商品試點市場)and "Hubei Pilot Market for Domestic and Foreign Trade(湖北省內外貿結合試點市場)".

Tianjin Zall E-commerce Mall is located in Xiqing University Town, Tianjin, and is designed to cover warehousing, logistics, finance, passenger transportation, informatization and other areas to form an all-category, all-format and all-industry chain service equipped with comprehensive auxiliary facilities. The first phase of the project has a gross floor area of 612,000 square meters. Construction works for the main part were completed, and some of the commercial and trade zones have completed interior decorative works and commenced operation. Amongst all, Haining Leather City (Zone A1) has commenced operation in 2015, forming the largest specialized fur market in northern China.

Phase one of Jingzhou Zall City has commenced construction in 2013, featuring a total gross area of 317,000 square meters and a total of over 5,300 standardized shops, making itself a leader amongst innovative specialized wholesale markets in central China. At present, all the works for the main part of phase one were completed and the entire phase is expected to complete in 2017. Phase one of Jingzhou Zall City comprises 6 buildings, with two of them being completed and ready for presale. Some merchants have already moved in for commencement of business by the end of 2015.

No. 1 Enterprise Community — Wuhan project provides office and auxiliary commercial space for local headquarters of different categories of corporate customers, tailor-making consolidated commercial auxiliary facilities combining office, research and development, logistics and display in one for top-notch corporates. Phases one, two and three of Enterprise Community — Wuhan project have all completed construction, while the phase four with a planned area of 500,000 square meters has entered the stage of project construction. The project has successfully attracted the nearly 100 enterprises to set up their headquarters therein, including Changhong, BBK, Amoi, Panda, and Central China Grid.

Zall No. 1 Enterprise Community — Changsha functions mainly as a base of local headquarters and E-commerce auxiliary services for different types of enterprises, as well as the incubation base for warehousing and logistics centers and E-commerce ventures. The project will converge traditional wholesalers and brands that have E-commercialized and pure e-commerce business to realize a service coverage of the markets in Hunan and south-western China. It is aimed to become the most influential physical base for E-commerce enterprises of consumer products in central China, which will in turn facilitate the upgrade and transformation of the traditional industry model. Phase one of the project was completed and has passed inspection by the end of 2015 and has commenced of sale and marketing.

The North Hankou Industrial City was generally planned to construct industrial premises with an area of 3,000,000 sq.m., which has a capacity of stationing nearly 2,000 manufacturers. The project provides complete physical auxiliary facilities and comprehensive professional services for manufacturers of brand clothing city, textile and accessory city as well as knitted and cotton clothing city in the North Hankou International Trade Centre, possessing production and processing area, storage facilities area, staff living quarters, business street and research and development creative centre, exhibition and training centre, logistics service centre and brand incubation centre, and forming an integrated park with design, manufacture, exhibition, training and living facilities. It will be built as a top industrial park covering the whole industrial chain which is the largest one in Central China, has most complete categories of garment processing, and most concentrated origin of the apparel industry upon its establishment. The processing industries gathering nearby will make North Hankou a cost-competitive market, which will further strengthen the radiation distribution function of North Hankou as China's largest consumer goods trading platform for domestic needs. In 2015, the first phase of plants of the industrial city was completed and would be put into business use in 2016.

The logistics business of the Wuhan Inland Port Centre mainly focuses on providing supporting services and facilitating wholesale clients to store, exhibit, distribute, purchase and sell consumer goods and other products among wholesalers, distributors and merchants. The inland port centre will introduce a city pickup and delivery service platform focused on "cash on delivery" service, providing freight forwarding, special line, less-than-carload freight enterprises with ground distribution operations. It will cooperate with Amazon and other global leading logistics enterprises to launch the first B2B smart cloud storage service platform in Wuhan, and offer storage and delivery integrated solution for a large number of traditional dealers, traders, wholesalers, manufacturers, third-party logistics providers and other clients as well as those carry out internet e-commerce business, so as to focus on building an integrated, hub-like and modern logistics base adhering to the service concept of "smart cloud storage and city pickup and delivery". Main construction of the phase I of the Wuhan Inland Port Centre was basically completed, and the exterior wall decoration, interior decoration, park road and greening were expected to be completed in the first half of 2016.

Online Businesses

This mainly comprises the "Cloud Market" plan supported by the three major online transaction and service platforms, namely Zallgo（卓爾購）, Zalljinfu（卓金服）and Zallfuhui（卓服匯）.

Management Discussion and Analysis (Continued)

OVERALL BUSINESS AND FINANCIAL POSITION OF ZALL CLOUD MARKET

The Group launched the "Zall Cloud Market Plan" to expand e-commerce, internet banking, logistics information, data services and other businesses, standing on the basis and advantages of the existing trade, warehousing, logistics, finance and data of large-scale commerce logistics center. In August 2015, Dr. Gang Yu, the founder of Yihaodian.com, joined the Group as an executive Director and the co-chairman of the Company, responsible for promoting and implementing the Group's "Zall Cloud Market Plan". "Zall Cloud Market Plan" aims at full integration of physical wholesale market and e-commerce, relying on the basis and advantages of property, customers, logistics and data of offline physical commerce markets in North Hankou. The Group specially set up an e-commerce group comprising a professional team with over 300 employees, specializing in online trading and service platform for provision of online wholesale, procurement management and other core functions as well as supply chain finance, logistics information, transaction match and other value-added services, so as to achieve the organic integration of the offline and online businesses, and introduce three online trading and service platforms: Zallgo（卓爾購）, Zalljinfu（卓金服）and Zallfuhui（卓服匯）.

According to the information from Analysys International, the transaction sale and income scale of B2B market in the PRC reached RMB9.4 trillion and RMB19.22 billion respectively in 2014. It is expected that the transaction scale and income scale of B2B market in the PRC will reach RMB13.8 trillion and RMB38.19 billion by 2017. Through the three online trading and service platforms, Zallgo, Zalljinfu and Zallfuhui, Zall Cloud Market continuously strengthens its supply chain service capabilities, meanwhile, according to the integration needs of procurement, wholesale purchasing, sales, operations, management, finance and other business processes of medium-sized and small wholesale merchants with the upstream and downstream supply chain business partners, Zall Cloud Market adopts service diversification and industry intensification means to carry out supply chain financial service on the B2B platform, dig trade behavior and transaction records with big data and conduct credit facility, financing, capital settlement and other services by cooperation with banks and financial institutions. Supply chain financial service can support the development of a large number of upstream and downstream medium-sized and small enterprises on the supply chain which are dependent on the core business of the industry, effectively solve the financing problems of medium-sized and small wholesale merchants, provide logistics services by cooperation with logistics providers, and solve transportation problems by striving for price advantage for enterprise users of the platforms, especially the problems related to bulk cargos that are not appropriate to large logistics.

The Group's three online platforms, Zallgo, Zalljinfu and Zallfuhui, cross-platform integration of which forms a closed loop ecosystem of Zall Cloud Market, are serving for online trading, financing support, intelligent logistics and other links of wholesale trade respectively, and the closed loop enjoys big data integration services. By the end of February 2016, Zallgo's transaction amount exceeded RMB4.3 billion and registered business operators reached 9,654; Zalljinfu's total financing amounted to RMB1.1 billion and registered users reached 60,000; and Zallfuhui's service charges amounted to RMB180 million and registered users reached 12,000.

PROSPECTS

The Group aims at becoming China's leading large e-commerce enterprise integrating online and offline businesses, and plans to achieve its goals through the following strategies.

Undertake strategic planning of platforms by integrating online and offline businesses

As the core of future development, Zall Cloud Market undertakes strategic planning platforms by integrating online and offline businesses. Users can get product information on the online platform of Zallgo, and driving turnover of the wholesale market or booths is the key to full transition of B2B to online trade. With a large community of registered users of medium-sized and small enterprises and huge information and product base, the Zallgo platform provides data of offline products for online trading; and with large offline commodity trading centers and integrated logistics centers, passenger flow of commerce and trade will be expanded through online publicity and promotion; and with close coordination of online and offline businesses, a brand new mode of online operation and offline implementation will be created.

Management Discussion and Analysis (Continued)

Expand the users and turnover of medium-sized and small wholesale merchants

As the largest online and offline integrated wholesale trading platform in Central China, Zallgo brings together a large number of domestic and overseas medium-sized and small enterprises. They bring a large number and full range of goods, which has become a huge advantage for Zallgo to improve customer loyalty. Buyers can use the website of Zallgo to look for the goods they need, and add desirable products and companies to their favorites during the process of browsing to enhance convenience of review and purchase next time. Zallgo offers buyers quick delivery of business opportunities, with which buyers can set keywords of the products they need and subscribe the latest news of the related commodities. In addition, buyers can also enjoy services including purchase of merchandise, shopping guide information, logistics services, looking for suppliers and posting selling advertisement and so on. Sellers and buyers on the Zallgo are inseparable, where many companies appear on the Zallgo platform with dual identity of suppliers and buyers, and as sellers, they can enjoy even more service on the platform.

Zallgo offers services mainly related to seller services, purchaser services, business tools, online help, etc. The stakeholders mainly include suppliers (being the sellers), purchasers (being the buyers), advertisers, third-party certification service providers, banks, etc. Each of the stakeholders carries out corresponding activities and achieves business on Zallgo. With development and innovation of technologies and business models, Zallgo can realize increasingly rich functions, and the range of stakeholders involved will be gradually expanded. As at 31 December 2015, Zallgo had 5,765 shops and 33,000 registered users, with turnover reaching RMB2.4 billion. It is expected that, through continuously improving brand awareness and online self-operated rate and increasing efforts on attracting investment and with buyers' public praise effect, turnover, annual registered users, and shops and markets stationed would all experience a steady growth for the year of 2016.

Serve upstream and downstream enterprises with supply chain financial services

Zalljinfu is the supply chain financial service platform of Zall Cloud Market, which effectively integrates trading information, logistics and property information, storage information, etc. of wholesale market, forming a big-data risk-control model and credit rating system, to provide core merchants and their upstream and downstream enterprises on Zall Cloud Market with convenient, fast and low-cost financing service. At present, its principal activities include Zallbangdai（卓幫貸）, Zallbangchou（卓幫籌）and Zalldanbao（卓擔保）. By the end of 2015, the number of registered users on Zalljinfu reached 38,000 and the total financing amount with the platform was RMB500 million, of which 95% were from Zallbangdai and 5% were from Zallbangchou.

In addition to the traditional mortgage business, the wholesale industry cluster is characterized that upstream and downstream small and micro enterprises generally lack of collateral, but possess a complete upstream and downstream supply chain. As merchants of Zallgo have financing needs in the trading process, Zalljinfu designed credit loan services based on seller and buyer, warehouse receipt pledge financing services and stock right pledge financing services. Logistics occupies the important delivery link in the entire commodity trading process, connecting the upstream and downstream supply chain. Zalljinfu provides financing services on the supply chain, on the basis of logistics service process and logistic production process. Based on the third-party logistics service carriers on the Zallfuhui platform, Zalljinfu designed accounts receivable factoring and financing, order financing and credit loan services. The financing needs from Zallgo and Zallfuhui platforms will be satisfied by Zalljinfu butting banks, financial institutions or other merchants to supply funds. Zalljinfu is an intermediary service provider between funds demand side and supply side, which will efficiently butt the two ends, reduce trading costs and improve trading efficiency, so as to facilitate the trading in the cloud market.

Through the integration of resource advantages and product advantages of traditional financial institutions (such as banks, asset management companies, etc.) and financial institutions (such as commercial factoring companies, guarantee companies, small loan companies, financial leasing companies, etc.), the Group created an O2O financial ecosystem of cloud market to better provide long-tail users of Zall Cloud Market with multi-level favorable financial services, gradually innovated and improved its own internet banking system. Zalljinfu will increase efforts on internet finance innovation in 2016, and provide better financial services for merchants of the cloud market, covering: O2O payments, online wealth management, online crowd funding, business factoring, internet insurance and other services.

Wuhan North Hankou Guarantee Investment Company Limited, a subsidiary of the Group, is one of important service means of supply chain financial services of the Zall Cloud Market platform, which provides support and services for healthy development of clients on each link of the supply chain of the professional market in North Hankou, to meet financial needs of merchants there. At present, it has provided credit guarantee services totaling more than RMB500 million for over 300 merchants across apparel, trunks and bags, shoes and fur, hotel supplies, automotive, mechanical and electrical industries. As at 31 December 2015, the Company was granted bank credit amounting to RMB550 million in total, the balance of which reached RMB110 million. To reduce the financing costs for small and micro enterprises, speed up turnover rate of goods, practically decrease circulating costs and expanding operating scale for a number of merchants, it strictly control the guarantee expense of secured financing clients below 2%, which greatly promoted the business development of the merchants there. The secured financing amounted to RMB105,440,000 throughout the year under review, of which RMB25,400,000 was for corporate clients and RMB80,040,000 was for individual customer.

DEVELOP THE ECOSYSTEM OF SUPPLY CHAIN OF THE MEDIUM-SIZED AND SMALL WHOLESALERS

Zallfuhui focuses on logistics and property online services for the wholesale market, positioning as a service assistant of merchants. Through adding logistics delivery, lease and sale of warehouse of shops, property management and other service functions, it seamlessly connects commodities, shops, storage and logistics to provide integrated intelligent supporting services for merchants on the platform. Standing on the basis and advantages of the existing trade information, warehousing information, logistics information and data of the large-scale commerce logistics centers of Zall, it provides logistics information, trading match, storage property and other online data process and trading service, which organically integrates online and offline businesses.

In particular, with the wholesale market which has concentrated needs for logistics as the starting point of logistics sector, a logistics information platform and a trading platform were created and the credit rating system was gradually introduced and enhanced, to achieve one-to-one connection between owner of cargo and owner of vehicle, so as to significantly improve operating efficiency. The smart match of supply and demand and real-time monitoring of order status make the services transparent and simple. With the platform for posting and addressing information related to properties, merchants can quickly find properties for their shops, warehouse, lodging and office needs on the property end of Zallfuhui. In the future, a transaction platform for property information will be created for users to complete property transaction in an easy and convenient manner, enhance users' experience and thereby to improve the success rate of property transaction. The smart property service has been added into the development procedure of Zallfuhui. When the function is in service, merchants will be able to pay the utility bills, property fee, and rental and complete other actions with the APP Zallfuhui, which will achieve online and offline interoperability of more merchants' needs and highly improve the user's life convenience.

Through the above growth strategy, it is expected that the number of merchant users of Zallgo will increase. The registered users include business buyers, sellers, drivers, logistics companies, both sides of lease and sale of properties. It is expected that turnover of property transactions and logistics services will also experienced a healthy growth in 2016.

RESULTS OF OPERATION

Revenue

Revenue of the Group decreased by approximately 48.2% from RMB1,986.1 million for the year ended 31 December 2014 to RMB1,029.5 million for the year ended 31 December 2015. The decrease was primarily due to (i) decrease in the sales of properties; (ii) increase of rental income; and (iii) recognition of revenue from construction contracts during the year under review.

Sales of properties

Revenue from sales of properties decreased by approximately 63.3% from RMB1,894.7 million for the year ended 31 December 2014 to RMB696.0 million for the year ended 31 December 2015.

The Group's revenue from sales of properties was generated from sales of wholesale shopping mall units, office and retails units and residential apartments. The GFA and ASP of the respective projects during the year ended 31 December 2015, together with the comparative figures for the year 2014 are set forth below:

	For the year ended 31 December					
	2015			2014		
	GFA Sold (sq.m.)	Average selling price (net of business tax) RMB/sq.m.	Turnover (RMB'000)	GFA Sold (sq.m.)	Average selling price (net of business tax) RMB/sq.m.	Turnover (RMB'000)
North Hankou Project	65,666	6,247	410,202	110,573	10,754	1,189,078
No. 1 Enterprise Community — Wuhan	19,310	4,875	94,132	73,384	4,038	296,312
Wuhan Salon	7,326	7,386	54,110	55,389	6,136	339,859
Zall Life City — Zall Hupan Haoting Residences	8,507	5,343	45,452	14,797	4,697	69,495
Jingzhou Zall City	14,806	4,107	60,806	—	—	—
No. 1 Enterprise Community — Changsha	6,944	4,500	31,249	—	—	—
Total	122,559		695,951	254,143		1,894,744

The Group's turnover from sales of properties decreased significantly over the year under review mainly due to the decrease in the GFA delivered of certain properties during 2015. The GFA sold in North Hankou Project was significantly decreased by approximately 40.6% from 110,573 sq.m. for the year ended 31 December 2014 to 65,666 sq.m. for the year ended 31 December 2015. The GFA sold in No. 1 Enterprise Community — Wuhan decreased by approximately 73.7% from 73,384 sq.m. for the year ended 31 December 2014 to 19,310 sq.m. for the year ended 31 December 2015.

The GFA sold in Wuhan Salon and Zall Life City — Zall Hupan Haoting Residences decreased by approximately 86.8% from 55,389 sq.m. to 7,326 sq.m. and approximately 42.5% from 14,797 sq.m. to 8,507 sq.m., respectively. During the year, the Group disposed of its entire equity interest in Wuhan Zall City and the turnover of Wuhan Salon only comprised half of the year 2015.

For the year ended 31 December 2015, JingZhou Zall City and No. 1 Enterprise Community — Changsha had first time contributed revenue of RMB60.8 million and RMB31.2 million to the Group with a total GFA delivered of 14,806 sq.m. and 6,944 sq.m. respectively.

Rental income

The Group's rental income increased significantly by approximately 44.4% from RMB71.7 million for the year ended 31 December 2014 to RMB103.5 million for the year ended 31 December 2015. The increase was primarily due to an increase in the number of wholesale shopping mall units in the North Hankou Project retained for leasing.

Revenue from construction contract

During the year, the Group entered into a construction contract to build certain properties on behalf of a third party. The Group recognised a revenue of RMB197.0 million according to actual cost incurred for the year ended 31 December 2015.

Cost of sales

Cost of sales of the Group decreased by approximately 24.9% from RMB1,010.0 million for the year ended 31 December 2014 to RMB758.3 million for the year ended 31 December 2015, primarily due to the decrease in the sales of properties and regcognition of cost of construction contract of RMB208.6 million during the year.

Gross profit

Gross profit of the Group decreased by approximately 72.2% from RMB976.1 million for the year ended 31 December 2014 to RMB271.2 million for the year ended 31 December 2015. The Group's gross profit margin decreased from 49.1% in 2014 to 26.3% in 2015 mainly due to the changes in the combination of the properties delivered during the year. For the year ended 31 December 2014, approximately 62.8% of the revenue from sales of properties were contributed by sales of wholesale shopping mall units in North Hankou Project with a gross profit margin of over 60%. However, for the year ended 31 December 2015, approximately 59.0% of the revenue from sales of properties were contributed by sales of auxiliary facilities units in North Hankou Project, of which the gross profit margin is lower than traditional wholesale shopping mall units. The remaining 41.0% of the revenue from sales of properties comprised of other projects with the overall gross profit margin a lot lower than North Hankou Project.

Other income

Other income of the Group increased significantly from RMB8.3 million for the year ended 31 December 2014 to RMB972.2 million for the year ended 31 December 2015. The increase was mainly due to (i) gain on early redemption of convertible bonds of RMB123.8 million; (ii) gain arising from acquisition of subsidiaries of RMB367.3 million; (iii) government grant income of RMB114.4 million; and (iv) fair value change on financial assets held for trading of RMB348.4 million.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 14.6% from RMB165.5 million for the year ended 31 December 2014 to RMB141.3 million for the year ended 31 December 2015. The decrease was primarily due to the offsetting effect of (i) an increase RMB8.8 million and RMB4.4 million in advertising and promotion expenses and staff related costs; and (ii) a decrease of RMB38.6 million in promotion expenses and other expenses related to Zall Football Club.

Administrative and other expenses

Administrative and other expenses of the Group decreased slightly by approximately 1.6% from RMB156.0 million for the year ended 31 December 2014 to RMB153.5 million for the year ended 31 December 2015. The decrease was primarily due to the offsetting effect of (i) an increase of RMB7.1 million and 2.4 million in public welfare donation and consult fee, respectively; (ii) a decrease of RMB10.4 million in entertainment and related expenses and office expenses; and (iii) a decrease of RMB2.4 million in rental expenses.

Increase in fair value of investment properties and non-current assets classified as held for sale and fair value gain upon transfer of completed properties held for sale to investment properties

The Group holds a portion of properties developed for rental income and/or capital appreciation purposes. The Group's investment properties are revaluated at the end of the respective review period on an open market value or existing use basis by an independent property valuer. For the year ended 31 December 2015, the Group recorded fair value change of investment properties and non-current assets classified as held for sale of RMB439.6 million (2014: RMB1,831.7 million) and fair value gain upon transfer of completed properties held for sale to investment properties of RMB798.2 million (2014: RMB325.6 million). The significant net decrease of RMB919.6 million in fair value of the Group's investment properties during the year ended 31 December 2015 reflected the offsetting effect in the slowdown of property price in Wuhan and increased number of wholesale shopping mall units retained for rental purposes over the period under review.

Share of profits of joint ventures

Share of profits of joint ventures consisted primarily of share of profit from Wuhan Big World Investment, which reflected the Group's 50% equity interest share of profit of this entity. After the business combination, Wuhan Big World Investment became a subsidiary of the Group during the year.

Gain on disposal of subsidiaries

During the year, the Group completed its business restructuring by disposing of its non-core assets and business, including (i) equity swap transaction in relation to disposal of Wuhan Zall City and acquisition of Wuhan IP centre, Wuhan Guarantee Investment and Zhuo Futong Technology; and (ii) disposal of entire interests in Zhen An Cayman, Zall Shenyang, Zall Xiaogan, Zall Football, Zall Four Seasons Hotel. As a result of the disposal of these subsidiaries, the Group recognised an aggregate gain of RMB353.7 million during the year.

Finance income and costs

For the year ended 31 December 2015, interest income of RMB5.7 million (2014: RMB22.3 million) was credited to the consolidated statement of profit or loss.

For the year ended 31 December 2015, a net finance cost of RMB264.9 million (2014: RMB122.1 million) was charged to the consolidated statement of profit or loss. The increase was mainly attributable to an increase in bank and other borrowings and interest on the convertible bonds during the year ended 31 December 2015.

Income tax

Income tax decreased by approximately 80.1% from RMB1,147.1 million for the year ended 31 December 2014 to RMB228.2 million for the year ended 31 December 2015. The decrease was mainly due to the effect of (i) the decrease in PRC corporate income tax as the taxable profit from decrease in operating profit; (ii) the decrease of PRC LAT of RMB91.9 million as a result of the decrease in properties sales; and (iii) the decrease of deferred LAT of RMB652.1 million as result of decrease of fair value gain from investment properties and the reversal of deferred LAT relating to Tianjin Zall E-commerce Mall. The Group's effective tax rate was decreased from approximately 41.6% for the year ended 31 December 2014 to approximately 10.0% for the year ended 31 December 2015.

Profit for the year

For the year ended 31 December 2015, the Group recorded a net profit of RMB2,046.0 million. Profit attributable to equity shareholders of the Company was RMB2,037.7 million, representing a increase of approximately 29.6% over the amount of RMB1,572.8 million for the year ended 31 December 2014.

Management Discussion and Analysis (Continued)

Liquidity and capital resources

As at 31 December 2015, cash and cash equivalents of the Group was RMB243.5 million (2014: RMB250.8 million). The Group's cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

Capital expenditure

For the year ended 31 December 2015, the Group's total expenditure in respect of property, plant and equipment and investment properties under development amounted to RMB115.1 million and RMB548.6 million (2014: RMB10.0 million and RMB819.3 million), respectively.

Bank loans and loans from other financial institutions

As at 31 December 2015, the Group's total long-term and short-term loans was RMB6,394.8 million, representing a slight increase of RMB36.0 million over the amount of RMB6,158.8 million as at 31 December 2014, including long-term and short-terms loans of disposal group held for sale amount to RMB1,737.1 million. All the loans were denominated in RMB, being the functional currency of the Group.

Convertible bonds

The Group fully redeemed the convertible bonds issued on 19 June 2013 during the year under review.

Net gearing ratio

As at 31 December 2015, the net gearing ratio (calculated by dividing total borrowings, net of cash and cash equivalents, restricted cash and short term bank deposits, by total equity attributable to equity shareholders of the Company) of the Group was 60.2% (2014: 78.7%).

Foreign exchange risk

The Group's sales were primarily denominated in RMB, being the functional currency of the Group's major operating subsidiaries. Accordingly, the Board expects any future exchange rate fluctuation will not have any material effect on the Group's business. As at 31 December 2015, the Group did not use any financial instruments for hedging purpose.

Charge on assets

As at 31 December 2015, the Group had pledged certain of its assets with a total book value of RMB12,964.2 million (2014: RMB10,136.2 million) for the purpose of securing certain of the Group's bank borrowings.

Contingent liabilities

In accordance with industrial practice, the Group has made arrangements with various PRC banks to provide mortgage facilities to the purchasers of its pre-sold properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyers obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyers.

During the year, the Group's wholly owned subsidiary, Wuhan Guarantee Investment is principally engaged in provision of business start-up loan guarantee and personal loan guarantee for entrepreneurs in the PRC. In accordance with the terms stipulated in the relevant agreements, Wuhan Guarantee Investment is required to make payments to reimburse the beneficiary of the guarantee for the loss incurs if a specified borrower fails to make payment when due.

As at 31 December 2015, the guarantees provided to lenders in relation to personal loans and banks in relation to mortgage facilities granted to purchasers of the Group's properties amounted to RMB103.4 million (2014: Nil) and RMB1,455.9 million (2014: RMB1,331.7 million), respectively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 979 full time employees (2014: 1,005). Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2015, the employees benefit expenses were RMB56.2 million (2014: RMB52.6 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires.

The Group has also adopted a share option scheme (the "**Share Option Scheme**") and a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employees, executives or officers of the Group who had contributed to the success of the Group's operations. A total number of 85,233,750 shares granted pursuant to the Pre-IPO Share Option Scheme was exercised during the year ended 31 December 2015. Further information in relation to the Share Option Scheme and Pre-IPO Share Option Scheme will be set out in the report of the directors.

USE OF PROCEEDS FROM PLACING

On 6 August 2015, the Company entered into a share subscription agreement (the "**Subscription Agreement**") with Dr. Yu Gang as subscriber (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue in aggregate 53,448,000 ordinary shares of the Company (the "**Subscription Shares**") at a consideration of approximately HK$155,000,000 at the subscription price of HK$2.90 per Subscription Share (the "**Subscription**").

The aggregate nominal value of the Subscription Shares is HK$534,480. The subscription price of HK$2.90 per Subscription Share represents: (a) a discount of approximately 4.61% to the closing price of HK$3.04 per Share as quoted on the Stock Exchange on 5 August 2015, being the last trading day immediately prior to the date of the Subscription Agreement; (b) a discount of approximately 6.45% to the closing price of HK$3.10 per Share as quoted on the Stock Exchange on 6 August 2015, being the date of the Subscription Agreement; and (c) a discount of approximately 3.91% to the average closing price of approximately HK$3.018 per Share as quoted on the Stock Exchange for the last five trading days up to and including 5 August 2015 (both dates inclusive), being the date immediately preceding the date of the Subscription Agreement.

The Subscription Shares have a market value of approximately HK$166 million, based on the closing price of HK$3.10 per Share on 6 August 2015, being the date of the Subscription Agreement. Based on the net proceeds of approximately HK$155 million, the net price per Subscription Share is HK$2.90. The net proceeds from the Subscription was intended to apply for the development of the Company's E-commerce business and other general corporate purposes. As at the date of this report, all of the proceeds had been utilized as intended.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Management Discussion and Analysis (Continued)

Business Risk

As the Group's business stems principally in the PRC, the Group depends on the continued growth of the PRC. Any downward trend in consumer levels in the PRC or any overseas market where we operate could materially and adversely affect our business, financial condition and results of operations. Also, the industry in which the Group operates is a highly competitive industry in which the Group's competitors include a number of global and China-based companies that provide services similar to the Group.

Industrial Risk

In recent years, the property development market in China has been concurrently affected by the economic trend and government policies such as the adoption of category-based regulatory measures and the bilateral regulatory measures for the real estate market, policy changes in mortgage levels and ownership, interest rate changes, supply and demand conditions as well as the overall economic volatility in China.

In addition, the Group is implementing strategic transformation and may expose to new risks in the new business area, such as intense competition in the industry resulting in lower profit margins; and unsound industry standards and regulations in the new industry bringing about implementation risk in expansion of business; besides, e-commerce and other new business use the internet, the emerging technology to carry out business activities, however, presence of many hackers on the internet poses a threat to the security of database, giving rise to the internet technology security risk.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Key functions in the Group are guided by their operating procedures, limits of authority and reporting framework. The Group will identify and assess key operational exposures from time to time and report such risk issues to senior management as early as possible so that appropriate risk response can be taken.

Financial Risk

The financial risk management of the Group are set out in note 33 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yan Zhi (閻志), aged 43, is the co-chairman of the Board, the chief executive officer of the Company, an executive Director and the founder of the Group. He is primarily responsible for the formulation of the Group's overall business and investment strategies, as well as supervising its project planning, business and operation management. He has approximately eleven years of experience in the commercial property and wholesale shopping mall industries, as well as approximately 20 years of experience in business management in various industry. Mr. Yan has been appointed as a non-executive director and the chairman of CIG Yangtze Ports PLC, a company listed on the GEM Board of the Stock Exchange (Stock code: 8233), since 21 November 2011. Mr. Yan has been appointed as a director of LightInTheBox Holding Co., Ltd., a company listed on the New York Stock Exchange since 30 March 2016.

Mr. Yan received a master's degree in business administration for senior executives from Wuhan University (武漢大學) in February 2008 and his executive master of business administration degree at Cheung Kong Graduate School of Management (長江商學院) in 2013.

Mr. Yan was appointed as a Director on 16 December 2010 and was re-designated as an executive Director on 20 June 2011 and co-chairman of the Board on 17 August 2015.

Dr. Gang Yu (于剛), aged 56, is a co-founder and chairman emeritus of Yihaodian, a leading e-commerce company in China. Dr. Yu has extensive experience in E-commerce and operation and logistics management. Prior to founding Yihaodian, he was Vice President, Worldwide Procurement at Dell Inc. Dr. Yu also served as Vice President, Worldwide Supply Chain Operations at Amazon.com. Prior to joining Amazon, Dr. Yu served as the Jack G. Taylor Chair Professor in Business in the Department of Management Science and Information Systems at the McCombs School of Business, the University of Texas at Austin, Director of the Center for Management of Operations and Logistics, and co-Director of the Center for Decision Making under Uncertainty. Dr. Yu is also the founder, former Chairman and chief executive officer of CALEB Technologies Corporation. Dr. Yu obtained his bachelor degree in science from Wuhan University in 1982 and his master degree in science from Cornell University in 1985. Dr. Yu received his PhD from the Wharton School of Business, University of Pennsylvania in 1990. Dr. Yu has been appointed as a director of LightInTheBox Holding Co., Ltd., a company listed on the New York Stock Exchange since 30 March 2016.

Dr. Yu was appointed as an executive Director and co-chairman of the Board on 17 August 2015.

Mr. Cui Jinfeng (崔錦鋒), aged 37, was appointed as an executive Director on 20 June 2011. He joined the Group in July 2005 and is primarily responsible for the overall day-to-day management of our projects outside Hubei Province. Mr. Cui has over eleven years of experience in the wholesale market and commercial property industries. Mr. Cui received a diploma in motor vehicle manufacturing and maintenance from Jianghan University (江漢大學) in June 2000 and obtained his master's degree in business administration from The Chinese University of Hong Kong in July 2014.

Mr. Wang Chuang (王創), aged 39, is the vice president of the Company and the executive president of North Hankou Group Co., Ltd. Mr. Wang joined the Group in 2014 and was appointed as an executive Director on 23 December 2015. He has over 16 years of work experience in government authorities, state-owned enterprises and the urban construction industry. Mr. Wang received a bachelor's diploma from Wuhan University of Technology (武漢理工大學) in 1999 and a master's diploma from Wuhan University (武漢大學) in 2007. He also obtained the qualification certificate for senior economist issued by the Human Resources and Social Security Department of Hubei Province (湖北省人力資源和社會保障廳) in 2014.

Mr. Peng Chi (彭池), aged 53, was appointed as an independent non-executive Director on 20 June 2011 and was re-designated as an executive Director on 11 April 2016. Mr. Peng has over 17 years of experience in real estate development and management of large-scale infrastructure constructions. From May 1999 to present, Mr. Peng has been serving as a director of Ramada Hotel Xiamen Co., Ltd. (廈門長升大酒店有限公司). From July 2001 to March 2004, he was a director of Xiamen Rong Tai Real Estate Development Co., Ltd. (廈門榮泰房地產開發有限公司). From May 2004 to December 2006, Mr. Peng was the general manager of Hubei Jingdong Highway Construction and Development Co., Ltd. (湖北荊東高速公路建設開發有限公司). From May 2004 to present, Mr. Peng has been serving as a director of Wuhan Tianshi Property Development Co., Ltd. (武漢市天時物業發展有限責任公司). From January 2008 to present, Mr. Peng has been serving as a director of Hubei E'dong Yangtze River Highway Bridge Co., Ltd. (湖北鄂東長江公路大橋有限公司). Mr. Peng obtained a bachelor's degree in history and literature from Hubei University (湖北大學) in July 1984.

Biographical Details of Directors and Senior Management (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Ka Fai (張家輝), aged 41, was appointed as an independent non-executive Director on 20 June 2011. Mr. Cheung has over 18 years of experience in auditing, accounting and finance. Prior to joining the Group, Mr. Cheung worked as an auditor at Deloitte Touche Tohmatsu and served as the financial controller and company secretary of two companies listed on the Growth Enterprise Market ("GEM") Board of the Stock Exchange. Mr. Cheung was the chief financial officer and company secretary of Huscoke Resources Holdings Limited, a company listed on the Main Board of the Stock Exchange from June 2008 to July 2012 and an executive director of Huscoke Resources Holdings Limited from October 2009 to July 2012. He has been serving as the chief financial officer of Bonjour Holdings Limited, a company listed on the Main Board of the Stock Exchange from August 2012 to present. Mr. Cheung is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 1997 and a master's degree in business administration from the University of Bradford in January 2008.

Mr. Wu Ying（吳鷹）, aged 56, was appointed as an independent non-executive Director on 29 February 2016. Mr. Wu is currently the chairman of China Capital Group since October 2008. Prior to joining China Capital Group, Mr. Wu served as chairman and chief executive officer of UTStarcom (China) Co. Ltd for 12 years. Mr. Wu has extensive experience in telecommunication industry and venture capital investment. Mr. Wu obtained his bachelor degree in electronic engineering from the Beijing University of Technology in 1982 and obtained his master degree in electronic engineering from the New Jersey Institute of Technology in 1988.

Mr. Wei Zhe, David（衛哲）, aged 45, was appointed as an independent non-executive Director on 11 April 2016. Mr. Wei has over 15 years of experience in both investment and operational management in the People's Republic of China. Prior to launching Vision Knight Capital (China) Fund I, L.P., a private equity investment fund in 2011, Mr. Wei was an executive director and chief executive officer of Alibaba.com Limited, a leading worldwide B2B e-commerce company, for about five years, where he successfully led the company through its initial public offering and listing on the Stock Exchange in 2007. Alibaba.com Limited was delisted in June 2012. Prior to Alibaba.com Limited, Mr. Wei was the president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q China, the then subsidiary of Kingfisher plc, a leading home improvement retailer in Europe and Asia. Under Mr. Wei's leadership, B&Q China grew to become China's largest home improvement retailer. From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Prior to that, Mr. Wei served as the head of investment banking at Orient Securities Company Limited from 1998 to 2000, and as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998. Mr Wei was a non-executive director of HSBC Bank (China) Company Limited and The Hongkong and Shanghai Banking Corporation Limited and an independent director of 500.com Limited, and was also the vice chairman of China Chain Store & Franchise Association. He was voted as one of "China's Best CEOs" by FinanceAsia magazine in 2010. Mr. Wei is also a non-executive director of PCCW Limited and Zhong Ao Home Group Limited, both of which are listed on the Stock Exchange, and an independent director of Leju Holdings Limited which is listed on the New York Stock Exchange and Shanghai M&G Stationery Inc. which is listed on the Shanghai Stock Exchange. He holds a bachelor's degree in international business management from Shanghai International Studies University and has completed a corporate finance program at London Business School.

SENIOR MANAGEMENT

Mr. Zhu Guo Hui (朱國輝), aged 39, is the chief financial officer of the Company. Mr. Zhu joined the Group in August 2014 and is primarily responsible for the financial management and capital market of the Company. Mr. Zhu possesses over 15 years of experience in the capital markets of Hong Kong and Mainland China. Prior to joining of the Company, Mr. Zhu has worked in various financial institutions including Credit Suisse, Value Partners Group (Stock Code: 806), a company listed on the Main Board of the Stock Exchange and BNP Paribas in connection with transactions on initial public offering, merger and acquisition, direct investment and corporate financing. Mr. Zhu holds a bachelor's degree in economics from The Central University of Finance and Economics and a master's degree in international business administration from The University of Hong Kong.

Biographical Details of Directors and Senior Management (Continued)

Ms. Liu Qin (劉琴), aged 47, is the executive vice president of North Hankou Group Co. Ltd.. Ms. Liu joined the Group in 2007 and is responsible for the day-to-day operational management of Wuhan Big World Project. Ms. Liu has over 15 years of experience in real estate sales, human resources management and administrative management. Ms. Liu graduated from Wuhan Radio and TV University (武漢市廣播電視大學) with a diploma in economic management. Ms. Liu is currently studying for an executive master of business administration degree at Tsinghua University (清華大學). Ms. Liu has been appointed as an executive director of CIG Yangtze Ports PLC, a company listed on the GEM Board of the Stock Exchange, since 21 November 2011.

Mr. Li Bin (李斌), aged 45, is the executive vice president of North Hankou Group Co., Ltd.. Mr. Li is currently responsible for the day-to-day operational management and property management of the Group's North Hankou Project. Mr. Li has over 16 years of experience in property management and market management. Mr. Li joined the Group in July 2007 as the general manager of Wuhan North Hankou Market Management Co., Ltd. and has held various positions within the Group. From May 1999 to June 2007, Mr. Li was manager of the property management department of Meijia Property Management (Wuhan) Co., Ltd. (美佳物業管理(深圳)有限公司武漢分公司). Mr. Li received a diploma in Chinese language and literature education from Hubei University (湖北大學) in 1995.

Mr. Cao Tianbin (曹天斌), aged 47, is the general manager of the Group's marketing department. Mr. Cao is primarily responsible for the overall marketing and promotion of our Changsha project. Mr. Cao has approximately six years of experience in the wholesale market and investment management industries, and has over 19 years of experience in the operational management of commercial projects. He joined the Group in August 2008 as the general manager of the merchandising department of North Hankou Group Co., Ltd. and has also been the assistant general manager of North Hankou Market Management Co., Ltd. since October 2009. Prior to joining the Group in August 2008, he was the vice general manager of Wuhan Wenhua Printing Co., Ltd. (武漢文華印務有限公司) from August 1996 to July 2008. Mr. Cao received a diploma in mechanical and electrical engineering from Lanzhou University of Technology (蘭州理工大學) (formerly known as Gansu University of Industry (甘肅工業大學)) in July 1991 and a master's degree in finance from Zhongnan University of Economics and Law (中南財經政法大學) in December 2001.

Mr. Hu Yi (胡毅), aged 38, is the Chief Executive Officer of Wuhan Zall E-commerce Group Co., Ltd., Mr. Hu joined the Group in October 2015. He is responsible for business operations and daily management of e-commerce business of the Group. Mr. Hu is experienced in internet, proficient in the e-commerce business operations, product design and R & D management. Prior to joining the Group, he was the General Manager of central operations center of Yihaodian, a leading e-commerce player in China. Mr. Hu obtained a bachelor's degree in computer software profession from the Hubei University (湖北大學) in 2000.

Ms. Min Xueqin (閔雪琴), aged 32, is the executive vice president of North Hankou Group Co., Ltd. Ms. Min joined the Group in 2008, primarily responsible for the service management and financing of North Hankou International Trade Center. She has nearly eight years of experience in the commercial property, wholesale shopping mall and financial industries. Ms. Min obtained a diploma in business administration from Zhongnan University of Economics and Law (中南財經政法大學) in 2006. She has been studying for an executive master of business administration degree at Wuhan University (武漢大學) since 2013.

Save as disclosed in the section headed "Biographical Details of Directors and Senior Management" in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the year ended 31 December 2015.

Report of the Directors

The Board is pleased to present the annual report and the audited financial statements of the Group for the year ended 31 December 2015.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 22 September 2010 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 14 to the financial statements. Save for the business transformation provided in the section headed "Management Discussion and Analysis" of this annual report, there were no significant changes in the nature of the Group's principal activities during the year under review.

BUSINESS REVIEW AND PERFORMANCE

A review of the business of the Group and a discussion and analysis of the Group's performance during the year under review and a discussion on the Group's future business development and outlook of the Company's business, possible risks and uncertainties that the Group may be facing and important events affecting the Company occurred during the year ended 31 December 2015 are provided in the section headed "Chairman's Statement" on pages 5 to 8 and the section headed "Management Discussion and Analysis" on pages 9 to 20 of this annual report. An account of the Company's relationships with its key stakeholders is included in the paragraph headed "Relationships with Employees, Suppliers and Customers" of the report of the Directors on page 29 of this annual report.

An analysis of the Group's performance during the year ended 31 December 2015 using financial performance indicators is provided in the section headed "Management Discussion and Analysis" on pages 15 to 19 of this annual report.

In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Company are provided in the paragraph headed "Environmental, Social and Governance" of the report of the Directors on pages 37 to 38 of this annual report.

RESULTS AND DISTRIBUTION

The profit of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 48.

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

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2015 and the state of the Company's and the Group's affairs as at that date are set out on pages 48 to 139.

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2015 is set out on page 53.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB568,446,000 (2014: RMB1,065,684,000). The Board does not propose the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

SHARE CAPITAL

Changes in share capital of the Company for the year ended 31 December 2015 and as at that date are set out in note 32 to the financial statements.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 16 October 2015, each of the issued and unissued shares of HK$0.01 each in the share capital of the Company be subdivided into three (3) Subdivided Shares of par value of HK$0.00333 each with effect from 16 October 2015 (the "**Share Subdivision**"). Upon the completion of the Share Subdivision, the authorised capital of the Company was HK$80,000,000 divided into 24,000,000,000 Subdivided Shares of par value of HK$0.00333 each, of which 10,660,344,000 Subdivided Shares of par value of HK$0.00333 each will be in issue which are fully paid or credited as fully paid following the Share Subdivision becoming effective.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "**Articles**") or the laws of Cayman Islands, which would oblige the Company to offer new shares to existing shareholders on a pro-rata basis.

SHARE OPTION SCHEME

Pursuant to the sole shareholder's resolutions of the Company on 20 June 2011, the Company has adopted a share option scheme (the "**Share Option Scheme**") and a pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

A. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme

The Share Option Scheme is established to recognize and acknowledge the contributions of the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants (as defined below) an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. *Participants of the Share Option Scheme*

The Board may, at its discretion, offer to grant an option to the following persons (collectively, the "**Eligible Participants**") to subscribe for such number of new shares as the Board may determine:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including non-executive directors and independent non-executive Directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. *Total number of shares available for issue under the Share Option Scheme*

The maximum number of shares which maybe issued upon exercise of options which may be granted under the Share Option Scheme shall not in aggregate exceed 1,050,000,000 shares, after the Share Subdivision effective from 19 October 2015.

4. *Maximum entitlement of each participant under the Share Option Scheme*

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting.

5. *The period within which the shares must be exercised under the Share Option Scheme*

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. *The minimum period for which an option must be held before it can be exercised*

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. *The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid*

Options granted must be taken up within 21 days of the date of offer, upon payment of HK$1 per grant.

8. The basis of determining the exercise price

The exercise price shall be determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of options, which must be a trading day, (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary share.

9. The remaining life of the Share Option Scheme

It will remain in force for a period of 10 years, commencing on 20 June 2011.

Since the adoption of the Share Option Scheme and up to 31 December 2015, no options had been granted under the Share Option Scheme.

B. Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme:

1. Purpose of the Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme is established to recognize the contribution the Pre-IPO Eligible Participants (as defined in paragraph 2 below) have or may have made to the Group. The Pre-IPO Share Option Scheme will provide the Pre-IPO Eligible Participants (as defined below) an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Pre-IPO Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain relationship with the Pre-IPO Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Pre-IPO Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Pre-IPO Eligible Participants**") to subscribe for such number of new shares as the Board may determine:

(i) any full-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company; or

(ii) any full-time employees of any subsidiaries of the Company of the level of manager or above; or

(iii) other full-time employees of the Company or any of the subsidiaries who have been in employment with the Group for over 3 years from the date of the adoption of the Pre-IPO Share Option Scheme who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of the subsidiaries or persons who, in the sole opinion of the Board, have made past contribution to the development of the Company and/or any of the subsidiaries.

3. All the options were either exercised or lapsed during the year ended 31 December 2015 and no further option could be granted under the Pre-IPO Share Option Scheme.

4. *Details of movements of the options granted under the Pre-IPO Share Option Scheme as at 31 December 2015 are as follows:*

Grantee and position	Number of shares under the outstanding options granted as at 1 January 2015	Effect on the number of options upon completion of the Share Subdivision during the year ended 31 December 2015	Number of options cancelled/ lapsed/ exercised during the year ended 31 December 2015	Number of options not yet exercised as at 31 December 2015
Directors				
Yan Zhi (閻志)	14,875,000	29,750,000	(44,625,000)	—
Cui Jinfeng (崔錦鋒)	1,487,500	2,975,000	(4,462,500)	—
Fang Li (方黎)	1,190,000	2,380,000	(3,570,000)	—
Wang Danli (王丹莉)	1,338,750	2,677,500	(4,016,250)	—
Fu Gaochao (傅高潮)	1,487,500	2,975,000	(4,462,500)	—
Senior Management and/or other employees of the Group				
Tian Xudong (田旭東)	1,190,000	2,380,000	(3,570,000)	—
Liu Qin (劉琴)	892,500	1,785,000	(2,677,500)	—
Li Bin (李斌)	788,375	1,576,750	(2,365,125)	—
Cao Tianbin (曹天斌)	788,375	1,576,750	(2,365,125)	—
An Shenglong (安升龍)	714,000	1,428,000	(2,142,000)	—
Tian Hu (田虎)	714,000	1,428,000	(2,142,000)	—
Min Xueqin (閩雪琴)	714,000	1,428,000	(2,142,000)	—
Zhang Jing (張晶)	446,250	892,500	(1,338,750)	—
Zhang Xuefei (張雪飛)	446,250	892,500	(1,338,750)	—
Huang Xuan (黃萱)	446,250	892,500	(1,338,750)	—
Zeng Yu (曾宇)	446,250	892,500	(1,338,750)	—
Ming Hanhua (明漢華)	297,500	595,000	(892,500)	—
Liu Hong (劉虹)	297,500	595,000	(892,500)	—
Ding Sheng (丁勝)	297,500	—	(297,500)	—
Peng Tao (彭濤)	297,500	595,000	(892,500)	—
Total	29,155,000	57,715,000	(86,870,000)	—

As at 31 December 2015, there was no outstanding share options under the Pre-IPO Share Option Scheme.

5. *The period within which the shares must be exercised under Pre-IPO Share Option Scheme:*

Exercise Period	Number of Options Exercisable
From 13 July 2011 (the "Listing Date") to the 5th anniversary of the Listing Date	Up to 10% of the total number of options granted
From the 1st anniversary of the Listing Date to the 5th anniversary of the Listing Date	Up to 15% of the total number of options granted
From the 2nd anniversary of the Listing Date to the 5th anniversary of the Listing Date	Up to 20% of the total number of options granted
From the 3rd anniversary of the Listing Date to the 5th anniversary of the Listing Date	Up to 25% of the total number of options granted
From the 4th anniversary of the Listing Date to the 5th anniversary of the Listing Date	Up to 30% of the total number of options granted

6. *The subscription price of a share in respect of any particular option granted under the Pre-IPO Share Option Scheme shall be at a price of HK$0.2903 per share, after adjustment upon completion of the Share Subdivision.*

MAJOR SUPPLIERS AND CUSTOMERS

During the year under review, the aggregate sales attributable to the Group's five largest customers comprised approximately 15.8% (2014: 3.4%) of the Group's total sales and the sales attributable to the Group's largest customer were approximately 5.4% (2014: 1.4%) of the Group's total sales.

The aggregate purchases during the year under review attributable to the Group's five largest suppliers were approximately 57.3% (2014: 43.1%) of the Group's total purchases; and the purchases attributable to the Group's largest supplier were approximately 25.0% (2014: 11.2%) of the Group's total purchases. Purchases of the Group include purchases which are required on a regular basis to enable the Group to continue to supply its customers. Accordingly, purchases include, but not limited to, land purchased from the government and the cost of construction materials.

To the best of the knowledge of the Directors, none of the directors, their close associates or any shareholder which owns more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group's business is built on a customer-oriented culture. The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its market competitiveness within the industry, the Group aims at delivering constantly high standards and high quality products to its customers. During the year under review, there was no material and significant dispute between the Group and its suppliers and/or customers.

BANK LOANS AND LOANS FROM OTHER FINANCIAL INSTITUTIONS

Particulars of bank loans and loans from other financial institutions of the Group as at 31 December 2015 are set out in note 26 to the financial statements.

DONATIONS

Charitable and other donations made by the Group during the year under review amounted to approximately RMB12,568,000 (2014: RMB5,500,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

INVESTMENT PROPERTIES, PROPERTIES UNDER DEVELOPMENT, COMPLETED PROPERTIES HELD FOR SALE AND NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Details of the movements in the investment properties of the Group during the year are set out in note 12 to the financial statements. Particulars of investment properties, properties under development, completed properties held for sale and non-current assets classified as held for sale are shown under the section of "Major Properties Information" on the pages 140 to 143.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

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

Executive Directors:
Mr. Yan Zhi *(Co-chairman and Chief Executive Officer) (Re-designated on 17 August 2015)*
Dr. Gang Yu *(Co-chairman) (Appointed on 17 August 2015)*
Mr. Cui Jinfeng
Mr. Fang Li *(Resigned on 17 August 2015)*
Ms. Wang Danli *(Resigned on 23 December 2015)*
Mr. Wang Chuang *(Appointed on 23 December 2015)*
Mr. Peng Chi *(Re-designated on 11 April 2016)*

Non-executive Director:
Mr. Fu Gaochao *(Resigned on 11 April 2016)*

Independent non-executive Directors:
Ms. Yang Qiongzhen *(Resigned on 29 February 2016)*
Mr. Cheung Ka Fai
Mr. Peng Chi *(Re-designated on 11 April 2016)*
Mr. Wu Ying *(Appointed on 29 February 2016)*
Mr. Wei Zhe, David *(Appointed on 11 April 2016)*

In accordance with article 84 of the Articles, at each annual general meeting, one third of the Directors shall retire from office by rotation, accordingly each of Mr. Yan Zhi, Mr. Cui Jinfeng and Mr. Cheung Ka Fai, will retire from the office of Director by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company to be held on 20 May 2016 (the "AGM").

In accordance with Article 83 of the Articles, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment. Accordingly, each of Dr. Gang Yu, Mr. Wang Chuang, Mr. Peng Chi, Mr. Wu Ying and Mr. Wei Zhe, David will retire at the AGM and, being eligible, will offer themselves for re-election as Directors at the AGM.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Director has entered into a service contract with the Company for a term of three years commencing from 13 July 2014 or their respective appointment dates, which may be terminated by not less than three months' notice in writing served by either party on the other. Each independent non-executive Director has entered into an appointment letter with the Company for a term of three years commencing from 13 July 2014 or their respective appointment dates, which may be terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors being proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Each Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of the duties of his or her office or otherwise in relation thereto in accordance with the Articles.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' REMUNERATION

The remuneration committee of the Company (the "Remuneration Committee") considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of Directors' remuneration are set out in note 7 to the financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 21 to 23 of this annual report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 36 to the financial statements, there was no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party to and in which a Director has a material interest in, whether directly or indirectly, or between the Company, or its subsidiary companies, and a controlling shareholder or any of its subsidiaries, and subsisted at the end of the financial year under review or at any time during the financial year under review.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors held any interests in any competing business against the Company or any of its jointly controlled entities and subsidiaries for the year ended 31 December 2015.

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 existed during the year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review were 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 minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests or short positions of each Director and chief executive in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are being taken or deemed to have taken under such provision of the SFO); or were required pursuant to Section 352 of the SFO to be recorded in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") as set out in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(1) Interests in shares of the Company

Name of director	Nature of interest	Number of ordinary shares in the Company	Approximate percentage of shareholding*
Yan Zhi (Note)	Interest of a controlled corporation	8,058,333,000	74.99%
Yan Zhi	Beneficial owner	56,613,000	0.53%
Gang Yu	Beneficial owner	160,344,000	1.49%
Cui Jinfeng	Beneficial owner	3,682,500	0.03%

Note: The 8,058,333,000 Shares are held by Zall Development Investment Company Limited, a company which is wholly owned by Yan Zhi.

* The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director, as at 31 December 2015, the following persons, other than a Director or chief executive of the Company, had or deemed or taken to have an interest or short position in the shares or underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of shares or underlying shares held	Percentage of shareholding[3]
Zall Development Investment Company Limited	Beneficial owner	8,058,333,000[1]	74.99%
Ji Changqun	Interest in a corporation	949,224,000[2]	8.83%
Magnolia Wealth International Limited	Interest in a corporation	949,224,000[2]	8.83%
Fullshare Holdings Limited	Interest in a corporation	949,224,000[2]	8.83%
Rich Unicon Holdings Limited	Beneficial owner	949,224,000[2]	8.83%

Notes:

(1) Zall Development Investment Company Limited is a company wholly owned by Yan Zhi.

(2) The 949,244,000 Shares are held by Rich Unicorn Holdings Limited, a Company which is wholly owned by Fullshare Holdings Limited, which in turn is owned as to 58.76% by Magnolia Wealth International Limited, which in turn is wholly owned by Ji Changqun. Ji Changqun also directly owns 6% of Fullshare Holdings Limited.

(3) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% and the Company, based on the information available to the Company and to the knowledge of the Directors, confirmed sufficiency of public float at the date of this report.

RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

For the year ended 31 December 2015, the Group's total contributions to the retirement schemes charged in the consolidated income statement amounted to approximately RMB8.6 million (2014: approximately RMB6.5 million).

CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Group entered into the below connected transactions with its connected persons:

(a) Sub-license agreement with CIG Yangtze Corporate and Project Finance Limited ("CIG")

On 4 October 2013, Zall Development (HK) Holding Company Limited ("Zall Hong Kong"), a subsidiary of the Company, entered into a sub-license agreement (the "Sub-license Agreement") with CIG, with a wholly-owned subsidiary of CIG Yangtze Ports PLC, pursuant to which CIG agreed to sub-lease from Zall HK the office premises situated at Suite 1606, 16th floor of Two Exchange Square, Central, Hong Kong for the period from 9 October 2013 to 31 May 2016 at a monthly sub-license fee of HK$34,402. The total amount of the sub-license fee for the year ended 31 December 2015 was HK$412,824 (equivalent to approximately RMB335,750) (2014: HK$412,824, equivalent to approximately RMB325,664).

CIG is owned as to 74.97% by Mr. Yan Zhi ("Mr. Yan Zhi"), one of the Company's controlling shareholders, and is a connected person of the Company for the purpose of the Listing Rules. The transaction under the Sub-license Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since each of the percentage ratios for the transaction is less than 0.1%, the transaction is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

The sub-license fee received from CIG under the Sub-license Agreement was determined on an arm's length basis and reflected the prevailing market rent at that time. The Sub-license Agreement was entered into on normal commercial terms, and the terms of which are no less favorable to the Group than terms available to or from independent third parties.

(b) Disposal agreement with Zall Commerce Investment Company Limited ("Zall Commerce") and Zall Hong Kong

On 22 October 2014, Zall Hong Kong, an indirectly wholly-owned subsidiary of the Company, Zall Commerce and Mr. Yan entered into a disposal agreement, pursuant to which: (i) Zall Hong Kong conditionally agreed to sell and Zall Commerce conditionally agreed to acquire Zhen An Properties Limited, an indirectly wholly-owned subsidiary of the Company, at a cash consideration of RMB586,000,000 (or HK$739,414,800) where Zhen An Properties Limited holds 48% equity interest in Zhen An (Wuhan)

Company Limited ("Zhen An Wuhan"); and (ii) Zall Hong Kong conditionally agreed to procure Zall Development (Wuhan) Company Limited ("Zall Wuhan") to transfer the 3% equity interest in Zhen An Wuhan, to Zall Commerce or its nominee. The above transaction was completed during the year ended 31 December 2015.

Zall Commerce is wholly-owned by Zall Holdings Company Limited ("Zall Holdings BVI"). Zall Holdings BVI is a company incorporated in the BVI, which in turn is wholly-owned by Mr. Yan. Therefore, each of Zall Commerce and Zall Holdings BVI is regarded as connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the disposal agreement is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(c) Equity swap agreement with Zall Holdings Company Limited ("Zall Holdings")

On 22 October 2014, Zall Investment Group Company Limited ("Zall Investment Group") (an indirectly wholly owned subsidiary of the Company) and Zall Holdings entered into an equity swap agreement (the "Equity Swap Agreement"), pursuant to which, Zall Investment Group conditionally agreed to transfer the entire equity interest in Wuhan Zall City Investment and Development Company Limited ("Wuhan Zall City") to Zall Holdings, and as a consideration, Zall Holdings conditionally agreed to (i) transfer the entire equity interest in Wuhan Zhou Futong Technology Company Limited (Formerly named as Wuhan Zhong Bang Financial Investment Company Limited), Wuhan North Hankou Guarantee Investment Company Limited and Wuhan Zall Inland Port Center Investment Company Limited and (ii) pay RMB15,200,000, to Zall Investment Group. The above transaction was completed during the year ended 31 December 2015.

Zall Holdings is a company incorporated in the PRC and its entire equity interest is wholly owned by Mr. Yan and his associates. Therefore, Zall Holdings is regarded as connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the Equity Swap Agreement is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(d) Disposal agreement with Zall Wuhan and Zall Holdings

On 14 December 2015, Zall Wuhan, an indirect wholly-owned subsidiary of the Company, and Zall Holdings entered into a sale and purchase agreement, pursuant to which Zall Wuhan agreed to sell and Zall Holdings agreed to purchase the entire equity interest in Wuhan Zall Professional Football Club Co., Ltd. ("Zall Football Club") at a consideration of RMB20,630,000.

The consideration received from Zall Holdings under the disposal was determined on an arm's length basis and with reference to a assets valuation report prepared by an independent valuer.

Zall Holdings is a company incorporated in the PRC and its entire equity interest is wholly owned by Mr. Yan and his associates. Therefore, Zall Holdings is regarded as connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the sale and purchase agreement is subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(e) Disposal agreement with North Hankaou Group Co., Ltd. ("North Hankaou Group") and Wuhan Zall City

On 11 November 2015, North Hankaou Group, an indirect wholly-owned subsidiary of the Company, and Wuhan Zall City (an wholly-owned subsidiary of Zall Holdings and its entire equity interest is wholly owned by Mr. Yan and his associates) entered into a sale and purchase agreement, pursuant to which North Hankaou Group agreed to sell and Wuhan Zall City agreed to purchase the entire equity interest in Wuhan Zall Four Seasons Hotel Management Company Limited ("Wuhan Zall Four Seasons") at a consideration of RMB1,000,000. The consideration received from Wuhan Zall Four Season under the Disposal was determined on an arm's length basis.

Wuhan Zall City is an indirect wholly-owned subsidiary of Zall Holdings, Zall Holdings is a company incorporated in the PRC and its entire equity interest is wholly owned by Mr. Yan and its associates. Mr. Yan as one of the Company's controlling shareholders, and is a connected person of the Company under Listing Rules. The transaction under the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the percentage ratio for the transaction is less than 5% and the total consideration is less than HK$3,000,000, the transaction is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

(f) Disposal agreement with Zall Hong Kong and Zall Property Investment Limited ("Zall Property")

On 23 November 2015, Zall Hong Kong and Zall Property, an wholly-owned subsidiary of Zall Commerce and its entire equity interest is wholly owned by Mr. Yan, entered into a sale and purchase agreement, pursuant to which Zall Hong Kong agreed to sell and Zall Property agreed to purchase 10% equity interest in Zall Development (Shenyang) Co., Ltd. ("Zall Shenyang") and 10% equity interest in Zall Development (Xiaogan) Co., Ltd. ("Zall Xiaogan") at a consideration of RMB65,222,000 and RMB16,556,000 respectively. The consideration received from Zall Property under the Disposal was determined on an arm's length basis and with reference to 10% premium on net assets value of the disposed equity interest of Zall Shenyang and Zall Xiaogan as at 31 December 2014.

Zall Property is an indirect wholly-owned subsidiary of Zall Holdings BVI, which in turn is wholly owned by Mr. Yan, one of the Company's controlling shareholders, and is a connected person of the Company under the Listing Rules. The transaction under the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since each of the percentage ratios for the transaction is less than 5% and the total consideration is less than HK$3,000,000, the transaction is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

(g) Lease agreement with Wuhan Zall Yuexi

On 28 September 2014, Zall Wuhan and Wuhan Zall Yuexi, the entire equity interest of which was wholly-owned by Mr. Yan and his associates, entered into a lease agreement (the "Lease Agreement"), pursuant to which Zall Wuhan agreed to rent a premises with an area of 9,182 square metres to Wuhan Zall Yuexi at a monthly rent of RMB137,730 for a term of 5 years. The rental fee received from Wuhan Zall Yuexi under the Lease Agreement was determined on an arm's length basis and with reference to the prevailing market rent at that time. The Lease Agreement was entered into on normal commercial terms, and the terms of which were no less favorable to the Group than terms available to or from independent third parties.

Wuhan Zall Yuexi is owned as to 80% by Mr. Yan, one of the Company's controlling shareholders, and is a connected person of the Company under the Listing Rules. The transaction under the Lease Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since each of the percentage ratios for the transaction is less than 5% and the total consideration is less than HK$3,000,000, the transaction is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the above transactions were conducted on normal commercial terms, in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Company and the Company's shareholders as a whole and were in the ordinary and usual course of the Group's business.

Save as otherwise, there are no related parties transaction disclosed in note 36 to the financial statements constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE AGM

The Company's register of members will be closed for three days from Wednesday, 18 May 2016 to Friday, 20 May 2016 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to determine who are eligible to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 May 2016.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental Protection

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection and comply with environmental legislation and promote awareness towards environmental protection to the employees.

The Group puts great emphasis in environmental protection and sustainable development. Through the establishment of an ever-improving management system, enhancement on procedure monitoring, energy conversation and environment protection were strongly promoted, leading to the remarkable achievement of environmental management. Several measures have been implemented by the Group in order to promote environmental protection.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The audit committee of the Company is delegated by the Board to monitor the Group's practices on compliance with legal and regulatory requirements. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Workplace Quality

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. The Group has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees' rights and benefits. The Group also establishes and implements policies that promote a harmony and respectful workplace.

The Group believes that employees are the valuable assets of an enterprise and regards human resources as its corporate wealth. The Group provides on-the-job training and development opportunities to enhance its employees' career progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group also organized charitable and staff-friendly activities for employees, such as outings, sport match and health talks to provide communication opportunities among staff, which are vital to promote staff relationship and physical fitness.

Health and Safety

The Group prides itself on providing a safe, effective and congenial work environment . Adequate arrangements, training and guidelines are implemented to ensure the working environment is healthy and safe. The Group provides health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues.

The Group values the health and well-being of staff. In order to provide employees with health coverage, staff are entitled to medical insurance benefits as well as other health awareness programs.

Training and Development

The Group is committed to the professional and personal development and growth of all employees and considers training and development a continual process. Many on- and off-the-job training courses and programs are provided to help employees develop and maintain consistency, proficiency and professionalism. Structured training programmes including courses, seminars and workshops are offered to staff at all levels with the objective of grooming and unleashing their full potential, supporting, organizational development and facilitating team synergies. Employees are encouraged to take advantage of these programmes in order to equip themselves with the skills and knowledge for expanded career opportunities within the Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters. The annual results of the Group for the year ended 31 December 2015 have also been reviewed by the Audit Committee.

The Audit Committee consists of three independent non-executive Directors: Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Wei Zhe, David. Mr. Cheung Ka Fai serves as the chairman of the Audit Committee.

AUDITORS

The consolidated financial statements for the year ended 31 December 2015 were audited by KPMG.

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the Board
Yan Zhi
Co-*chairman*

Hong Kong, 31 March 2016

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Company's shareholders. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders of the Company.

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its corporate governance code of practices since the listing of its shares on the Stock Exchange. In the opinion of the Board, save for the deviations to code provisions A.2.1 below, the Company had complied with the code provisions as set out in the CG Code throughout the year ended 31 December 2015.

Code Provision A.2.1

Under code provision A.2.1 of the CG Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

During the year ended 31 December 2015, the Company has not separated the roles of chairman and chief executive officer of the Company and Mr. Yan Zhi acted as the co-chairman together with Dr. Gang Yu since 17 August 2015 and also the chief executive officer of the Company, responsible for overseeing the operations of the Group. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

THE BOARD

As at the date of this report, the Board consists of eight Directors, five of whom are executive Directors and three of whom are independent non-executive Directors. The functions and duties conferred on the Board include convening shareholders' meetings and reporting on the work of the Board to the shareholders at shareholders' meetings as may be required by applicable laws, implementing resolutions passed at shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the Articles and applicable laws. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors, non-executive director and independent non-executive Directors bring a variety of experience and expertise to the Company. Save as otherwise disclosed, there is no relationship (including financial, business, family or other material relationship) between any members of the Board.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the company secretary and are open for inspection by Directors.

The Company has subscribed appropriate and sufficient insurance coverage on Directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities.

In accordance with article 84 of the Articles, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

The biographical details of the current Board members are set out under the section headed "Directors and Senior Management" on pages 21 to 22 of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications pursuant to the Listing Rules.

Non-executive Directors

Each of the non-executive Directors (including the independent non-executive Directors) has entered into an appointment letter with the Company for a term of three years commencing from 13 July 2014.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs. Each of these committees comprises independent non-executive Directors who are being invited to join as members.

AUDIT COMMITTEE

The Audit Committee has been established in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary responsibilities of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit.

The Audit Committee consists of three independent non-executive Directors: Mr. Cheung Ka Fai, Mr. Wu Ying and Mr. Wei Zhe, David. Mr. Cheung Ka Fai serves as the chairman of the Audit Committee.

During the year ended 31 December 2015, the Audit Committee held two meetings on 31 March 2015 and 31 August 2015. The Audit Committee has reviewed the Group's consolidated financial statements for the six months ended 30 June 2015 and for the year ended 31 December 2015 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters.

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Audit Committee is also responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 20 June 2011 with written terms of reference in compliance with the CG Code. The principal responsibilities of the Remuneration Committee are to formulate and recommend remuneration policy to the Board, to determine the remuneration of executive Directors and members of senior management, to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time and to make recommendation on other remuneration related issues. The Board expects the Remuneration Committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The Remuneration Committee consists of two independent non-executive Directors: Mr. Wei Zhe, David and Mr. Wu Ying and one executive Director, Mr. Peng Chi, Mr. Wei Zhe, David serves as the chairman of the Remuneration Committee.

The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires.

During the year ended 31 December 2015, the Remuneration Committee held three meetings on 31 March 2015, 17 August 2015 and 23 December 2015.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 20 June 2011 with its written terms of reference in compliance with the CG code. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors. When considering the suitability of a candidate for directorship, the Nomination Committee also considered the "Board Diversity Policy" adopted by the Board on 30 August 2013 and the requirements under the Listing Rules. In considering the diversity of the Board, aspects including, but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge were considered. Based on the above criteria, members of the Nomination Committee have reviewed the composition of the Board and confirmed that the existing Board was appropriately structured and no change was required.

The Nomination Committee consists of two independent non-executive Directors: Mr. Wu Ying, and Mr. Wei Zhe, David and one executive Director: Mr. Cui Jinfeng. Mr. Wu Ying serves as the chairman of the Nomination Committee.

During the year ended 31 December 2015, the Nomination Committee held three meetings on 31 March 2015, 17 August 2015 and 23 December 2015.

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The individual attendance record of each Director at the meetings of the Board, general meeting of the Company, Audit Committee, Remuneration Committee and Nomination Committee for the year ended 31 December 2015 is set out below:

	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr. Yan Zhi *(Co-chairman and Chief Executive Officer) (Re-designated on 17 August 2015)*	2/2	N/A	N/A	N/A	0/1
Dr. Gang Yu *(Co-chairman)* *(Appointed on 17 August 2015)*	1/1	N/A	N/A	N/A	N/A
Mr. Cui Jinfeng	2/2	N/A	N/A	3/3	0/1
Mr. Fang Li *(Resigned on 17 August 2015)*	1/1	N/A	2/2	N/A	0/1
Ms. Wang Danli *(Resigned on 23 December 2015)*	2/2	N/A	N/A	N/A	0/1
Mr. Wang Chuang *(Appointed on 23 December 2015)*	N/A	N/A	N/A	N/A	N/A
Mr. Peng Chi *(Re-designated on 11 April 2016)*	N/A	N/A	N/A	N/A	N/A
Non-executive Director					
Mr. Fu Gaochao *(Resigned on 11 April 2016)*	2/2	N/A	1/1	N/A	1/1
Independent non-executive Directors					
Ms. Yang Qiongzhen *(Resigned on 29 February 2016)*	2/2	2/2	3/3	3/3	0/1
Mr. Cheung Ka Fai	2/2	2/2	N/A	N/A	1/1
Mr. Peng Chi *(Re-designated on 11 April 2016)*	2/2	2/2	3/3	3/3	0/1
Mr. Wu Ying *(Appointed on 29 February 2016)*	N/A	N/A	N/A	N/A	N/A
Mr. Wei Zhe, David *(Appointed on 11 April 2016)*	N/A	N/A	N/A	N/A	N/A

DIRECTORS' TRAINING

Directors must keep abreast of their collective responsibilities and are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide to each newly appointed Director or alternative Director an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's businesses and the statutory regulatory obligations of a director of a listed company as well as the Company's constitutional documents to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements. The Group also provided briefings and other training to develop and refresh the Directors' knowledge and skills from time to time. Further, the Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2015, the Company arranged one in-house seminar covering the topics of directors' duties, corporate governance practices and disclosure requirements under the Listing Rules and SFO. All the eight Directors, namely Mr. Yan Zhi, Dr. Gang Yu, Mr. Cui Jinfeng, Ms. Wang Danli, Mr. Fu Gaochao, Ms. Yang Qiongzhen, Mr. Cheung Ka Fai and Mr. Peng Chi, have attended the in-house seminar held in December 2015.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors during the year ended 31 December 2015. The Board confirms that, having made specific enquiries with all Directors, all Directors have complied with the required standards of the Model Code during the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the financial year ended 31 December 2015 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report".

AUDITORS' REMUNERATION

For the year ended 31 December 2015, the remuneration paid or payable to the Group's auditors, KPMG, Certified Public Accountants, in respect of their audit and non-audit services (which mainly consists of the professional service in relation to the restructuring exercise) are as follows:

Items	Amount (RMB'000)
Audit services for 2015	2,700
Non-audit services:	
Other services	20

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control systems in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the Group's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate. The Group has a process for identifying, evaluating, and managing the significant risks to the achievement of its operational objective. This process is subject to continuous improvement and was in place for the year ended 31 December 2015 and up to the date of this report. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board. The Company carries out reviews on the effectiveness of the internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

Corporate Governance Report (Continued)

The Board has conducted a review and assessment of the effectiveness of the Group's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2015. Internal control department was assigned to assist the Board to perform high-level review of the internal control systems for its business operations and processes. Such review covered the financial, compliance and operational controls as well as risk management mechanisms and assessment was made by discussions with the management of the Company. The Board believes that the existing internal control system is adequate and effective.

DEED OF NON-COMPETITION

The Company has received, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the deed of non-competition (the "Deed of Non-Competition") entered into by each of them in favour of the Company and the revised deed of non-competition (the "Revised Deed") entered into by each of them in favour of the Company after restructuring pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not and will procure that his/her/its associates (other than members of the Group) not to, engage in any of our business including (without limitation), developing and operating large-scale, consumer product focused wholesale shopping malls in China.

Details of the Deed of Non-Competition and the Revised Deed were disclosed in the prospectus of the Company under the section headed "Relationship with Our Controlling Shareholders" and the circular of the Company dated 31 December 2014 respectively.

The independent non-executive Directors have reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2015.

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining a clear, timely and effective communication with the shareholders of the Company and investors. The Board also recognizes that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the shareholders of the Company will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.zallcn.com. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. The Directors and members of various Board committees will attend the annual general meeting of the Company and answer any questions raised. The resolution of every important proposal will be proposed at general meetings separately. The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. In addition, the Company regularly meets with institutional investors, financial analysts and financial media, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

SHAREHOLDER RIGHTS

Convening an extraordinary general meeting by shareholders

Procedures for shareholders to convene an extraordinary general meeting (including making proposals/moving a resolution at the extraordinary general meeting)

- 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 general meetings of the Company (the "Eligible Shareholder(s)") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "Company Secretary"), to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at an extraordinary general meeting.

- Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at an extraordinary general meeting must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included the details of the business(es) proposed to be transacted in the extraordinary general meeting, signed by the Eligible Shareholder(s) concerned.

- If within 21 days of the deposit of the Requisition, the Board has not advised the Eligible Shareholders of any outcome to the contrary and fails to proceed to convene an extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the memorandum and articles of associations, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Making enquiry to the Board

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post or email to investorrelations@zallcn.com.

INVESTOR RELATIONS

Investors Communication Policy

The Company regards the communication with institutional investors as important means to enhance the transparency of the Company and collect views and feedbacks from institutional investors. To promote effective communication, the Company maintains a website at http://www.zallcn.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	852-3153 5808
By post:	Suite 1606, 16/F., Two Exchange Square, Central, Hong Kong
Attention:	The Company Secretary
By email:	investorrelations@zallcn.com

Independent Auditor's Report

Independent auditor's report to the shareholders of
Zall Development Group Ltd.
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Zall Development Group Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 139, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

Independent Auditor's Report (Continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the finance position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 March 2016

Consolidated Statement of Profit or Loss

for the year ended 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Revenue	3	1,029,482	1,986,129
Cost of sales		(758,272)	(1,010,025)
Gross profit		271,210	976,104
Other income	4	972,184	8,265
Selling and distribution expenses		(141,337)	(165,546)
Administrative and other expenses		(153,480)	(156,047)
Profit from operations before changes in fair value of investment properties		948,577	662,776
Increase in fair value of investment properties and non-current assets classified as held for sale	12/24	439,584	1,831,706
Fair value gain upon transfer of completed properties held for sale to investment properties	12	798,158	325,630
Profit from operations after changes in fair value of investment properties		2,186,319	2,820,112
Share of profits of joint ventures	13	10,315	45,367
Gain on disposal of subsidiaries	38	353,708	1,437
Fair value change on embedded derivative component of the convertible bonds	28	(17,027)	(9,320)
Finance income	5(a)	5,740	22,333
Finance costs	5(a)	(264,909)	(122,073)
Profit before taxation	5	2,274,146	2,757,856
Income tax	6(a)	(228,158)	(1,147,132)
Profit for the year		2,045,988	1,610,724
Attributable to:			
Equity shareholders of the Company		2,037,727	1,572,819
Non-controlling interests		8,261	37,905
Profit for the year		2,045,988	1,610,724
Earnings per share *(Note)*			
Basic (RMB)	10	0.193	0.150
Diluted (RMB)	10	0.188	0.147

Note: Earnings per share for the year ended 31 December 2014 has been retroactively adjusted for the Share Subdivision (note 32).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Profit for the year		2,045,988	1,610,724
Other comprehensive income for the year			
(after tax and reclassification adjustments):	9		
Items that will not be reclassified to profit or loss:			
— Revaluation of property, plant and equipment	6(b)	—	49,261
— Related tax	6(b)	—	(12,315)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of			
— financial statements of subsidiaries in other jurisdictions		(49,030)	3,280
Other comprehensive income for the year		(49,030)	40,226
Total comprehensive income for the year		1,996,958	1,650,950
Attributable to:			
Equity shareholders of the Company		1,988,697	1,613,045
Non-controlling interests		8,261	37,905
Total comprehensive income for the year		1,996,958	1,650,950

Consolidated Statement of Financial Position

at 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	11	224,338	123,219
Investment properties	12	12,519,200	8,445,100
Intangible assets		—	5,654
Interests in joint ventures	13	89,326	820,255
Deferred tax assets	31(b)	202,504	47,925
Long-term receivables	20	208,659	—
		13,244,027	9,442,153
Current assets			
Financial assets held for trading	15	1,083,176	—
Properties under development	16	4,010,176	4,803,536
Completed properties held for sale	17	3,736,630	1,505,406
Inventories	18	—	3
Current tax assets	31(a)	29,447	32,587
Trade and other receivables, prepayments	19	827,143	973,823
Available-for-sale unlisted equity securities		—	500
Restricted cash	21	441,650	352,708
Cash and cash equivalents	22	243,470	250,840
		10,371,692	7,919,403
Non-current assets classified as held for sale	24	153,900	147,700
Assets of disposal group held for sale	40	—	4,666,758
		10,525,592	12,733,861
Current liabilities			
Trade and other payables	25	3,629,542	2,950,897
Bank loans and loans from other financial institutions	26	1,682,081	997,160
Current taxation	31(a)	186,254	199,471
Deferred income	27	15,983	133,596
Convertible bonds	28	—	677,866
Liabilities directly associated with non-current assets classified as held for sale		38,231	36,309
Liabilities of disposal group held for sale		—	2,955,862
		5,552,091	7,951,161

Consolidated Statement of Financial Position (Continued)

at 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Net current assets		4,973,501	4,782,700
Total assets less current liabilities		18,217,528	14,224,853
Non-current liabilities			
Bank loans and loans from other financial institutions	26	4,712,680	3,424,529
Deferred income	27	19,569	19,409
Deferred tax liabilities	31(b)	3,174,748	2,218,775
		7,906,997	5,662,713
NET ASSETS		10,310,531	8,562,140
CAPITAL AND RESERVES			
Share capital	32	29,727	29,071
Reserves		9,438,741	7,888,830
Total equity attributable to equity shareholders of the Company		9,468,468	7,917,901
Non-controlling interests		842,063	644,239
TOTAL EQUITY		10,310,531	8,562,140

Approved and authorised for issue by the board of directors on 31 March 2016.

Yan Zhi	Cui Jinfeng
Co-Chairman	*Executive Director*

The notes on pages 55 to 139 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	PRC Statutory reserve RMB'000	Other reserve RMB'000	Equity settled share-based payment reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		29,071	1,179,689	89,496	(104,334)	36,621	(18,596)	—	5,090,473	6,302,420	586,734	6,889,154
Changes in equity for 2014:												
Profit for the year		—	—	—	—	—	—	—	1,572,819	1,572,819	37,905	1,610,724
Other comprehensive income	9	—	—	—	—	—	3,280	36,946	—	40,226	—	40,226
Total comprehensive income		—	—	—	—	—	3,280	36,946	1,572,819	1,613,045	37,905	1,650,950
Transfer to PRC statutory reserve	32(c)(ii)	—	—	92,082	—	—	—	—	(92,082)	—	—	—
Capital injection by non-controlling equity holder		—	—	—	—	—	—	—	—	—	19,600	19,600
Equity settled share-based transaction	30	—	—	—	—	2,069	—	—	367	2,436	—	2,436
At 31 December 2014		29,071	1,179,689	181,578	(104,334)	38,690	(15,316)	36,946	6,571,577	7,917,901	644,239	8,562,140

Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2015
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company										
	Note	Share capital RMB'000	Share premium RMB'000	PRC Statutory reserve RMB'000	Other reserve RMB'000	Equity settled share-based payment reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015		29,071	1,179,689	181,578	(104,334)	38,690	(15,316)	36,946	6,571,577	7,917,901	644,239	8,562,140
Changes in equity for 2015:												
Profit for the year		–	–	–	–	–	–	–	2,037,727	2,037,727	8,261	2,045,988
Other comprehensive income	9	–	–	–	–	–	(49,030)	–	–	(49,030)	–	(49,030)
Total comprehensive income		–	–	–	–	–	(49,030)	–	2,037,727	1,988,697	8,261	1,996,958
Placing of new shares	32(b)(ii)	421	121,926	–	–	–	–	–	–	122,347	–	122,347
Transfer to PRC statutory reserve	32(c)(ii)	–	–	87,252	–	–	–	–	(87,252)	–	–	–
Equity settled share-based transaction	32(b)(i)	235	60,763	–	–	(38,690)	–	–	–	22,308	–	22,308
Arising from acquisition of subsidiaries	39	–	–	–	–	–	–	–	–	–	805,691	805,691
Arising from disposal of subsidiaries	38	–	–	(17,390)	–	–	–	–	17,390	–	(596,528)	(596,528)
Capital withdrawn by non-controlling interest		–	–	–	–	–	–	–	–	–	(19,600)	(19,600)
Dividends declared in respect of the current year	32(f)(i)	–	(582,785)	–	–	–	–	–	–	(582,785)	–	(582,785)
At 31 December 2015		29,727	779,593	251,440	(104,334)	–	(64,346)	36,946	8,539,442	9,468,468	842,063	10,310,531

The notes on pages 55 to 139 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Operating activities			
Cash used in operations	23	(1,330,234)	(1,318,479)
PRC tax paid		(109,878)	(155,398)
Net cash used in operating activities		(1,440,112)	(1,473,877)
Investing activities			
Payment for the purchase of property, plant and equipment		(116,842)	(10,031)
Net proceeds from disposal of subsidiaries	36,38	561,991	—
Increase in short-term bank deposits		(31,000)	—
Receipt of short-term bank deposits		—	150,000
Payment for acquisition of subsidiaries	39	(173,980)	—
Interest received		5,740	22,333
Proceeds from disposal of financial assets held for trading		1,723	—
Net cash generated from investing activities		247,632	162,302
Financing activities			
Proceeds from loans from the Ultimate Controlling Party		760,928	—
Repayment of convertible bonds	28	(714,983)	—
Proceeds from new bank loans and loans from other financial institutions		2,659,000	3,101,979
Repayment of bank loans		(499,073)	(2,040,908)
(Increase)/decrease in restricted cash		(62,131)	66,309
Interest and other borrowing costs paid		(352,073)	(543,058)
Dividends paid to equity shareholders of the Company	32(f)	(583,325)	—
Capital injection by non-controlling equity holder		—	19,600
Withdrawal capital investment by non-controlling equity holder		(19,600)	—
Repayment of loans from the Ultimate Controlling Party		(106,207)	—
Increase in payable to other related parties		—	228,050
Proceeds from placing of new shares	32(b)(ii)	122,347	—
Proceeds from exercising of share option	32(b)(i)	20,574	—
Net cash generated from financing activities		1,225,457	831,972
Net increase/(decrease) in cash and cash equivalents		32,977	(479,603)
Cash and cash equivalents at 1 January		262,340	738,758
Effect of foreign exchange rate changes		(51,847)	3,185
Cash and cash equivalents at 31 December		243,470	262,340
Representing			
Cash and cash equivalents	22	243,470	250,840
Cash and cash equivalents included in disposal group held for sale	40	—	11,500
Cash and cash equivalents at 31 December	22	243,470	262,340

The notes on pages 55 to 139 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

Zall Development Group Ltd. (the "Company") was incorporated in the Cayman Islands on 22 September 2010 as an exempted company with limited liability under the Companies Law, Chapter 22 of the Cayman Islands.

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in joint ventures.

These consolidated financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— financial instruments classified as available-for-sale or as financial assets held for trading (note 1(f));

— investment property (note 1(i)); and

— embedded derivative component of the convertible bonds (note 1(p)).

Non-current assets and disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(y)).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(o), (p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)) or, when appropriate, the cost on initial recognition of an investment in joint ventures (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)), unless the investment is classified as held for sale (or included in a disposed group that is classified as held for sale) (see note 1(z)).

(e) Joint ventures

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (see note 1(z)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Joint ventures (Continued)

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in a joint venture becomes an investment in an associate, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

In the Company's statement of financial position, investments in joint ventures are stated at cost less impairment losses (see note 1(k)).

(f) Investments in equity securities

The Group's policies for investments in equity securities other than investment in subsidiaries and joint ventures are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 1(w)(iv) and 1(w)(vi).

Investments in equity securities which do not fall into held for trading are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in notes 1(w)(vi).

When the investments are derecognised or impaired (see note 1(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(k)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

	Years	Estimated residual value as a percentage of costs
Buildings	20-40	5%
Motor vehicles	4-10	5%
Furniture, office equipment and others	3-8	5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Transfers from property, plant and equipment to investment properties shall be made when, and only when, there is a change in use, evidenced by end of owner-occupation. If an owner-occupied property becomes an investment property that will be carried at fair value, any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation of property, plant and equipment, even if the property was previously measured using the cost model. Any existing or arising revaluation surplus previously recognised in other comprehensive income ("OCI") is not transferred to profit or loss at the date of transfer or on subsequent disposal of the investment property.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(i)), property under development for sales and completed property held for sale (see note 1(l)).

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(h)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii).

(j) Intangible asset

The Group operates a football club. The costs of acquiring football players' registrations or extending their contracts, including agents' fees, are capitalised and amortised, on the straight line basis, over the period of the respective contracts.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

— For interests in joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(k)(ii).

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

— For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

— For available-for-sale securities, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— Property, plant and equipment;

— Intangible assets; and

— Investment in subsidiaries and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(l) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

Property under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

Completed property held for sale

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Transfers from completed property held for sale to investment properties

Transfer from completed property held for sale to investment property is made when, and only when, there is a change in use, evidenced by commencement of an operating lease to another party.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Inventories

Inventories mainly include low value consumables. Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase. When inventories are consumed, the carrying amount of inventories is recognised as an expense in the year in which the consumption occurs. Any obsolete and damaged inventories are written off to the profit or loss.

(n) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 1(w)(vii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract 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 costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the consolidated statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Long-term receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Convertible bonds

At initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to retained profits.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Obligation for contributions to defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred, except to the extent that they are included in properties for sale not yet recognised as an expense.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in equity settled share-based payment reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the equity settled share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the equity settled share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the equity settled share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee benefits (Continued)

(iii) Termination benefits

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

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to interests in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(v)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue arising from sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue recognition (Continued)

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of inventories are initially recognised as deferred income and subsequently deducted from the cost of sales when the inventories are sold upon meeting the relevant conditions, if any, attaching to them.

(vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vii) Construction income

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

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

(viii) Guarantee fee income

The amount of the guarantee is recognised when guarantee contracts have been made whereby the related guarantee obligation has been accepted, the economic benefits associated with the guarantee contracts will probably flow in, and the amount of revenue associated with guarantee contracts can be measured reliably. The fair value of the guarantee is initially recognised as deferred income and is amortised in profit or loss over the term of the guarantee as guarantee fee income.

(ix) Marketplace income

Marketplace income primarily consists of commission fees charged to third-party merchants that sell products on the Group's marketplace platform. These sales are generally transactions where the Group is not the primary obligor, is not subject to inventory risk, and does not have latitude in establishing prices and selecting suppliers. The Group charges third-party merchants commission fee based on a fixed percentage of the sales amount. Marketplace income is recognized at the point of delivery of products by the merchants.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period.

The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(aa) Related parties

(a) A person, or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(ac) Derivative financial instrument

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements used in preparing the financial statements are continually evaluated and are 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 mainly include those related to property development activities.

Note 33 contains information about the assumptions and their risk factors relating to the fair value of financial instruments. Key sources of estimation uncertainty are as follows:

(a) Impairment

As explained in note 1(l), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the Directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(c) Provision for PRC Land Appreciation Tax ("LAT")

As explained in note 2(b), the Group has estimated, made and included in tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated. Significant judgement is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of PRC LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

(d) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimates.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

When the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(e) Valuation of investment properties

As described in note 1(i), investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuer have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgement and is satisfied that the method of valuation is reflective of the current market condition.

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(f) Classification between investment properties, properties held for sale and property, plant and equipment

The Group develops property projects with an initial intention to be held for sale and retains a portion of properties held for own use. The Group also has plans to retain a portion of properties as investment properties to earn rentals or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as a property held for sale, owner-occupied property or an investment property. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of development, the related properties under development are accounted for as (1) properties under development included in current assets if the properties are intended for sale after their completion; (2) owner-occupied properties included in property, plant and equipment if the properties are intended for own use; and (3) investment properties under construction if the properties are intended to be held to earn rentals and/or for capital appreciation.

(g) Determining the deferred taxation on investment properties

The Group has leased out certain of the completed properties to third parties whereby the directors consider that such arrangement is not temporary. In the circumstance, the Group has decided to treat those properties as investment properties (and reclassifying them from completed properties held for sale to investment properties) because it is the Group's intention to hold these properties in long-term for rental income and/or capital appreciation.

Under IAS 12 Deferred tax is required to be measured with reference to the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, IAS 12 has a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

In this connection, the Group has reviewed its investment property portfolio on a regular basis and has concluded that as at 31 December 2015, the presumption in IAS 12 that the carrying value of the property will be recovered through sales should be adopted in respect of each of the investment properties located at its the wholesale shopping mall project, namely North Hankou International Trade Center. Therefore, the deferred tax relating to these properties has been provided on the basis of recovering their carrying amounts entirely through sales. In respect of the Group's other leasehold investment properties, the Group has determined that each of these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in IAS 12 is rebutted for these properties. As a result, the Group has continued to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through sale.

(h) Fair value of non-derivative financial instruments

Fair value of non-derivative financial instruments carried at amortised costs, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(i) Construction contracts

As explained in policy notes 1(n) and 1(w)(vii) revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development and sales of properties, property management services, development and operation of properties in the People's Republic of China (the "PRC").

Revenue represents income from sales of properties, property management services income, rental income, income from hotel operation, income from construction contracts and other ancillary services income, net of business tax and other sales related taxes and is after deduction of any trade discounts.

The amounts of each significant category of revenue recognised in revenue during the year are as follows:

	2015 RMB'000	2014 RMB'000
Sales of properties	695,951	1,894,744
Property management services	22,987	13,963
Rental income	103,497	71,676
Revenue from construction contracts	196,975	—
Others	10,072	5,746
	1,029,482	1,986,129

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is mainly engaged in one segment in the PRC. The Group started to develop its E-commerce, internet finance and logistics information and data services in the second half of 2015. Since these operations were newly set up, the revenue and profit generated from these operations are less than 10% of the combined revenue and profits of all reporting segments. The total assets of these operations are also less than 10% of the combined assets of all reporting segments. Hence management did not separately disclose segment information regarding these operations.

4 OTHER INCOME

	Note	2015 RMB'000	2014 RMB'000
Gain on early redemption of convertible bonds	28	123,849	—
Gain on sale of financial assets held for trading		540	—
Fair value change on financial assets held for trading		348,358	—
Gain on disposal of 10% interest of Zall Shenyang and Zall Xiaogan	36(b)(iv)	4,016	—
Loss on disposal of non-current assets classified as held for sale		—	(2,579)
Government grants	(i)	114,399	22
Forfeited deposits and compensation from customers		1,058	451
Football club related revenue		11,268	10,243
Gain on remeasurement of previously held interest upon step acquisition of subsidiaries	39	265,870	—
Gain on bargain purchase of subsidiaries	39	101,423	—
Others		1,403	128
		972,184	8,265

(i) Government grants recognised in profit or loss are in relation to its contribution to promotion activities in the PRC, mainly including RMB70,435,000 amortised in deferred income (see note 27) and RMB43,964,000 transferred from other payables, which has not been confirmed by the government until 2015.

5 PROFIT BEFORE TAXATION

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

(a) Finance (income)/costs

	Note	2015 RMB'000	2014 RMB'000
Finance income			
Interest income		(5,740)	(22,333)
Finance costs			
Interest on convertible bonds	28	164,450	91,888
Interest on bank loans and loans from other financial institutions		455,416	449,606
Other borrowing costs		118,996	51,662
Less: amounts capitalised into properties under development and investment properties under development	(i)	(486,042)	(482,210)
		252,820	110,946
Bank charge and others		8,891	9,075
Net foreign exchange loss		3,198	2,052
		264,909	122,073

(i) The borrowing costs have been capitalised at rates ranging from 4.60%-16.41% per annum in the year ended 31 December 2015 (2014: 6.00%-11.00% per annum).

5 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	2015 RMB'000	2014 RMB'000
Salaries, wages and other benefits	45,794	43,634
Contributions to defined contribution retirement plan	8,637	6,531
Equity settled share-based payment expenses	1,733	2,436
	56,164	52,601

(c) Other items

	Note	2015 RMB'000	2014 RMB'000
Amortisation		3,389	10,893
Depreciation			
– properties, plant and equipment	11	12,412	13,300
– disposal group held for sale	40	398	—
Auditors' remuneration			
– audit services		2,700	2,790
– other services		20	490
Operating lease charges	34(a)	32,860	53,399
Cost of construction contracts	20	208,659	—
Cost of properties sold	(i)	507,699	956,187

(i) Cost of properties sold is after netting off benefits from government grants of RMB5,697,000 for the year ended 31 December 2015 (2014: RMB42,024,000).

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2015 RMB'000	2014 RMB'000
Current tax		
PRC Corporate Income Tax ("CIT")	31,185	215,995
PRC Land appreciate Tax ("LAT")	50,951	142,880
	82,136	358,875
Deferred tax		
Origination and reversal of temporary differences (see notes 24 and 31)	146,022	788,257
	228,158	1,147,132

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Taxation in other comprehensive income

During 2014, certain owner-occupied buildings were transferred to investment properties (see note 11), the Group remeasured the properties to fair value and recognised a revaluation gain of RMB49,261,000 and related tax RMB12,315,000 in other comprehensive income ("OCI"). No owner-occupied buildings was transferred to investment properties during 2015.

(c) Reconciliation between tax expense and accounting profit at applicable tax rates

	Note	2015 RMB'000	2014 RMB'000
Profit before taxation		2,274,146	2,757,856
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned		553,041	717,874
Tax effect of non-deductible expenses		5,202	3,941
Tax effect of non-taxable share of profits of joint ventures		(2,579)	(11,342)
Tax effect of non-taxable income		(253,151)	—
Tax effect of unused tax losses not recognised		49,357	11,750
Tax effect of use of previously unrecognised tax losses		(2,126)	(1,657)
Withholding tax on gain from disposal of PRC subsidiaries		9,844	—
PRC LAT in relation to properties sold		50,951	142,880
PRC LAT in relation to investment properties	(v)	(226,191)	425,875
Tax effect on PRC LAT		43,810	(142,189)
Actual tax expense		228,158	1,147,132

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year.

(ii) PRC CIT

The provision for CIT has been calculated at the applicable tax rates on the estimated assessable profits of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The CIT rate applicable to the Group's subsidiaries located in the PRC is 25% (2014: 25%).

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(c) Reconciliation between tax expense and accounting profit at applicable tax rates (Continued)

(iii) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the PRC, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which is calculated based on 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Tax Bureau or any tax bureau of higher authority is remote.

(iv) Withholding tax

The PRC Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non- PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise directly.

Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

(v) The Group has reviewed the investment properties project, namely Tianjin Zall E-Commerce Mall held by Zall Development (Tianjin) Co.,Ltd and determined that the part of the properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time as these part of properties will be operated through selling the operating right for a term of 20 years. As a result, the Group has reversed the deferred LAT relating to these properties amounting to RMB334,684,000 accordingly.

7 DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	For the year ended 31 December 2015				
	Directors' fee RMB'000	Salaries allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Equity settled share-based payment (note) RMB'000	Total RMB'000
Co-Chairman:					
Yan Zhi	—	366	10	867	1,243
Yu Gang	—	500	—	—	500
Executive directors:					
Wang Danli (resigned on 23 December 2015)	—	360	9	110	479
Cui Jinfeng	—	119	10	87	216
Fang Li (resigned on 17 August 2015)	—	107	5	69	181
Wang Chuang (appointed on 23 December 2015)	—	—	—	—	—
Non-executive director:					
Fu Gaochao	—	119	10	87	216
Independent non-executive directors:					
Yang Qiongzhen	—	163	—	—	163
Cheung Ka Fai	—	163	—	—	163
Peng Chi	—	163	—	—	163
	—	2,060	44	1,220	3,324

7 DIRECTORS' REMUNERATION (Continued)

	For the year ended 31 December 2014				
	Directors' fee RMB'000	Salaries allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Equity settled share-based payment (note) RMB'000	Total RMB'000
Chairman:					
Yan Zhi	—	366	9	1,218	1,593
Executive directors:					
Wang Danli	—	360	9	110	479
Cui Jinfeng	—	119	9	122	250
Fang Li	—	115	9	97	221
Non-executive director:					
Fu Gaochao	—	119	9	122	250
Independent non-executive directors:					
Yang Qiongzhen	—	158	—	—	158
Cheung Ka Fai	—	158	—	—	158
Peng Chi	—	158	—	—	158
	—	1,553	45	1,669	3,267

Note:

These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the group's accounting policies for share-based payment transactions as set out in note 1(t)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 30.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2014: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2014: two) individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	1,606	1,148
Retirement scheme contributions	17	13
	1,623	1,161

The emoluments of one (2014: Nil) individual with the highest emoluments are within the following bands:

	2015 Number of individuals	2014 Number of individuals
RMB 1,000,001–1,500,000	1	—

9 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2015 Before-tax amount RMB'000	2015 Tax (expense)/ benefit RMB'000	2015 Net-of-tax amount RMB'000	2014 Before-tax amount RMB'000	2014 Tax (expense)/ benefit RMB'000	2014 Net-of-tax amount RMB'000
Exchange differences on translation of: — financial statements of subsidiaries	(49,030)	—	(49,030)	3,280	—	3,280
Revaluation of property, plant and equipment	—	—	—	49,261	(12,315)	36,946
Other comprehensive income	(49,030)	—	(49,030)	52,541	(12,315)	40,226

10 EARNINGS PER SHARE

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ("EPS") for the year ended 31 December 2014 has been retroactively adjusted for the Share Subdivision, the details of the Share Subdivision is set out note 32.

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,037,727,000 (2014: RMB1,572,819,000) and the weighted average of 10,573,913,000 ordinary shares (2014: 10,500,000,000, as restated), calculated as follows:

Weighted average number of ordinary shares

	2015 '000	2014 '000 (Restated)
Issued ordinary shares at 1 January	3,500,000	3,500,000
Effect of Share Subdivisions	7,000,000	7,000,000
Effect of placing of new shares	66,810	—
Effect of share options exercised	7,103	—
Weighted average number of ordinary shares at 31 December	10,573,913	10,500,000

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,095,355,000 (2014: RMB1,674,027,000) and the weighted average number of ordinary shares of 11,123,016,000 shares (2014: 11,411,427,000 shares, as restated), after adjusting for the effects of deemed issue of shares under the Company's Pre-IPO Share Option Scheme (note 30), the effect of deemed conversion of convertible bond (note 28), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2015 RMB'000	2014 RMB'000
Profit attributable to ordinary equity shareholders of the Company	2,037,727	1,572,819
After tax effect of effective interest on the liability component of convertible bonds	164,450	91,888
After tax effect of change in fair value of embedded derivative component of the convertible bonds	17,027	9,320
After tax effect of gain arising from redemption of convertible bonds	(123,849)	—
Profit attributable to ordinary equity shareholders of the Company (diluted)	2,095,355	1,674,027

10 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

(ii) Weighted average number of ordinary shares (diluted)

	2015 RMB'000	2014 RMB'000 (Restated)
Weighted average number of ordinary shares at 31 December	10,573,913	10,500,000
Effect of deemed issue of shares under the Company's Pre-IPO Share Option Scheme for nil consideration after the effect of Share Subdivision (Note 30)	52,461	55,149
Effect of conversion of convertible bonds after the effect of Share Subdivision (Note 28)	496,642	856,278
Weighted average number of ordinary shares (diluted) at 31 December	11,123,016	11,411,427

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Total RMB'000
Cost:				
At 1 January 2014	143,025	16,366	10,711	170,102
Additions	4,049	3,925	2,057	10,031
Revaluation of buildings reclassified to investment properties (ii)	49,261	—	—	49,261
Transfer to investment properties – depreciation offset	(882)	—	—	(882)
Transfer to investment properties (ii)	(63,100)	—	—	(63,100)
Reclassification to assets of disposal group held for sale (note 40)	(146)	(1,111)	(1,356)	(2,613)
Disposals	—	(39)	(70)	(109)
At 31 December 2014/1 January 2015	132,207	19,141	11,342	162,690
Additions	110,086	259	4,745	115,090
Additions through acquisition of subsidiaries	—	468	1,906	2,374
Disposals	—	(227)	(2)	(229)
Disposals arising from disposal of subsidiaries	(245)	(1,560)	(2,040)	(3,845)
At 31 December 2015	242,048	18,081	15,951	276,080

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Furniture, office equipment and others RMB'000	Total RMB'000
Accumulated depreciation:				
At 1 January 2014	(10,303)	(12,681)	(5,204)	(28,188)
Charge for the year	(8,343)	(2,911)	(2,046)	(13,300)
Transfer to investment properties – depreciation offset	882	—	—	882
Reclassification to assets of disposal group held for sale (note 40)	6	552	570	1,128
Written back on disposals	—	1	6	7
At 31 December 2014 /1 January 2015	(17,758)	(15,039)	(6,674)	(39,471)
Charge for the year	(9,157)	(1,219)	(2,036)	(12,412)
Additions through acquisition of subsidiaries	—	(437)	(1,606)	(2,043)
Written back on disposals	—	203	1	204
Disposal arising from disposal of subsidiaries	9	706	1,265	1,980
At 31 December 2015	(26,906)	(15,786)	(9,050)	(51,742)
Net book value:				
At 31 December 2015	215,142	2,295	6,901	224,338
At 31 December 2014	114,449	4,102	4,668	123,219

(i) The buildings are all situated on land in the PRC.

The analysis of carrying amount of leasehold land of properties is as follows:

	2015 RMB'000	2014 RMB'000
In the PRC held under medium-term lease (10-50 years)	114,449	114,449

(ii) During 2014, certain owner occupied building were transferred to investment properties, because they were no longer used by the Group and were leased to a related party (see note 12).

Immediately before transfer, the Group remeasured the properties to fair value and recognized a gain of RMB49,261,000 in OCI. The valuation techniques and significant unobservable inputs used in measuring the fair value of the building at the date of transfer were the same as those applied to investment properties at the reporting date (see note 12(b) (ii)).

(iii) At 31 December 2015, certain buildings of the Group with carrying value of RMB20,272,000 (2014: RMB21,546,000) were without building ownership certificate. The Group was in progress of applying for the relevant buildings ownership certificates.

12 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

	Investment Properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At 1 January 2014	5,104,100	2,036,700	7,140,800
Additions	—	819,304	819,304
Transfer from completed properties held for sale (ii)	93,400	—	93,400
Transfer from property, plant and equipment (note 11(ii))	63,100	—	63,100
Fair value adjustments	679,644	1,459,923	2,139,567
Reclassification to assets of disposal group held for sale	—	(1,811,071)	(1,811,071)
At 31 December 2014	5,940,244	2,504,856	8,445,100
Representing:			
Cost	1,220,358	891,692	2,112,050
Fair value adjustments	4,719,886	1,613,164	6,333,050
	5,940,244	2,504,856	8,445,100
At 1 January 2015	5,940,244	2,504,856	8,445,100
Additions	65,278	483,338	548,616
Transfer from completed properties held for sale (ii)	393,942	—	393,942
Additions through acquisition of subsidiaries (note 39)	1,900,000	—	1,900,000
Fair value adjustments	944,542	287,000	1,231,542
At 31 December 2015	9,244,006	3,275,194	12,519,200
Representing:			
Cost	3,579,578	1,375,030	4,954,608
Fair value adjustments	5,664,428	1,900,164	7,564,592
	9,244,006	3,275,194	12,519,200
Book value:			
At 31 December 2015	9,244,006	3,275,194	12,519,200
At 31 December 2014	5,940,244	2,504,856	8,445,100

12 INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amount (Continued)

(i) During the year ended 31 December 2015, a net gain of RMB1,231,542,000 (2014: RMB2,139,567,000), and deferred tax thereon of RMB140,274,000 (2014: RMB853,730,000), has been recognised in the consolidated statement of profit or loss for the period in respect of investment properties.

(ii) During the year ended 31 December 2015, the Group transferred certain completed properties held for sale to investment properties on condition that there was an actual change in use from sale to earning rental income purpose, which were evidenced by commencement of operating lease as stipulated in the lease agreements entered into by the Group. Correspondingly a fair value gain amounting to RMB798,158,000 (2014: RMB325,630,000) upon transfer was recognised.

(iii) At 31 December 2015, certain bank loans granted to the Group were jointly secured by investment properties and investment properties under development with an aggregate carrying value of RMB7,201,560,000 (2014: RMB3,681,843,000) (see note 26).

(b) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December 2015 RMB'000	Fair value measurements as at 31 December 2015 categorised into level 3 RMB'000
Recurring fair value measurement — investment properties	12,519,200	12,519,200

12 INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

	Fair value as at 31 December 2014 RMB'000	Fair value measurements as at 31 December 2014 categorised into level 3 RMB'000
Recurring fair value measurement — investment properties	8,445,100	8,445,100

During the year, there were no transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties carried at fair value were revalued as at 31 December 2015. The valuations were carried out by an independent firm of surveyors, Savills, who have among their staff fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties	Income capitalisation method	Yield	3.0%-6.0% (2014: 3.0%-6.5%)
		Market monthly rental rate (RMB/sq.m.)	2-200 (2014: 4-210)
		Occupancy rate	95%-98% (2014: 95%-98%)
	Direct comparison method	Market unit sales rate (RMB/sq.m.)	N/A (2014: 27,400-28,900)

The fair value of completed investment properties is generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties.

The fair value of commercial properties under development is generally derived using the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rents derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

13 INTERESTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Share of net assets as at 1 January	820,255	774,888
Share of profit	10,315	45,367
Acquired by the Group as subsidiaries	(741,244)	—
Share of net assets as at 31 December	89,326	820,255

Details of the Group's interests in joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of company	Place of establishment	Registered/ paid-in capital	Effective interest held by the Group 2015	Effective interest held by the Group 2014	Principal activity
Wuhan Big World Investment and Development Co., Ltd ("Wuhan Big World Investment") 武漢大世界投資發展有限公司 (Note 1) (Note 2)	The PRC	100,000,000	60% (Note 2)	50%	Property development
Wuhan Big World Marketing Management Co., Ltd. ("Wuhan Big World Management") 武漢大世界市場管理有限公司 (Note 1) (Note 2)	The PRC	1,000,000	60% (Note 2)	50%	Property management
Wuhan Zall Shengtang Properties Co., Ltd ("Zall Shentang") 武漢卓爾盛唐置業有限公司 (Note 1)	The PRC	150,000,000	60%	60%	Property development

Note 1 The English translation of the names are for reference only. The official names of the companies are in Chinese.

Note 2 Wuhan Big World Investment and Wuhan Big World Management have became subsidiaries of the Group since 15 July 2015 (Note 39).

The entities are unlisted corporate entities whose quoted market price are not available.

13 INTERESTS IN JOINT VENTURES (Continued)

Summarised financial information of Zall Shengtang, adjusted for any differences in accounting policies and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2015 RMB'000	2014 RMB'000
Gross amounts of Zall Shengtang		
Current assets	148,432	300,439
Non-current assets	445	501
Current liabilities	—	(152,000)
Equity	(148,877)	(148,940)
Included in the above assets and liabilities:		
Cash and cash equivalents	32	439

	2015 RMB'000	2014 RMB'000
Loss for the year	(63)	(858)
Other comprehensive income	—	—
Total comprehensive income	(63)	(858)
Reconciled to the Group's interest in Zall Shengtang		
Gross amounts of Zall Shengtang's net assets	148,877	148,940
Group's effective interest	60%	60%
Group's share of Zall Shengtang's net assets	89,326	89,364
Carrying amount in the consolidated financial statements	89,326	89,364

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES

The following list contains the particulars of principal subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Date and place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zall Development (BVI) Holding Company Ltd. ("Zall BVI" or 卓爾發展(BVI)控股有限公司)	10 September 2010 British Virgin Islands ("BVI")	HKD1	100%	100%	—	Investment holding
Zall Development (HK) Holding Company Limited ("Zall Hong Kong" or 卓爾發展(香港)控股有限公司)	25 March 2003 Hong Kong	HKD2	100%	—	100%	Investment holding
Zhong Bong Financial Holdings Limited ("Zhong Bong Holdings" or 眾邦金融控股有限公司)	18 July 2013 British Virgin Islands ("BVI")	USD1	100%	—	100%	Investment holding
Zhong Bong Financial Group Limited ("Zhong Bong Group" or 眾邦金融集團有限公司)	8 August 2013 Hong Kong	HKD1	100%	—	100%	Investment holding
Zall Development (Wuhan) Co., Ltd. ("Zall Wuhan" or 卓爾發展(武漢)有限公司*)	8 August 2003 The PRC	HKD39,800,000	100%	—	100%	Investment holding
North Hankou Group Co., Ltd. ("North Hankou Group" or 漢口北集團有限公司*)	11 February 2009 The PRC	RMB59,600,000	100%	—	100%	Investment holding
Zall Investment Group Co., Ltd. (卓爾投資集團有限公司*)	31 December 2004 The PRC	RMB100,000,000	100%	—	100%	Investment holding and property development
Wuhan Logistics Enterprise Community Investment Development Co., Ltd. (武漢物聯港投資開發有限公司*)	3 March 2011 The PRC	RMB30,000,000	100%	—	100%	Property development
Wuhan North Hankou International Goods Trading Center Co., Ltd. (武漢漢口北國際商品交易中心有限公司*)	6 April 2011 The PRC	RMB1,000,000	100%	—	100%	Property development
Wuhan North Hankou Trade Market Investment Co., Ltd. (武漢漢口北商貿市場投資有限公司*)	16 April 2007 The PRC	RMB55,000,000	100%	—	100%	Property development

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Wuhan North Hankou Market Management Co., Ltd. (武漢漢口北市場管理有限公司*)	14 March 2008 The PRC	RMB1,000,000	100%	—	100%	Property management
Wuhan North Hankou Logistics Co., Ltd. (武漢漢口北物流有限公司*)	14 January 2009 The PRC	RMB10,000,000	100%	—	100%	Logistics management
Wuhan North Hankou Shangqing Information Co., Ltd. (武漢漢口北商情信息有限公司*)	11 December 2008 The PRC	RMB1,500,000	100%	—	100%	Advertising services
Wuhan North Hankou Xincheng Construction Co., Ltd. (武漢漢口北新城建設有限公司*)	4 January 2010 The PRC	RMB1,000,000	100%	—	100%	Property development
Wuhan Zongbu Jidi Construction Co., Ltd. (武漢總部基地建設有限公司*)	9 January 2007 The PRC	RMB20,000,000	100%	—	100%	Property development
Wuhan Eastern Zall Properties Co., Ltd. (武漢東方卓爾置業有限公司*)	10 October 2007 The PRC	RMB30,000,000	100%	—	100%	Property development
Wuhan Salon Investment Co., Ltd. (武漢客廳投資有限公司*)	27 April 2010 The PRC	RMB30,000,000	100%	—	100%	Property development
Wuhan Zall Property Management Co., Ltd. (武漢卓爾物業管理有限公司*)	24 October 2005 The PRC	RMB5,000,000	100%	—	100%	Property management
Hubei Zhuohua Real Estate Co., Ltd. (湖北卓華地產有限公司*)	2 September 2009 The PRC	RMB550,000,000	100%	—	100%	Property development
Hubei Hu Pan Hao Ting Real Estate Development Co., Ltd. (湖北湖畔豪庭房地產開發有限公司*)	26 April 2004 The PRC	RMB50,000,000	100%	—	100%	Property development
Wuhan Xinrui Real Estate Development Co., Ltd. (武漢新鋭房地產開發有限公司*)	22 June 2004 The PRC	RMB20,000,000	100%	—	100%	Property development
Wuhan Panlong Zall Properties Co., Ltd. (武漢盤龍卓爾置業有限公司*)	29 December 2008 The PRC	RMB10,000,000	100%	—	100%	Property development

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zall Development (Xiangyang) Co., Ltd. (卓爾發展(襄陽)有限公司*)	8 April 2011 The PRC	HKD20,000,000/ HKD3,000,000	100%	—	100%	Property development
Shanxi Zall Western Regions Industrial Development Ltd. (陝西卓爾西域實業發展有限公司*)	22 December 2011 The PRC	RMB100,000,000/ RMB30,000,000	70%	—	70%	Property development
Zall Development (Changsha) Co., Ltd. (卓爾發展(長沙)有限公司*)	5 January 2012 The PRC	RMB100,000,000	80%	—	80%	Property development
Zall Development (Tianjin) Co., Ltd. (卓爾發展(天津)有限公司*)	7 April 2013 The PRC	RMB1,001,000,000/ RMB442,000,000	100%	—	100%	Property development
Zall Development (Jingzhou) Co., Ltd. (卓爾發展(荊州)有限公司*)	27 September 2013 The PRC	USD100,000,000/ USD27,692,718	100%	—	100%	Property development
Wuhan North Hankou E-commerce Co., Ltd. (武漢漢口北電子商務有限公司*)	16 July 2013 The PRC	RMB1,500,000	100%	—	100%	E-commerce
Wuhan Zall Yuecheng Investment Co., Ltd. (武漢卓爾悦城投資有限公司*)	26 August 2013 The PRC	RMB50,000,000	100%	—	100%	Property development
Zall (Luotian) Investment Co., Ltd. (卓爾(羅田)投資有限公司*)	5 March 2014 The PRC	RMB10,000,000	100%	—	100%	Property development
Tianjin Zall E-commerce Mall Management Co., Ltd. (天津卓爾電商城管理有限公司*)	9 May 2014 The PRC	RMB10,000,000	100%	—	100%	Property management
Haining Zall Leather Market Management Co., Ltd. (海寧卓爾皮革市場管理顧問有限公司*)	25 September 2014 The PRC	RMB100,000	100%	—	100%	Leather market management consultation service
Haining North Hankou Leather Market Co., Ltd. (海寧漢口北皮革市場管理顧問有限公司*)	24 September 2014 The PRC	RMB100,000	100%	—	100%	Leather market management consultation service

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Changsha Zall E-commerce Mall Management. Co., Ltd. (長沙卓爾電商城管理有限公司*)	26 November 2014 The PRC	RMB1,000,000	100%	—	100%	Property management
Tianjin Zall Logistics Co., Ltd. (天津卓爾物流有限公司*)	25 November 2014 The PRC	RMB5,000,000/ RMB0	100%	—	100%	Warehouse service
Tianjin Zall E-Commerce Co., Ltd. (天津卓爾電子商務有限公司*)	5 November 2014 The PRC	RMB1,000,000	100%	—	100%	E-commerce
Tianjin Zall City Development Management Co., Ltd. (天津卓爾城發展有限公司*)	27 August 2014 The PRC	RMB100,000,000/ RMB0	100%	—	100%	Property management
Tianjin Zall City Property Services Co., Ltd. (天津卓爾城物業服務有限公司*)	19 June 2014 The PRC	RMB5,000,000	100%	—	100%	Property management
Shenyang Zall E-commerce Mall Development Co., Ltd. (瀋陽卓爾電商城發展有限公司*)	9 September 2014 The PRC	RMB90,000,000/ RMB0	100%	—	100%	Property management
Wuhan Zhuo Futong Technology Co., Ltd ("Zhuo Futong Technology" or 武漢卓付通科技有限公司*)	11 November 2011 The PRC	RMB100,000,000	100%	—	100%	Investment
Wuhan North Hankou Guarantee Investment Co., Ltd. ("Wuhan Guarantee Investment" or 武漢漢口北擔保投資有限公司*)	23 June 2008 The PRC	RMB100,000,000	100%	—	100%	Investment
Wuhan Zall Inland Port Center Investment Co., Ltd. ("Wuhan Ip Center" or 武漢卓爾陸港中心投資有限公司*)	4 July 2012 The PRC	RMB135,000,000	100%	—	100%	logistics and property development
Zalljinfu Information Technology (Wuhan) Co., Ltd. (卓爾金服信息科技(武漢)有限公司*)	11 June 2015 The PRC	RMB50,000,000	100%	—	100%	Financing
Zallsoon Information Technology (Wuhan) Co., Ltd. (卓集送信息科技(武漢)有限公司*)	12 June 2015 The PRC	RMB5,000,000	100%	—	100%	Logistics

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Date and place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Zallgo E-commerce Co., Ltd. (卓爾購電子商務(武漢)有限公司*)	11 June 2015 The PRC	RMB5,000,000	100%	—	100%	E-commerce
Wuhan Zall Payment Service Co., Ltd. (卓爾支付服務有限公司*)	6 February 2015 The PRC	RMB100,000,000/ RMB0	100%	—	100%	Financing
Wuhan Big World Investment and Development Co., Ltd. ("Wuhan Big World Investment" or 武漢大世界投資發展有限公司*)	12 May 2008 The PRC	RMB100,000,000	60%	—	100%	Property development
Wuhan Big World Marketing Management Co., Ltd. ("Wuhan Big World Market Management" or 武漢大世界市場管理有限公司*)	27 June 2012 The PRC	RMB1,000,000	60%	—	100%	Property management
North Hankou Import Export Services Co., Ltd. (漢口北進出口服務有限公司*)	4 May 2015 The PRC	RMB50,000,000	100%	—	100%	Import and export service
Wuhan Zall E-commerce Group Co., Ltd. (武漢卓爾電商集團有限公司*)	28 August 2015 The PRC	RMB100,000,000	100%	—	100%	E-commerce
Jingzhou E-commerce (Wuhan) Co., Ltd. (荊州卓爾電子商務有限公司*)	21 July 2015 The PRC	RMB1,000,000/ RMB0	100%	—	100%	E-commerce
Zall Commerce Management (Wuhan) Co., Ltd. (卓爾商業管理(武漢)有限公司*)	24 December 2015 The PRC	RMB5,000,000/ RMB0	100%	—	100%	Commerce management
Zall Interconnection (BVI) Limited (卓爾互聯(BVI)有限公司)	9 December 2015 BVI	USD1	100%	—	100%	E-commerce
Zall Interconnection (HK) Limited (卓爾互聯(香港)有限公司)	28 December 2015 Hong Kong	HKD1	100%	—	100%	E-commerce

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

14 INTERESTS IN SUBSIDIARIES (Continued)

The following table lists out the information relating to Wuhan Big World Investment, the only subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2015 RMB'000
NCI percentage	40%
Current assets	1,498,498
Non-current assets	1,903,084
Current liabilities	(510,560)
Non-current liabilities	(878,519)
Net assets	2,012,503
Carrying amount of NCI	805,001
Revenue	42,452
Loss for the year	(930)
Total comprehensive income	(930)
Loss allocated to NCI	(372)
Dividend paid to NCI	—
Cash flows from operating activities	62,135
Cash flows from investing activities	(4,819)
Cash flows from financing activities	(31,112)

15 FINANCIAL ASSETS HELD FOR TRADING

	2015 RMB'000	2014 RMB'000
Listed equity securities at fair value (note 33(f)(i))		
— in Hong Kong	1,083,176	—

16 PROPERTIES UNDER DEVELOPMENT

(a) Properties under development in the consolidated statement of financial position comprise:

	2015 RMB'000	2014 RMB'000
Expected to be recovered within one year		
Properties under development for sale	1,547,967	1,935,178
Expected to be recovered after more than one year		
Properties held for future development for sale	1,707,868	1,509,968
Properties under development for sale	754,341	1,358,390
	2,462,209	2,868,358
	4,010,176	4,803,536

As at 31 December 2015, certain properties under development with an aggregate carrying value of RMB1,203,573,000 (2014: RMB1,811,963,000) was pledged for certain bank loans granted to the Group (see note 26).

(b) The analysis of carrying value of leasehold land included in properties under development is as follows:

	2015 RMB'000	2014 RMB'000
Held under		
— long leases (over 50 years) in the PRC	104,008	719,754
— medium-term leases (40-50 years) in the PRC	930,286	1,162,441
	1,034,294	1,882,195

17 COMPLETED PROPERTIES HELD FOR SALE

	2015 RMB'000	2014 RMB'000
Completed properties held for sale in the PRC	3,736,630	1,505,406

17 COMPLETED PROPERTIES HELD FOR SALE (Continued)

The analysis of carrying value of leasehold land included in completed properties held for sale is as follows:

	2015 RMB'000	2014 RMB'000
Held under		
— long leases (over 50 years) in the PRC	7,008	9,861
— medium-term leases (40-50 years) in the PRC	198,146	47,424
	205,154	57,285

As at 31 December 2015, completed properties held for sale with an aggregate carrying value of RMB1,455,393,000 (2014: RMB1,063,691,000) were pledged for certain bank loans granted to the Group (see note 26).

18 INVENTORIES

Inventories are low-value consumables stated at the lower of cost and net realisable value.

19 TRADE AND OTHER RECEIVABLES, PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Amounts due from third parties		
Trade and bill receivables (i)	142,162	72,439
Prepaid business tax and other tax	62,876	66,985
Prepayments and other receivables	622,105	633,310
	827,143	772,734
Amounts due from related parties (ii)	—	201,089
	827,143	973,823

19 TRADE AND OTHER RECEIVABLES, PREPAYMENTS (Continued)

(i) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade and bill receivables (net of allowance for doubtful debts) based on the date the relevant trade and bill receivables recognised is as follows:

	2015 RMB'000	2014 RMB'000
Within 3 months	79,663	51,111
3 to 12 months	35,357	10,417
Over 12 months	27,142	10,911
	142,162	72,439

The details on the Group's credit policy are set out in note 33(a).

Trade and bill receivables are primarily related to proceeds from the sale of properties and rental income. Proceeds from the sale of properties are made in bank mortgage, lump-sum payments or paid by instalments in accordance with the terms of the corresponding contracts.

The directors are of the view that all trade and bill receivables are neither individually nor collectively considered to be impaired as at 31 December 2015.

(ii) Amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment.

20 CONSTRUCTION CONTRACTS

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2015, is RMB208,659,000 (2014: Nil).

The gross amount due from customers for contract work at 31 December 2015 that is expected to be recovered after more than one year is RMB208,659,000 (2014: Nil). The amount of retentions receivable is recorded as "long-term receivables" in the consolidated statement of financial position of the Group.

21 RESTRICTED CASH

	2015 RMB'000	2014 RMB'000
Restricted cash	441,650	352,708

Included in restricted cash was an aggregate carrying amount of RMB304,500,000 (2014: RMB229,700,000) pledged for certain bank loans granted to the Group (note 26).

22 CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and on hand	243,470	250,840

23 RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH USED IN OPERATIONS:

	Note	2015 RMB'000	2014 RMB'000
Profit before taxation		2,274,146	2,757,856
Adjustments for:			
Amortisation	5(c)	3,389	10,893
Depreciation	5(c)		
— property, plant and equipment		12,412	13,300
— disposal group held for sale		398	—
Gain on early redemption of convertible bonds	4	(123,849)	—
Loss on disposal of non-current assets classified as held for sale	4	—	2,579
Finance income	5(a)	(5,740)	(22,333)
Finance costs	5(a)	264,909	122,073
Fair value change on embedded derivative component of the convertible bonds	28	17,027	9,320
Increase in fair value of investment properties and non-current assets classified as held for sale	12/24	(439,584)	(1,831,706)
Fair value gain upon transfer of completed properties held for sale to investment properties	12(a)(ii)	(798,158)	(325,630)
Fair value change on financial assets held for trading	4	(348,358)	—
Gain on sale of financial assets held for trading	4	(540)	—
Gain on disposal of 10% interest of Zall Shenyang and Zall Xiaogan	4	(4,016)	—
Share of profits of joint ventures	13	(10,315)	(45,367)
Equity settled share-based payment expenses	5(b)	1,733	2,436
Amortisation of deferred income	27	(83,176)	(54,644)
Amortisation of deferred income included in disposal group held for sale	40	(6,636)	—
Gain on disposal of subsidiaries	36/38	(353,708)	(1,437)
Gain on remeasurement of previously held interest upon step acquisition of subsidiaries	39	(265,870)	—
Gain on bargain purchase of subsidiaries	39	(101,423)	—
		32,641	637,340
Increase in properties under development, completed properties held for sale, inventories		(3,320,798)	(1,616,543)
Decrease/(increase) in trade and other receivables, prepayments		475,534	(108,136)
Increase in long term receivables		(208,659)	—
Increase/(decrease) in trade and other payables		1,690,315	(357,477)
Increase in government grants received	27	—	123,974
Increase in other deferred income			
— other deferred income		—	2,363
— disposal group held for sale		733	—
Cash used in operations		(1,330,234)	(1,318,479)

24 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2015, the directors revisited the Group's investment property portfolio and committed to a plan to sell certain units of its investment properties. Such investment properties are available for immediate sale in its present condition and the directors consider that its sales is highly probable. As at 31 December 2015, the non-current assets classified as held for sale and the liabilities directly associated with such assets are as follows:

Non-current assets classified as held for sale

	2015 RMB'000	2014 RMB'000
Cost	37,910	37,910
Fair value adjustments	115,990	109,790
	153,900	147,700

Liabilities directly associated with non-current assets classified as held for sale

	2015 RMB'000	2014 RMB'000
Deferred tax liabilities	38,231	36,309

At 31 December 2015, there was no pledge of non-current assets classified as held for sale.

25 TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Amounts due to third parties		
Trade payables (i)	1,343,703	1,219,349
Receipts in advance (ii)	925,132	1,025,028
Other payables and accruals	639,364	706,520
	2,908,199	2,950,897
Amounts due to related parties		
Amounts due to a joint venture	148,400	—
Amounts due to the ultimate controlling party	572,943	—
	3,629,542	2,950,897

25 TRADE AND OTHER PAYABLES (Continued)

(i) As of the end of the reporting period, the ageing analysis of trade creditors, which are included in trade and other payables, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Due within 3 months	283,872	407,443
Due after 3 months but within 12 months	161,692	576,945
Due after 12 months	898,139	234,961
	1,343,703	1,219,349

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The Group normally retains 2% to 5% as retention payment.

At 31 December 2015, included in trade payables were retention payables of RMB15,741,000 (2014: RMB17,801,000) which were expected to be settled after more than one year.

(ii) Receipts in advance primarily consisted of deposits and down payments from customers for purchases of the Group's properties. Such proceeds were recorded as current liabilities before the associated sales were recognised. Sale of properties is subsequently recognised to the profit or loss in accordance with the Group's accounting policy as set out in note 1(w)(i).

26 BANK LOANS AND LOANS FROM OTHER FINANCIAL INSTITUTIONS

At 31 December 2015, the bank loans and loans from other financial institutions were repayable as follows:

	2015 RMB'000	2014 RMB'000
Within one year or on demand	1,682,081	997,160
After 1 year but within 2 years	1,111,556	1,640,900
After 2 years but within 5 years	2,872,944	945,800
After 5 years	728,180	837,829
	4,712,680	3,424,529
	6,394,761	4,421,689

	2015 RMB'000	2014 RMB'000
Secured	5,874,761	3,717,689
Unsecured	520,000	704,000
	6,394,761	4,421,689

26 BANK LOANS AND LOANS FROM OTHER FINANCIAL INSTITUTIONS (Continued)

(a) Bank loans and loans from other financial institutions (including bank loans included in disposal group held for sale) are secured by the following assets:

	2015 RMB'000	2014 RMB'000
Restricted cash	304,500	229,700
Investment properties	4,411,031	2,625,443
Investment properties under development	2,790,529	1,056,400
Properties under development	1,203,573	1,811,963
Completed properties held for sale	1,455,393	1,063,691
Assets of disposal group held for sale	—	3,348,980
	10,165,026	10,136,177

(b) Bank loans and loans from other financial institutions bear interest ranging from 4.60% to 16.41% per annum for the year ended 31 December 2015 (2014: 6.00% to 11.00% per annum).

(c) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratio; (2) restriction of profit distribution by certain of its operating subsidiaries; (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold; or (4) restriction of providing financial guarantees. These requirements are commonly found in lending arrangements with banks and financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders. Further details of the Group's management of liquidity risk are set out in note 33.

At 31 December 2015, bank loans of the Group totalling RMB2,134,025,000 (2014: RMB857,000,000) were not in compliance with the imposed covenants. The directors of the Company are of the view that such bank loans are non-current liabilities at 31 December 2015 as the Group has obtained notices from the corresponding banks dated 31 December 2015, which confirmed that the subsidiaries would not be regarded as having breached the covenants and the banks would not demand early repayment from the subsidiaries.

(d) As at 31 December 2015, the Group had a total of RMB475,000,000 (2014: RMB118,000,000) of unutilised loan facilities provided by commercial banks in China.

(e) As at 31 December 2015, certain secured bank loans of the Group totaling RMB200,000,000 (2014: RMB200,000,000) were guaranteed by a subsidiary of the Group.

27 DEFERRED INCOME

The deferred income is analysed as follows:

	Government grants RMB'000	Sale and leaseback arrangement RMB'000	Total RMB'000
Balance at 1 January 2014	588,515	48,797	637,312
Changes for the year:			
Additions	123,974	2,363	126,337
Amortisation	(42,024)	(12,620)	(54,644)
Reclassification to liabilities of disposal group held for sale (note 40)	(546,491)	(9,509)	(556,000)
Balance at 31 December 2014	123,974	29,031	153,005
Less: deferred income due within 1 year	(123,974)	(9,622)	(133,596)
Non-current portion of deferred income at 31 December 2014	—	19,409	19,409
Balance at 1 January 2015	123,974	29,031	153,005
Changes for the year:			
Additions through acquisition of subsidiaries	—	19,262	19,262
Amortisation	(70,435)	(12,741)	(83,176)
Decrease arising from disposal of subsidiaries	(37,739)	—	(37,739)
Other decrease	(15,800)	—	(15,800)
Balance at 31 December 2015	—	35,552	35,552
Less: deferred income due within 1 year	—	(15,983)	(15,983)
Non-current portion of deferred income at 31 December 2015	—	19,569	19,569

(i) During the year ended 31 December 2014, the Group received RMB37,739,000 from a local government office, namely Finance Office of Yangdian Town of Xiaogan City（孝感市楊店鎮財政所財政局）. Pursuant to a written notice issued by Finance Office of Yangdian Town of Xiaogan City（孝感市楊店鎮財政所財政局）dated 18 May 2014, such grant is for subsidising the infrastructure construction of a project undertaken by one of the Group's subsidiaries, namely Zall Trading Development (Xiaogan) Ltd ("Zall Xiaogan").

During the year ended 31 December 2014, the subsidiary named Zall Jingzhou received RMB70,435,000 from a local government office, namely Stated Owned Assets Management Center of Jingzhou District of Jingzhou City（荊州市荊州區國有資產經營中心）. Pursuant to a written notice issued by Stated-owned Assets Management Centre of Jingzhou District of Jingzhou City dated 31 December 2015, such grant is for subsidising the promotion activities undertake by Zall Jingzhou and the amount is amortised in profit and loss.

27 DEFERRED INCOME (Continued)

(ii) In conjunction with certain sale contracts entered into by the Group for sale of properties, the Group subsequently leased back certain sold properties from the respective buyers under operating leases for a term of 5 years at an agreed rental rate. Upon recognition of the sale of such properties, a portion of the sale proceeds, which represents the excess of sale price over fair value of such properties, is recognised as deferred income and amortised over the respective lease terms.

28 CONVERTIBLE BONDS

On 19 June 2013, the Company issued convertible bonds (the "Convertible Bonds") in an aggregate principal amount of US dollars ("USD") 100 million due 19 June 2018 ("Maturity Date"), with an option to issue up to USD50 million option bonds on or before the date falling at the end of the 12 month period following 19 June 2013, subject to mutual agreement between the Company and the subscriber. The Convertible Bonds bear interest at 5.5% per annum payable semi-annually. The due payment of all sums expressed to be payable by the Company are guaranteed by all of the subsidiaries of the Company, other than those organised under the laws of the PRC.

Under the subscription agreement, if the conversion rights of the holder of the Convertible Bonds have not been exercised or the Convertible Bonds have not been repurchased or redeemed up to the Maturity Date, the Company would redeem at 135.40722% of its principal amount, accrued and unpaid interest thereon to the Maturity Date and the Non-conversion Premium Payment (as defined below).

The rights of the holder of the Convertible Bonds to convert the Convertible Bonds into ordinary shares illustrated in the subscription agreement are as follows:

— Conversion rights are exercisable at any time on and after 19 June 2013 up to the close of business on the seventh day prior to Maturity Date.

— Pursuant to the terms of the Convertible Bonds, the number of shares to be issued on conversion of a Convertible Bond will be determined by dividing the principal amount of the convertible bond converted at the fixed rate of Hong Kong dollars ("HKD") 7.7636 = USD1.00 by HKD3.0799 per share (initial "Conversion Price"), subject to adjustment, then in effect.

— The conversion price might be reset on 19 June 2014 and 19 June 2015 subject to the stock price of the Company.

In accordance with the terms and conditions of the subscription agreement, the Company should pay USD13,160 per USD200,000 in principal amount of the Convertible Bonds upon any redemption of the Convertible Bonds ("Non-Conversion Premium Payment").

The holder of the Convertible Bonds might require the Company to redeem the Convertible Bonds (i) at the option of the holder of the Convertible Bonds on 19 June 2016; or (ii) following the occurrence of delisting, suspension of trading or change of control.

Pursuant to the subscription agreement, the Company could redeem the Convertible Bonds if (i) the Company became obliged to pay additional tax amounts as a result of amendment to certain laws or regulations; or (ii) at least 90% of the Convertible Bonds originally issued have already been converted, redeemed or purchased and cancelled.

28 CONVERTIBLE BONDS (Continued)

On 13 April 2015, the Company entered into a supplemental trust deed with the holder of the Convertible Bonds to give effect to the amendments that (i) the Company may at any time prior to the Maturity Date redeem some of the Convertible Bonds up to not more than 70% in principal amount of the bonds originally issued; (ii) or may at any time prior to the Maturity Date redeem in whole, but in part, the bonds for the time being outstanding provided that at least 90% convertible bonds originally issued have already been converted, redeemed or purchased and cancelled (the "Supplement Trust Deed").

In accordance with the Supplemental Trust Deed, the Company redeemed the Convertible Bonds in the principle amount of USD10 million at an amount equal to the sum of the prescribed redemption amount written in the Supplemental Trust Deed amounting to USD11,594,440.50 and interest accrued of USD275,000 as at 19 June 2015.

On 25 June 2015, the Company entered into a second supplemental trust deed with the holder of the Convertible Bonds to give effect to the amendments that (i) the Company may, on one or more occasions, at any time prior to the Maturity Date redeem some of the bonds up to not more than 70% in principal amount the bonds originally; (ii) the Company may, at any time on or prior to 31 July 2015, redeem all and not some only of the bonds outstanding (the "Second Supplemental Trust Deed").

On 10 July 2015, the Company adjusted the Conversion Price to HKD2.55 per share.

The Company exercised the further redemption right and elected to redeem all the bonds outstanding on 31 July 2015.

The convertible bonds as at 31 December 2015 and 2014 are analysed as follows:

	Host liability component RMB'000	Derivative component RMB'000	Total RMB'000
Balance at 1 January 2014	510,795	97,502	608,297
Changes for the year of 2014:			
Interest expenses ((i) and note 5(a))	91,888	—	91,888
Interest expenses paid during the year	(33,595)	—	(33,595)
Change in fair value of derivative component	—	9,320	9,320
Exchange realignment	1,956	—	1,956
Balance at 31 December 2014	571,044	106,822	677,866
Balance at 1 January 2015	571,044	106,822	677,866
Changes for the year of 2015:			
Interest expenses ((i) and note 5(a))	164,450	—	164,450
Interest expenses paid during the year	(20,352)	—	(20,352)
Change in fair value of derivative component	—	17,027	17,027
Exchange realignment	(159)	—	(159)
Redemption of convertible bonds	(714,983)	—	(714,983)
Gain arising from redemption of convertible bonds (note 4)	—	(123,849)	(123,849)
Balance at 31 December 2015	—	—	—

28 CONVERTIBLE BONDS (Continued)

(i) Interest expense

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 27.11% per annum to the liability component.

29 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme" under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at 15-20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

30 EQUITY SETTLED SHARE-BASED PAYMENTS

On 1 June 2010, Zall Hong Kong, a wholly owned subsidiary of the Group, adopted a share option scheme (the "2010 Share Option Scheme") to invite certain eligible participants to take up options (the "2010 Share Options") to subscribe for 1% shares of the to-be-listed company that will be incorporated as part of the Reorganisation of the Company at an exercise price of RMB227,047 per share and total number of outstanding share options is 100. Pursuant to the 2010 Share Option Scheme documents, the 2010 Share Options cannot be vested until after an initial public offering occurs.

Pursuant to the relevant terms of the 2010 Share Option Scheme, the 2010 Share Options will be converted into share options of the Company with the exercise price and number of employee share options to be adjusted proportionately upon the exchange of the options.

Pursuant to the option exchange letters executed by each of the grantees in favour of the Company and Zall Hong Kong on 20 June 2011 (the date of modification), the 2010 Share Options were converted into share options of the Company. Accordingly, 100 share options under the 2010 Share Option Scheme were converted into 29,750,000 share options (before share subdivision) of Pre-IPO Share Option Scheme issued by the Company with same terms and conditions, except that the respective exercise prices were adjusted on a proportionate basis. The conversion of the share options was considered a modification to the 2010 Share Options. The modification did not result in any incremental value in respect of the fair value of the share option at the date of modification.

(Expressed in Renminbi unless otherwise indicated)

30 EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

(a) The terms and conditions of the grants are as follows:

Date granted	Vesting date	Expiry date	Number of Pre-IPO Share options granted Directors	Employees	Total
1 June 2011	13 July 2011	12 July 2016	2,037,875	937,125	2,975,000
1 June 2011	13 July 2012	12 July 2016	3,056,812	1,405,688	4,462,500
1 June 2011	13 July 2013	12 July 2016	4,075,750	1,874,250	5,950,000
1 June 2011	13 July 2014	12 July 2016	5,094,688	2,342,812	7,437,500
1 June 2011	13 July 2015	12 July 2016	6,113,625	2,811,375	8,925,000
			20,378,750	9,371,250	29,750,000

(b) The number and weighted average exercise price of Pre-IPO Share Option Scheme on an as adjusted basis are as follows:

	2015 Weighted average exercise price HKD	2015 Number of share options	2014 Weighted average exercise price HKD	2014 Number of share options
Outstanding at 1 January (Note (1))	0.8710	29,155,000	0.8710	29,452,500
Forfeited before the Share Subdivision	0.8710	(297,500)	0.8710	(297,500)
Effect of Share Subdivision (Note (2))	0.2903	57,715,000	—	—
Forfeited after the Share Subdivision	0.2903	(1,338,750)	—	—
Exercised during the year	0.2903	(85,233,750)	—	—
Outstanding at 31 December	0.2903	—	0.8710	29,155,000
Exercisable at 31 December	0.2903	—	0.8710	20,408,500

At 31 December 2014, the weighted average remaining expected life of Pre-IPO Share Option is 1.5 years. In 2015, all options have been exercised.

Note:

(1) The numbers of shares and average exercise price were presented as before the effect of the Share Subdivision. Details of Share Subdivision are set out in note 32(b).

(2) It represented the effects of adjustments made to the numbers of shares as a result of the Share Subdivision.

30 EQUITY SETTLED SHARE-BASED PAYMENTS (Continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial (Cox, Ross, Rubinstein) option pricing model with the following assumption:

	2015	2014
Fair value of share option and assumptions		
Fair value at measurement date	RMB1.39	RMB1.39
Share price (before Share Subdivision)		HKD2.69
Share price (after Share Subdivision)	HKD2.410	
Exercise price (before Share Subdivision)	HKD0.871	HKD0.871
Expected volatility (expressed as weighted average volatility used in modeling under binomial lattice model)	56%	56%
Option life	6 years	6 years
Expected dividends	Nil	Nil
Risk free interest rate	1.92	1.92

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2015 RMB'000	2014 RMB'000
Current tax assets:		
PRC CIT	8,168	5,418
PRC LAT	21,279	27,169
	29,447	32,587
Current tax liabilities:		
PRC CIT	154,354	180,901
PRC LAT	31,900	18,570
	186,254	199,471

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Provision for PRC LAT RMB'000	Fair value adjustments for investment properties RMB'000	Tax loss RMB'000	Others RMB'000	Total RMB'000
Deferred tax arising from:					
At 1 January 2014	(16,904)	(1,436,753)	—	25,228	(1,428,429)
Credited/(charged) to profit or loss	17,911	(851,110)	1,718	43,598	(787,883)
Other Increase	—	(12,315)	—	136,623	124,308
Transfer to assets of disposal group held for sale	(2,469)	—	—	(140,673)	(143,142)
Transfer to liabilities of disposal group held for sale	—	64,296	—	—	64,296
At 31 December 2014	(1,462)	(2,235,882)	1,718	64,776	(2,170,850)
Deferred tax arising from:					
At 1 January 2015	(1,462)	(2,235,882)	1,718	64,776	(2,170,850)
Credited/(charged) to profit or loss	3,787	(139,189)	22,945	(31,644)	(144,101)
Other decrease	—	—	—	(1,424)	(1,424)
Increase due to acquisition of subsidiaries	1,049	(352,582)	768	(288,872)	(639,637)
Decrease due to disposal of subsidiaries	(772)	—	(2,641)	(12,819)	(16,232)
At 31 December 2015	2,602	(2,727,653)	22,790	(269,983)	(2,972,244)

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) Reconciliation to the consolidated statement of financial position

	2015 RMB'000	2014 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	202,504	47,925
Net deferred tax liabilities recognised in the consolidated statement of financial position	(3,174,748)	(2,218,775)
	(2,972,244)	(2,170,850)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(u), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB364,698,000 as at 31 December 2015 (2014: RMB189,176,000). The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available from these subsidiaries.

The unrecognised tax losses will expire in the following years:

	2015 RMB'000	2014 RMB'000
2015	—	10,446
2016	17,224	17,224
2017	32,202	35,274
2018	70,662	71,957
2019	50,138	54,275
2020	194,472	—
	364,698	189,176

(d) Deferred tax liabilities not recognised

The PRC Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Agreement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise directly.

Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As at 31 December 2015, the aggregate amounts of PRC undistributed profits of the Group's PRC subsidiaries in respect of which the Group has not provided for dividend withholding tax were approximately RMB2,052,242,000 (2014: RMB2,113,391,000).

32 SHARE CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

Company

	Share capital RMB'000	Share premium RMB'000	Equity settled share-based payment reserve RMB'000	Exchange reserve RMB'000	Retained profits/ (loss) RMB'000	Total equity RMB'000
At 1 January 2014	29,071	1,179,689	36,621	(51,727)	2,805	1,196,459
Changes in equity for 2014:						
Total comprehensive income for the year	—	—	—	8,150	(112,290)	(104,140)
Equity settled share-based transaction	—	—	2,069	—	367	2,436
At 31 December 2014 and 1 January 2015	29,071	1,179,689	38,690	(43,577)	(109,118)	1,094,755
Changes in equity for 2015:						
Total comprehensive income for the year	—	—	—	9,626	(68,078)	(58,452)
Placing of new shares	421	121,926	—	—	—	122,347
Dividend declared during the year	—	(582,785)	—	—	—	(582,785)
Equity settled share-based transaction	235	60,763	(38,690)	—	—	22,308
At 31 December 2015	29,727	779,593	—	(33,951)	(177,196)	598,173

32 SHARE CAPITAL AND RESERVES (Continued)

(b) Share capital

The par value of the ordinary shares of the Company was initially at HKD0.01 per share. With effect from 14 September 2015, each of the then existing issued and unissued shares of the Company was subdivided into 3 subdivided shares of HKD0.0033$\dot{3}$ each (each defined as "Subdivided Share"), after an ordinary resolution was passed at the annual general meeting of the Company held on 14 September 2015 and with an approval obtained from the Stock Exchange of Hong Kong Limited (the "Share Subdivision"). Upon the Share Subdivision became effective, the authorised capital of the Company became HKD80,000,000, divided into 24,000,000,000 Subdivided Shares of HKD0.0033$\dot{3}$. each. The other rights and terms of the shares remain unchanged as at 31 December 2015 (2014: 8,000,000,000 shares at HKD0.01 per share, which are the numbers before the effect of the Share Subdivision).

As at 31 December 2015, the total number of issued ordinary shares of the Company was 10,745,577,750 shares after the effect of the Share Subdivision (2014: 3,500,000,000 shares before the effect of the Share Subdivision), which included 85,233,750 shares after the effect of the Share Subdivision (2014: Nil) held under the Share Option Schemes (Note 30).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

	Note	2015 Number of shares ('000)	2015 Amount HKD'000	2014 Number of shares ('000)	2014 Amount HKD'000
Authorised:					
Ordinary shares of HKD0.01 each				8,000,000	80,000
Ordinary shares of HKD0.0033$\dot{3}$ each		24,000,000	80,000		
Ordinary shares, issued and fully paid:					
At 1 January		3,500,000	35,000	3,500,000	35,000
Shares issued under share option scheme after the Share Subdivision	(i)	85,234	284	—	—
Placing of new shares before Share Subdivision	(ii)	53,448	534	—	—
Effect of Share Subdivision		7,106,896	—	—	—
At 31 December		10,745,578	35,818	3,500,000	35,000

(i) On 3 December 2015, options under the share option scheme were exercised for 85,233,750 ordinary shares after the effect of the Share Subdivision (2014: nil ordinary shares before the effect of the Share Subdivision) of the Company at a consideration of RMB20,574,230 in total, of which RMB234,543 (equal to HKD284,000) was credited to share capital and the balance of RMB20,339,687 was credited to the share premium account and RMB40,423,471 has been transferred from the capital reserve to share premium account in accordance with the accounting policy adopted by share-based payment.

(ii) On 7 August 2015 the Company placed 53,448,000 new shares before the effect of the Share Subdivision to Gang Yu (an executive director and the co-chairman of the Group) at a price of HKD2.90. Proceeds of RMB421,000 (equal to HKD534,000) representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB121,926,000, were credited to the share premium account of the Company.

32 SHARE CAPITAL AND RESERVES (Continued)

(c) Reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Group's PRC subsidiaries and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the PRC subsidiaries provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(iv) Equity settled share-based payment reserve

Equity settled share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(t)(ii).

(v) Other reserve

Other reserve is resulted from transactions with owners in their capacity as the equity owners. The balance comprises capital reserve surplus/deficit arising from the difference between the disposal/acquisition consideration and its net assets value at the respective date of disposal/acquisition.

(vi) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately before its reclassification as investment property.

(d) Capital management

The Group's primary objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

32 SHARE CAPITAL AND RESERVES (Continued)

(d) Capital management (Continued)

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and obligations under finance leases) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the adjusted net debt-to-capital ratio not exceed 75%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's adjusted net debt-to-capital ratio at 31 December 2015 and 2014 was as follows:

	Note	2015 RMB'000	2014 RMB'000
Current liabilities:			
Bank loans and loans from other financial institutions	26	1,682,081	997,160
Bank loans included in disposal group held for sale	40(b)	—	414,900
Convertible bonds	28	—	677,866
		1,682,081	2,089,926
Non-current liabilities:			
Bank loans and loans from other financial institutions	26	4,712,680	3,424,529
Bank loans included in disposal group held for sale	40(b)	—	1,322,240
		4,712,680	4,746,769
Total debt		6,394,761	6,836,695

32 SHARE CAPITAL AND RESERVES (Continued)

(d) Capital management (Continued)

	Note	2015 RMB'000	2014 RMB'000
Less: Restricted cash	21	441,650	352,708
Cash and cash equivalents	22	243,470	250,840
Restricted cash included in disposal group held for sale	40(b)	—	6
Cash and cash equivalents included in disposal group held for sale	40(b)	—	11,500
Adjusted net debt		5,709,641	6,221,641
Total equity attributable to equity shareholders of the Company		9,468,468	7,917,901
Less: Accumulated fair value change from convertible bonds		(13,663)	3,364
Intangible assets		—	5,654
Adjusted capital		9,482,131	7,908,883
Adjusted net debt-to-capital ratio		60.21%	78.67%

(e) Distributable reserves

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 of the Cayman Islands, amounted to approximately RMB568,446,000 (2014: RMB1,065,684,000), which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. After the end of the reporting period, there is no proposed dividends (2014: Nil).

(f) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

A special dividend in the total amount of RMB582,785,000 (equivalent to HKD739,414,800) was approved and paid after the completion of the disposal of Zhen An Properties Limited ("Zhen An Cayman") and Zhen An (Wuhan) Company Limited ("Zhen An Wuhan") (see note 38) (2014: Nil).

No final dividend proposed after the end of the reporting period of 2014 and 2015.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

No final dividend in respect of the previous financial year was approved and paid during the year of 2014 and 2015.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investment in other entities and movement in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted cash, trade and bill receivables and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents and restricted cash held by the Group are mainly deposited in financial institutions such as commercial banks which maintain sound reputation and financial situation. The credit risk is considered low and the Group has exposure limit to any single financial institution.

In respect of trade and bill receivables, credit risk is minimised as the Group normally receives full payment from buyers before the transfer of property ownership.

In respect of other receivables due from third parties, the Group reviews the exposures and manages them based on the need of operation.

Except for the financial guarantees given by the Group as set out in note 35, the Group does not provide any other guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

(b) Liquidity risk

Cash management of the Company and its subsidiaries are substantially centralised at the Group level. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group will in due course commence refinancing of its bank loans which are due for maturity in December 2015. Based on the Group's past ability to obtain external financing and good relationship with a number of financial institutions, the Group expects to have adequate source of funding to finance and manage its liquidity position.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities excluding receipts in advance, which the Group expects to settle by delivery of completed properties. The contractual maturities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

	2015					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans and loans from other financial institution	2,131,346	1,486,972	3,281,756	950,326	7,850,400	6,394,761
Trade and other payables (excluding receipts in advance)	2,704,410	—	—	—	2,704,410	2,704,410
	4,835,756	1,486,972	3,281,756	950,326	10,554,810	9,099,171

As shown in the above analysis, bank loans of the Group amounting to RMB2,131,346,000 were due to be repaid during 2016.

	2014					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans and loans from other financial institution	1,327,612	1,933,148	1,263,764	1,162,309	5,686,833	4,421,689
Bank loans included in disposal group held for sale	1,806,663	—	—	—	1,806,663	1,737,140
Trade and other payables (excluding receipts in advance)	1,925,869	—	—	—	1,925,869	1,925,869
Trade and other payables included in disposal group held for sale (excluding receipts in advance)	445,741	—	—	—	445,741	445,741
Convertible bonds	33,654	33,654	919,302	—	986,610	677,866
	5,539,539	1,966,802	2,183,066	1,162,309	10,851,716	9,208,305

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted cash and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans of the Group are disclosed in note 26 to the consolidated financial statements. The Group does not carry out any hedging activities to manage its interest rate exposure.

(i) Interest rate profile

The following table details the interest rate profile of the Group's borrowing (as defined above) at the end of the reporting period.

	2015		2014	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Fixed rate borrowings:				
Bank loans and loans from other financial institutions	4.6%-16.41%	2,579,000	6%-9.5%	1,081,000
Convertible bonds		—	5.5%	611,900
Bank loans included in disposal group held for sale		—	6.77%-9%	346,900
		2,579,000		2,039,800
Variable rate borrowings:				
Bank loans and loans from other financial institutions	6%-9%	3,815,761	6%-9%	3,340,689
Bank loans included in disposal group held for sale		—	6%-10%	1,390,240
		3,815,761		4,730,929
Total borrowings		6,394,761		6,770,729
Fixed rate borrowings as a percentage of total borrowings		40%		30%

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB14,309,000 (2014: decrease/increase profit after tax by approximately RMB15,884,000) in response to the general increase/decrease in interest rates, which has not taken into account of interest capitalization to property for sales.

The sensitivity analysis above indicates the instantaneous change in the Group's profit/loss after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and the retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such a change in interest rates. The analysis is performed on the same basis as 2014.

(d) Currency risk

The Group is exposed to foreign currency risk primarily on bank deposits and convertible bonds to which the transactions relate. The currencies giving rise to this risk are primarily United Stated dollars ("USD") and Hong Kong dollars ("HKD").

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	2015		2014	
	United States Dollars USD'000	Hong Kong Dollars HKD'000	United States Dollars USD'000	Hong Kong Dollars HKD'000
Cash and cash equivalents	3,312	7,483	7,268	9,572
Convertible bonds	—	—	(677,866)	—
Loans from shareholder	—	(572,943)	—	—
Net exposure arising from recognized assets and liabilities	3,312	(565,460)	(670,598)	9,572

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2015			2014		
	Increase (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000	Increase (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Effect on other components of equity RMB'000
United States Dollars	5%	(165)	(165)	5%	33,530	33,530
United States Dollars	(5%)	165	165	(5%)	(33,530)	(33,530)
Hong Kong Dollars	5%	28,333	28,333	5%	(463)	(463)
Hong Kong Dollars	(5%)	(28,333)	(28,333)	(5%)	463	463

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the reporting date, assuming 5% shift of RMB against USD and HKD on the profit after tax and retained profits and excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 15). Other than unquoted securities held for strategic purposes, all of these investments are listed.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the stock market Index, as well as the Group's liquidity needs.

At 31 December 2015, it is estimated that an increase/(decrease) of 10% in the relevant stock market index (for listed investments), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) as follows:

	2015	
		Effect on profit after tax and Retained profits RMB'000
Change in the relevant equity price risk variable:		
Increase	10%	108,318
Decrease	(10)%	(108,318)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2015 RMB'000	Fair value measurement as at 31 December 2015 categorised into Level 1 RMB'000	Fair value at 31 December 2014 RMB'000	Fair value measurement as at 31 December 2014 categorised into Level 2 RMB'000
Recurring fair value measurements				
Assets:				
Financial assets held for trading	1,083,176	1,083,176	—	—
Derivative financial instruments:				
Embedded derivative component of the convertible bonds	—	—	106,822	106,822

During the year ended 31 December 2014 and 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the conversion option and redemption option embedded in the convertible bonds are determined using binomial tree model.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement (Continued)

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 31 December 2015 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 31 December 2015		At 31 December 2014	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Recurring fair value measurements				
Derivative financial instruments:				
Liability component of the convertible bonds	—	—	571,044	576,152

34 COMMITMENTS

(a) Operating lease commitment

— Lessor

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 10 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the investment properties are contained in note 12.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	141,265	90,795
After 1 year but within 5 years	227,592	205,079
Above 5 years	12,081	14,973
	380,938	310,847

34 COMMITMENTS (Continued)

(a) Operating lease commitment (Continued)

— Lessee

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

During the year ended 31 December 2015, RMB32,860,000 (2014: RMB53,399,000) were recognised as an expense in the consolidated statement of profit or loss in respect of leasing of building facilities.

The Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year	69,549	42,200
After 1 year but within 5 years	49,558	67,266
	119,107	109,466

(b) Capital commitments on development costs

As at 31 December 2015, the Group's capital commitments in respect of investment properties under development and properties under development are as follows:

	2015 RMB'000	2014 RMB'000
Contracted but not provided for		
— Investment properties under development	213,865	2,019,496
— Properties under development	2,300,903	391,777
	2,514,768	2,411,273

35 CONTINGENT LIABILITIES

Guarantees

	2015 RMB'000	2014 RMB'000
Bank financial guarantees (i)	74,790	—
Other non-bank financial guarantees (ii)	28,650	—
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (iii)	1,455,909	1,331,739
	1,559,349	1,331,739

(i) One of the Group's subsidiary named Wuhan Guarantee Investment is principally engaged in provision of loan guarantee services for enterprises, and provision of business start-up loan guarantee and personal loan guarantee for entrepreneurs in the PRC.

(ii) During the year ended 31 December 2015, the Group, through its wholly owned subsidiary Zall Jinfu Information and Technology (Wuhan) Co., Ltd., ("Zall Jinfu") started to operate peer-to-peer lending business through Zall Jinfu (its website is www.zalljinfu.com). Zall Jinfu is an internet platform to provide loan information and borrowers can obtain funding from lenders through Zall Jinfu.

Since 5 September 2015, Wuhan Guarantee Investment (a whole owned subsidiary of the Group), has provided guarantee to lenders (beneficiary of the guarantee) in relation to the peer-to-peer lending business through Zall Jinfu. Pursuant to the relevant agreements, Wuhan Guarantee Investment and Zall Jinfu Network charged the borrowers for guarantee fee and service fee respectively. These fee are charged based on the loan amount.

Wuhan Guarantee Investment is required to make payments to reimburse the beneficiary of the guarantee for the loss incurs if a specified borrower fails to make payment when due in accordance with the terms stipulated in the relevant agreements.

(iii) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyers obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyers.

The directors of the Company consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

36 MATERIAL RELATED PARTY TRANSACTIONS

The directors consider that all the below related party transactions during the year ended 31 December 2015 were conducted on normal commercial terms and in the ordinary and usual course of the Group's business.

Ultimate Controlling Party refer to Mr. Yan Zhi. He is the co-chairman and an executive director of the Group.

Controlling Equity Owners refers to Mr. Yan Zhi and Ms. Chen Lifen.

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 is as follows:

	2015 RMB'000	2014 RMB'000
Wages, salaries and other benefits	4,607	3,190
Contribution to defined benefit retirement scheme	130	99
Equity settled share-based payment expenses	1,484	2,085
	6,221	5,374

The above remuneration to key management personnel is included in "staff costs" (note 5(b)).

(b) Transactions and balances with related parties

(i) Disposal of Wuhan Zall Four Seasons Hotel Management Co., Ltd. ("Four Seasons Hotel Management") and Wuhan Zall Professional Football Club Co., Ltd. ("Zall Football Club")

During the year ended 31 December 2015, the Group disposed of its entire equity interest in Four Seasons Hotel Management and Zall Football Club to Zall Holdings Company Limited ("Zall Holdings") at considerations of RMB1,000,000 and RMB20,630,000, respectively. Zall Holdings is wholly and beneficially owned by the Controlling Equity Owners.

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions and balances with related parties (Continued)

(i) Disposal of Wuhan Zall Four Seasons Hotel Management Co., Ltd. ("Four Seasons Hotel Management") and Wuhan Zall Professional Football Club Co., Ltd. ("Zall Football Club") (Continued)

Disposal of Zall Football

	Net book value as at 14 December 2015 (the disposal date) RMB'000
Intangible assets	2,264
Property, plant and equipment	1,052
Cash and cash equivalents	706
Trade and other receivables, prepayment	28,585
Trade and other payables	(40,837)
Current tax liabilities	(1,131)
Net liabilities	(9,361)
Consideration received, satisfied in cash	20,630
Net gain on disposal	29,991
Net cash inflow	**19,924**

Disposal of Zall Four Seasons Hotel

	Net book value as at the 8 December 2015 (the disposal date) RMB'000
Property, plant and equipment	172
Cash and cash equivalents	186
Inventory	3
Trade and other receivables, prepayment	1,052
Trade and other payables	(15,579)
Net liabilities	(14,166)
Consideration received, satisfied in cash	1,000
Net gain on disposal	15,166
Net cash inflow	**814**

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions and balances with related parties (Continued)

(ii) Connected transaction in relation to disposal of entire issued share capital of Zhen An Cayman

On 22 October 2014, Zall Hong Kong, Zall Commerce Investment Company Limited ("Zall Commerce") and Mr Yan Zhi entered into the Disposal Agreement pursuant to which (i) Zall Hong Kong conditionally agreed to sell and Zall Commerce conditionally agreed to acquire the entire equity interest in Zhen An Cayman at a cash consideration of RMB586,000,000. Zhen An Cayman holds 48% equity interest in Zhen An Wuhan; and (ii) Zall Hong Kong conditionally agreed to procure Zall Wuhan to transfer the Remaining Equity Interest (representing 3% equity interest in Zhen An Wuhan) to Zall Commerce or its nominee.

An extraordinary general meeting was held on 16 January 2015 and the ordinary resolution related to the Disposal Agreement was passed. The terms in Disposal Agreement were completed on 19 June 2015. Accordingly, Zhen An Cayman and Zhen An Wuhan have ceased to be subsidiaries of the Company.

As of the disposal date, Zhen An Wuhan was stated at carrying amount and comprised the following assets and liabilities.

	Net book value as at the 19 June 2015 (the disposal date) RMB'000
Investment properties	1,887,789
Property, plant and equipment	384
Long-term deferred expense	124
Cash and cash equivalents	3,646
Trade and other receivables, prepayment	37,281
Trade and other payables	(33,519)
Current tax liabilities	(5)
Bank loans	(614,000)
Deferred tax liabilities	(64,296)
Net assets	1,217,404
51% of total net asset	620,876
Consideration received, satisfied in cash	586,000
Net loss on disposal	(34,876)
Net cash inflow	**582,354**

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions and balances with related parties (Continued)

(iii) Equity swap transaction in relation to disposal of Wuhan Zall City Investment and Development Company ("Wuhan Zall City") and acquisition of Wuhan IP Center, Wuhan Guarantee Investment and Zhuo Futong Technology

During the year ended 31 December 2015, the Equity Swap Agreement among Zall Investment Group and Zall Holdings was completed. Zall Investment Group transfer its entire equity interest in Wuhan Zall City to Zall Holdings, and as a consideration, Zall Holdings transfer its entire equity interest in Wuhan IP Center, Wuhan Guarantee Investment and Zhuo Futong Technology; and cash amounting to RMB15,200,000 to Zall Investment.

Disposal of Wuhan Zall City

	Net book value as at 19 June 2015 (the disposal date) RMB'000
Property, plant and equipment	2,317
Deferred tax assets	141,366
Long term deferred expense	13
Cash and cash equivalents	60,059
Restricted cash	4,194
Trade and other receivables, prepayment	367,491
Properties under development	2,502,314
Bank loans	(1,483,810)
Trade and other payables	(757,509)
Current tax liabilities	(163,647)
Deferred income	(550,096)
Net assets	122,692
Consideration received, satisfied in equity	371,321
Consideration received, satisfied in cash	15,200
Net gain on disposal	263,829
Cash including in acquired subsidiaries	14,086
Net cash outflow	**(30,773)**

36 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions and balances with related parties (Continued)

(iv) Disposal of equity interest in Zall Development (Shenyang) Co., Ltd ("Zall Shenyang") and Zall Development (Xiaogan) Co., Ltd ("Zall Xiaogan")

During the year ended 31 December 2015, the Group disposed of its equity interests in Zall Shenyang and Zall Xiaogan (both being 10% of the equity interest) to Zall Property Investment Limited ("Zall Property") at considerations of RMB65,222,000 and RMB16,556,000, respectively. The considerations were settled by way of partial discharge of the shareholder's loan owed by the Company to Zall Development Investment Company Limited (a company incorporated in the British Virgin Islands with limited liability and is the immediate parent of the Group).

(v) Other related party transactions

	2015 RMB'000	2014 RMB'000
Net proceeds from Ultimate Controlling Party	572,943	—
Receipts from related parties	365,400	416,400
Payments to related parties	(65,000)	(153,750)
Rental income from other related parties (Note)	1,989	739

Note: During the year ended 31 December 2015, the Group received rental income of RMB335,750 (2014: RMB 325,664) from CIG Yangtze Port PLC, a company of which Mr. Yan Zhi is the ultimate controlling equity owner. CIG Yangtze Port PL is considered as a connected person of the Group as defined under Chapter 14A of the Listing Rules.

During the year ended 31 December 2015, the Group received rental income of RMB1,652,764 (2014: RMB413,191) from Wuhan Zall YueXi Hotel Management Co., Ltd., which was disposed to a subsidiary of Zall Holdings on 25 September 2014.

Balance

Balance with related parties were mainly resulting from the funding arrangements between these parties. Balances at 31 December 2015, and major terms of these balances are disclosed in notes 19 and 25.

(c) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (i) disposal of equity interest in Four Seasons Hotel Management, Zall football Club, Zhen An Cayman, Zall Shenyang and Zall Trading Xiaogan, (ii) equity swap transaction in relation to disposal Wuhan Zall City and acquisition of Wuhan IP Center, Wuhan Guarantee Investment and Wuhan Financial Investment and (iii) lease agreements with Wuhan Zall Yueix and CIG Yangtze Port PLC above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected Transactions" of the Directors' Report.

37 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Major transaction in relation to major acquisition of interest in, and warrant issued by Lightinthebox Holding Co., Ltd.

On 17 March 2016, Zall Cross-border E-commerce Investment Company Limited ("Zall Cross-border E-commerce", an indirect wholly-owned subsidiary of the Company) and the Lightinthebox Holding Co., Ltd. ("Lightinthebox", a company incorporated under the laws of the Cayman Islands with limited liability, whose American Depositary Shares are listed on the New York Stock Exchange) entered into the Subscription Agreement, pursuant to which Lightinthebox conditionally agreed to issue and Zall Cross-boarder E-commerce conditionally agreed to subscribe for the Subscription Securities which comprise, in aggregate, (i) 42,500,000 shares of Lightinthebox (to be issued pursuant to the Subscription Agreement) and (ii) the warrants to be issued by Lightinthebox pursuant to the Subscription Agreement entitling the holder thereof to subscribe up to 7,455,000 shares of Lightinthebox.

The consideration amounted to USD76.5 million (equivalent to approximately HKD592.9 million) was paid in cash.

38 DISPOSAL OF SUBSIDIARIES

Disposal of Zall Shenyang and Zall Xiaogan

On 24 June 2015, Zall Hong Kong and Fullshare Holdings Limited ("Fullshare", a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of Stock Exchange of Hong Kong Limited under the stock code of 607), entered into the following agreements:

(i) the Zall Shenyang Equity Transfer Agreement, pursuant to which Zall Hong Kong agreed to sell the 90% of Zall Shenyang equity Interest, at the total consideration of RMB587million which settled by 543,517,500 shares of Fullshare at an issue price of HKD1.35 per share; and

38 DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Zall Shenyang and Zall Xiaogan (Continued)

Disposal of Zall Shenyang

	Net book value as of Zall Shenyang as at the 24 June 2015 (the disposal date) RMB'000
Property, plant and equipment	455
Deferred tax assets	7,622
Cash and cash equivalents	9,369
Trade and other receivables, prepayment	102,674
Properties under development	1,000,480
Current tax assets	7,411
Bank loans	(161,010)
Trade and other payables	(376,668)
Net assets	590,333
Consideration received, satisfied in financial assets held for trading	587,000
Fair value of the residue 10% of equity	65,222
Net gain on disposal	61,889
Net cash outflow	**(9,369)**

38 DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Zall Shenyang and Zall Xiaogan (Continued)

(ii) the Zall Xiaogan Equity Transfer Agreement, pursuant to which Zall Hong Kong agreed to sell 90% of the Zall Xiaogan Equity Interest, at the total consideration of RMB149million which settled 137,962,500 shares of Fullshare at an issue price of HKD1.35 per share.

Disposal of Zall Xiaogan

	Net book value of Zall Xiaogan as at 24 June 2015 (the disposal date) RMB'000
Property, plant and equipment	186
Deferred tax assets	845
Cash and cash equivalents	959
Trade and other receivables, prepayment	118,255
Properties under development	70,529
Trade and other payables	(5,188)
Deferred income	(37,739)
Net assets	147,847
Consideration received, satisfied in financial assets held for trading	149,000
Fair value of the residue 10% of equity	16,556
Net gain on disposal	17,709
Net cash outflow	**(959)**

39 ACQUISITION OF SUBSIDIARIES

Wuhan Big World Investment Development Co., Ltd ("Wuhan Big World Investment") was established as an equity joint venture enterprise with limited liability in the PRC on 12 May 2008 with a registered capital of RMB100 million. Wuhan Big World Investment has a wholly owned subsidiary namely Wuhan Big World Marketing Management Co., Ltd. At the time of its establishment, Wuhan Big World Investment was owned as to 50% by North Hankou Group Co., Ltd. ("North Hankou Group"), a subsidiary of the Group. Wuhan Big World Investment is principally engaged in developing vehicle wholsesales mall and property management.

Pursuant to a share transfer agreement dated 2 July 2015 entered into between North Hankou Group and Fujian Zongheng Investment Group Co., Ltd. ("Fujian Zongheng"), Fujian Zongheng agreed to sell its equity interest, being 50% of the equity interest in the Wuhan Big World Investment, at a total consideration of RMB300 million. The total consideration would be settled by instalment. On 15 July 2015, the Group effectively owned 60% equity interest in Wuhan Big World Investment upon the settlement of the consideration amounting to RMB100 million as agreed. As a result, Wuhan Big World Investment became a subsidiary of the Group.

In the post acquisition date to 31 December 2015, Wuhan Big World Investment contributed revenue of RMB42,452,000 and profit of RMB56,968,000 to the Group's result.

	Pre-acquisition carrying amount RMB'000	Fair value adjustment RMB'000	Recognised value on acquisition RMB'000
Property, plant and equipment	131	—	131
Investment properties	1,900,000	—	1,900,000
Cash and cash equivalents	26,020	—	26,020
Trade and other receivable, prepayment	83,237	—	83,237
Properties under development	161,601	82,869	244,470
Completed properties held for sale	358,533	732,997	1,091,530
Bank loans — current	(60,000)	—	(60,000)
Trade and other payables	(344,682)	—	(344,682)
Deferred income — current	(6,522)	—	(6,522)
Current tax liabilities	(4,724)	—	(4,724)
Bank loans — non-current	(274,825)	—	(274,825)
Deferred tax liabilities	(343,541)	(284,127)	(627,668)
Deferred income-Non-current	(12,740)	—	(12,740)
Total identifiable net assets acquired	1,482,488	531,739	2,014,227
Proportion of ownership (60%)			1,208,536
Deemed disposal of previously held interest (50%)			(1,007,113)
Consideration, satisfied by cash			(100,000)
Gain on bargain purchase (note 4)			101,423
Net cash flow arising from acquisition			
Cash consideration paid			(200,000)
Cash acquired			26,020
Net cash outflow			(173,980)

39 ACQUISITION OF SUBSIDIARIES (Continued)

Bargain purchase was arisen from the acquisition of Wuhan Big World Investment as the Group's interest in net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date exceeds the aggregate of the fair value of the consideration transferred.

No contingent consideration arrangements or contingent liabilities were identified upon step acquisition.

The Group recognised a gain of RMB265,870,000 as a result of the remeasurement of previously held interest, being the amount of interest in Wuhan Big World Investment immediately before the acquisition and the value of Wuhan Big World Investment attributable to the Group as implies by the acquisition consideration. The gain is included in other income in the Group's consolidated statement of profit or loss for the year ended 31 December 2015. The fair value of Wuhan Big World Investment, an unlisted company, was estimated by management of the Group. The fair value estimates are based on prices at which properties of similar companies are trading in a public market. The companies that are comparable to Wuhan Big World Investment in terms of business nature and associated risks are selected based on the following relevant criteria: (a) properties, (b) markets, (c) earnings and growth, (d) capital structure, (e) nature of competition and (f) the characteristics of driving underlying investment risk and expected rate of return. The Group recognised the non-controlling interests at the proportionate share of net assets of Wuhan Big World Investment.

40 DISPOSAL GROUP HELD FOR SALE

Pursuant to the Reorganisation, management of the Group committed to a plan to disposal of entire equity interest in Zhen An Cayman, Wuhan Zall City and Zhen An Wuhan in 2014. Accordingly, assets and liabilities of these groups are presented as disposal group held for sale.

As at 31 December 2014, the disposal group had cash and cash equivalents and restricted cash of RMB11,506,000. As at that date, disposal group had bank loans and loans from other financial institutions due within one year of RMB414,900,000. The unutilised bank loan facilities were RMB28,000,000 included in disposal group held for sale.

(a) Impairment losses relating to the disposal group

At 31 December 2014, there is no impairment loss relating to the disposal group.

40 DISPOSAL GROUP HELD FOR SALE (Continued)

(b) Assets and liabilities of disposal group held for sale

At 31 December 2014, the disposal group was stated at carrying amount and comprised the following assets and liabilities.

	The Group RMB'000
Properties under development	1,779,410
Completed properties held for sale	404,092
Trade and other receivables, prepayments	516,052
Restricted cash	6
Cash and cash equivalents	11,500
Property, plant and equipment	1,485
Investment properties	1,811,071
Deferred tax assets	143,142
Assets of disposal group held for sale	4,666,758
Trade and other payables	445,741
Bank loans — current	414,900
Current tax liabilities	152,685
Deferred income — current	548,616
Bank loans — non-current	1,322,240
Deferred income — non-current	7,384
Deferred tax liabilities	64,296
Liabilities of disposal group held for sale	2,955,862

(c) Cumulative income or expenses included in OCI

There are no cumulative income or expenses included in OCI relating to the disposal group.

(d) Pledged assets

At 31 December 2014, certain assets of disposal group held for sale with an aggregate carrying value of RMB3,348,980,000 were pledged for certain bank loan granted to the Group.

40 DISPOSAL GROUP HELD FOR SALE (Continued)

(e) Measurement of fair values

The non-recurring fair value measurement for the disposal group of RMB1,951,436,000 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used as at 31 December 2014.

The Reorganisation has been completed in June 2015. Zhen An Cayman, Zhen An Wuhan and Wuhan Zall City have ceased to be subsidiaries of the Group.

The results of operations of the disposal group for the period from 1 January 2015 to 19 June 2015 (disposal date) are set out below:

	RMB'000
Revenue	58,023
Cost of sales	(39,911)
Other income	1,466
Selling and distribution expenses	(3,383)
Administrative and other expenses	(7,404)
Finance income	11
Finance costs	(516)
Depreciation	(398)
Amortisation of deferred income included in disposal group held for sale	6,636
Current tax expenses	(6,855)
Deferred tax expenses	(351)
Results of operations of disposal group held for sale for the period from 1 January 2015 to 19 June 2015	7,318

Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

41 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Interests in subsidiaries	14	707,480	1,317,624
Current assets			
Dividends receivable		501,139	488,602
Cash and cash equivalents		4,786	17,636
		505,925	506,238
Current liabilities			
Trade and other payables		615,232	51,241
Convertible bonds — interest payable		—	677,866
		615,232	729,107
Net current liabilities		(109,307)	(222,869)
Total assets less current liabilities		598,173	1,094,755
NET ASSETS		598,173	1,094,755
CAPITAL AND RESERVES			
Share capital		29,727	29,071
Reserves		568,446	1,065,684
TOTAL EQUITY		598,173	1,094,755

42 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2015, the directors consider the immediate parent and ultimate controlling party of the Group to be Zall Development Investment Company Limited and Mr. Yan Zhi respectively. Zall Development Investment Company Limited does not produce financial statements available for public use.

(Expressed in Renminbi unless otherwise indicated)

43 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these consolidated financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IFRS 10 and IAS 28, *sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IFRS 1, *Disclosure initiative*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018
IFRS 16, *Leases*	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the adoption of IFRS 9, IFRS 15 and IFRS 16 which may have an impact on the entity's results and/or financial position.

Major Properties Information

As at 31 December 2015

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR PROPERTIES UNDER DEVELOPMENT

	Project	Location	Expected date of completion	Intended use	Site area (sq.m.)	Gross Floor Area (sq.m.)	Group's interest (%)
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Dec-2017	Shops	720,602	2,017,602	100%
2	Portion of North Hankou International Trade Center-Automobile Big World	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Dec-2016	Shops	146,303	66,706	60%
3	No. 1 Enterprise Community (Phase IV)	Te No. 1 Chutian Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Dec-2017	Residential	401,176	618,883	100%
4	North Hankou • Zall Life City — Hupan Haoting Residences (Phase II)	Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Dec-2018	Residential	105,453	219,242	100%
5	North Hankou • Zall Life city — Zhujinyuan Residences	Liudian and Xiaji Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Dec-2016	Commercial and residential	61,002	163,276	100%
6	Zall No.1 Enterprise Community • Changsha (Phase II)	Zhiji Village, Xingangzhen Kaifu District, Changsha, Hunan Province, PRC	Dec-2017	Commercial	120,652	278,352	80%
7	Portion of Jingzhou Zall City	Jinan Zhen, Sanhong Village, Jingzhou District, Jingzhou City, Hubei Province, PRC	Dec-2017	Commercial	137,802	229,006	100%
8	Tianjin Zall E-commerce Mall (Area C)	Xijing District, Qingwu Xuefu Industrial Park, Tianjin City, PRC	Jun-2016	Commercial and residential	64,609	92,510	100%
9	Wuhan Inland Port Centre (Phase I)	Shigang Village, Yangluo Street, Xinzhou District, Wuhan, Hubei Province, PRC	Jun-2016	Logistic Center	235,971	126,857	100%

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR COMPLETED PROPERTIES HELD FOR SALE

	Project	Location	Existing use	Gross Floor Area (sq.m.)	Group's interest (%)
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Shops and residential	598,306	100%
2	Portion of North Hankou International Trade Center-Automobile Big World	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Shops	95,114	60%
3	Portion of No. 1 Enterprise Community (Phase I, II & III)	Te No. 1 Chutian Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Office	156,365	100%
4	North Hankou • Zall Life City — Hupan Haoting Residences	Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Residential	23,342	100%
5	Portion of Jingzhou Zall City	Jinan Zhen, Sanhong Village, Jingzhou District, Jingzhou City, Hubei Province, PRC	Shops	72,635	100%
6	No. 1 Enterprise Community • Changsha (Phase I)	Zhiji Village, Xingangzhen Kaifu District, Changsha, Hunan Province, PRC	Office	64,917	100%

Major Properties Information (Continued)

As at 31 December 2015

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR PROPERTIES HELD FOR INVESTMENT

	Project	Location	Stage of completion	Term of land	Approximate gross floor area (sq.m.)	Group's interest (%)
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Completed	Medium	461,385	100%
2	Portion of North Hankou International Trade Center	Te No. 1 Chutian Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Under development	Medium	37,217	100%
3	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Completed	Medium	109,176	60%
4	North Hankou Logistic Center	Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Completed	Medium	25,549	100%
5	North Hankou Logistics Center	Jiangjunlu street, Dongxihu District, Wuhan, Hubei Province, PRC	Under development	Medium	18,355	100%
6	Portion of Building No. 1 of No. 1 Enterprise Community	Te No. 1 Chutian Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Completed	Medium	6,911	100%
7	Portion of Commercial Street of No. 1 Enterprise Community	No. 18 Julong Road, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	Completed	Medium	11,597	100%
8	Portion of Tianjin Zall E-commerce Mall (Area A & B)	Xijing District, Qingwu Xuefu Industrial Park, Tianjin City, PRC	Under development	Medium	519,458	100%

Major Properties Information (Continued)

As at 31 December 2015

THE GROUP'S PROPERTY PORTFOLIO SUMMARY — MAJOR NON-CURRENT ASSETS HELD FOR SALE

	Project	Location	Approximate gross floor area (sq.m.)	Group's interest (%)
1	Portion of North Hankou International Trade Center	Liudian and Shekou Villages, Panlongcheng Economic Development Zone, Huangpi District, Wuhan, Hubei Province, PRC	13,201	100%

Financial Summary

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Result					
Turnover	1,029,482	1,986,129	1,581,188	1,489,928	2,454,208
Gross Profit	271,210	976,104	664,849	1,082,880	1,739,034
Increase in fair value of investment properties and non-current assets classified as held for sale	439,584	1,831,706	319,141	200,467	255,881
Fair value gain upon transfer of completed properties held for sale to investment properties	798,158	325,630	1,423,017	496,888	—
Profit for the year attributable to:					
Equity shareholders of the Company	2,037,727	1,572,819	1,583,747	1,150,943	1,194,732
Non-controlling interests	8,261	37,905	45,273	18,022	(10,857)
Profit for the year	2,045,988	1,610,724	1,629,020	1,168,965	1,183,875
Financial position					
Total assets	23,769,619	22,176,014	18,298,116	12,680,414	9,083,964
Total liabilities	13,459,088	13,613,874	11,408,962	7,261,501	4,777,981
Non-controlling interests	842,063	644,239	586,734	541,461	503,439
Total equity attributable to equity shareholders of the Company	9,468,468	7,917,901	6,302,420	4,877,452	3,802,544
Total Equity	10,310,531	8,562,140	6,889,154	5,418,913	4,305,983