合景泰富地產

KWG PROPERTY HOLDING LIMITED
合景泰富地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- Revenue for the year ended 31 December 2015 amounted to RMB8,339.8 million, a decrease of 20.3% as compared with the financial year of 2014.
- Profit attributable to owners of the Company amounted to RMB3,416.2 million, an increase of 4.4% as compared with the financial year of 2014.
- Gross profit margin and net profit margin were 36.1% and 40.9%, respectively.
- Earnings per share increased by 2.7% to RMB115 cents as compared with the financial year of 2014.
- Proposed to declare final dividend of RMB29 cents per ordinary share.

The board of directors (the "**Board**") of KWG Property Holding Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	6	**8,339,756**	10,465,788
Cost of sales		**(5,330,338)**	(6,748,208)
Gross profit		**3,009,418**	3,717,580
Other income and gains, net	6	**103,080**	98,346
Selling and marketing expenses		**(276,532)**	(298,451)
Administrative expenses		**(774,677)**	(794,247)
Other operating expenses, net		**(30,740)**	(312,972)
Fair value gains on investment properties, net		**709,671**	699,143
Finance costs	7	**(10,451)**	(6,083)
Share of profits and losses of:			
Associates		**(2,661)**	(5,686)
Joint ventures		**1,935,245**	1,547,942
PROFIT BEFORE TAX	8	**4,662,353**	4,645,572
Income tax expenses	9	**(1,249,168)**	(1,377,431)
PROFIT FOR THE YEAR		**3,413,185**	3,268,141
Attributable to:			
Owners of the Company		**3,416,248**	3,272,225
Non-controlling interests		**(3,063)**	(4,084)
		3,413,185	3,268,141
Earnings per share attributable to owners of the Company – Basic and diluted	11	**RMB115 cents**	RMB112 cents

Details of the dividends proposed for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015 *RMB'000*	2014 *RMB'000*
PROFIT FOR THE YEAR	**3,413,185**	3,268,141
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(572,650)**	(21,293)
Share of exchange differences on translation of associates	–	(2,135)
Share of exchange differences on translation of joint ventures	**(197,454)**	(7,164)
NET OTHER COMPREHENSIVE LOSS TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(770,104)**	(30,592)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,643,081**	3,237,549
Attributable to:		
Owners of the Company	**2,646,144**	3,241,633
Non-controlling interests	**(3,063)**	(4,084)
	2,643,081	3,237,549

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 *RMB'000*	2014 *RMB'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	12	**3,693,827**	3,584,388
Investment properties		**9,549,593**	7,046,100
Land use rights		**919,140**	939,522
Interests in associates		**–**	767,400
Interests in joint ventures		**21,829,575**	16,622,226
Deferred tax assets		**1,197,373**	1,075,366
Total non-current assets		**37,189,508**	30,035,002
CURRENT ASSETS			
Properties under development		**20,895,264**	22,898,303
Completed properties held for sale		**6,533,673**	5,487,119
Trade receivables	13	**274,461**	217,317
Prepayments, deposits and other receivables		**1,990,457**	1,869,921
Due from a joint venture		**29,406**	54
Tax recoverables		**202,571**	168,164
Restricted cash		**1,619,607**	776,897
Cash and cash equivalents		**10,946,470**	10,094,238
Total current assets		**42,491,909**	41,512,013
CURRENT LIABILITIES			
Trade and bills payables	14	**2,391,399**	2,693,611
Other payables and accruals		**7,170,761**	7,254,556
Due to joint ventures		**13,925,825**	10,700,785
Interest-bearing bank and other borrowings		**3,982,628**	3,465,336
Tax payables		**4,719,093**	3,933,326
Total current liabilities		**32,189,706**	28,047,614
NET CURRENT ASSETS		**10,302,203**	13,464,399
TOTAL ASSETS LESS CURRENT LIABILITIES		**47,491,711**	43,499,401
NON-CURRENT LIABILITIES			
Due to a joint venture		**–**	1,000,000
Interest-bearing bank and other borrowings		**24,015,000**	21,047,717
Deferred tax liabilities		**1,115,753**	1,013,226
Deferred revenue		**2,042**	2,042
Total non-current liabilities		**25,132,795**	23,062,985
NET ASSETS		**22,358,916**	20,436,416

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**288,663**	284,706
Reserves	**22,052,746**	20,131,140
	22,341,409	20,415,846
Non-controlling interests	**17,507**	20,570
TOTAL EQUITY	**22,358,916**	20,436,416

Notes:

1. CORPORATE AND GROUP INFORMATION

KWG Property Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities in the People's Republic of China (the "PRC"):

- Property development
- Property investment
- Hotel operation
- Property management

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

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

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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

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

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

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

Due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

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

- HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no significant impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKFRS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisition of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year and so this amendment is not applicable.

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

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

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

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

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

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

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

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

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

(i) the materiality requirements in HKAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments as follows:

(a) Property development: Sale of properties
(b) Property investment: Leasing of properties
(c) Hotel operation: Operation of hotels
(d) Property management: Provision of property management services

The property development projects undertaken by the Group during the year are all located in the PRC.

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

The Group's revenue from external customers is derived solely from its operations in the PRC. As the Group's major operations and customers are located in the PRC, no further geographical segment information is provided.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2015

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	**7,563,196**	**154,381**	**367,110**	**255,069**	**8,339,756**
Segment results	**4,225,450**	**861,614**	**94,056**	**19,757**	**5,200,877**
Reconciliation:					
Interest income and unallocated income					**103,080**
Unallocated expenses					**(631,153)**
Finance costs					**(10,451)**
Profit before tax					**4,662,353**
Income tax expenses					**(1,249,168)**
Profit for the year					**3,413,185**
Other segment information:					
Depreciation and amortisation	**41,162**	**5,372**	**111,442**	**1,147**	**159,123**
Fair value gains on investment properties, net	**–**	**709,671**	**–**	**–**	**709,671**
Share of profits and losses of:					
Associates	**(2,661)**	**–**	**–**	**–**	**(2,661)**
Joint ventures	**1,935,245**	**–**	**–**	**–**	**1,935,245**

Year ended 31 December 2014

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue:					
Sales to external customers	9,770,424	146,971	332,221	216,172	10,465,788
Segment results	4,251,764	845,034	75,315	44,505	5,216,618
Reconciliation:					
Interest income and unallocated income					98,346
Unallocated expenses					(663,309)
Finance costs					(6,083)
Profit before tax					4,645,572
Income tax expenses					(1,377,431)
Profit for the year					3,268,141
Other segment information:					
Depreciation and amortisation	75,669	2,390	74,730	994	153,783
Fair value gains on investment properties, net	–	699,143	–	–	699,143
Share of profits and losses of:					
Associates	(5,686)	–	–	–	(5,686)
Joint ventures	1,547,942	–	–	–	1,547,942

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the gross proceeds, net of business tax, from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the year.

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

	2015 *RMB'000*	2014 *RMB'000*
Revenue:		
Sale of properties	**7,563,196**	9,770,424
Gross rental income	**154,381**	146,971
Hotel operation income	**367,110**	332,221
Property management fee income	**255,069**	216,172
	8,339,756	10,465,788
Other income and gains, net:		
Bank interest income	**40,937**	48,211
Foreign exchange differences, net	**7,799**	1,119
Others	**54,344**	49,016
	103,080	98,346

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**2,264,956**	2,296,964
Less: Interest capitalised	**(2,254,505)**	(2,290,881)
	10,451	6,083

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold	**4,986,172**	6,468,583
Less: Government grant released	**(217)**	(25)
	4,985,955	6,468,558
Depreciation	**154,088**	150,459
Amortisation of land use rights	**26,195**	19,964
Less: Amount capitalised in assets under construction	**(21,160)**	(16,640)
	5,035	3,324
Premium paid on early redemption of senior notes*	**–**	231,940
Loss on disposal of investment properties, net*	**122**	229
Loss on disposal of items of property, plant and equipment*	**233**	906
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**549,603**	486,732
Pension scheme contributions (defined benefit plans)	**56,076**	46,517
Equity-settled share option expense	**54**	343
	605,733	533,592
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development	**(146,496)**	(132,402)
	459,237	401,190

* These items are included in "Other operating expenses, net" in the consolidated statement of profit or loss.

9. INCOME TAX EXPENSES

	2015	2014
	RMB'000	*RMB'000*
Current – PRC		
Corporate income tax ("CIT")	**550,027**	667,748
Land appreciation tax ("LAT")	**718,621**	685,563
	1,268,648	1,353,311
Deferred	**(19,480)**	24,120
Total tax charge for the year	**1,249,168**	1,377,431

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2015 and 2014.

PRC CIT

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

PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

10. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Proposed final scrip dividend (with a cash option) – RMB29 cents (2014: scrip dividend (with a cash option) of RMB33 cents) per ordinary share	**868,980**	972,258

The proposed final dividend for the year, to be made out of the share premium account of the Company, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting ("2015 AGM").

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 2,968,151,188 (2014: 2,915,838,344) in issue during the year.

For the year ended 31 December 2015, the calculation of the diluted earnings per share amounts is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation of 2,968,151,188 (2014: 2,915,838,344) plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 1,063,336 (2014: 515,591).

The calculations of basic and diluted earnings per share amounts are based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the Company	**3,416,248**	3,272,225

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**2,968,151,188**	2,915,838,344
Effect of dilution – share options	**1,063,336**	515,591
Weighted average number of ordinary shares used in diluted earnings per share calculation	**2,969,214,524**	2,916,353,935

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2015, the Group had additions of property, plant and equipment at a total cost of approximately RMB265,824,000 (2014: approximately RMB567,199,000).

13. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and provision of property management services. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of rental, property management and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally "one to three months" for major customers. An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**239,374**	187,267
4 to 6 months	**9,801**	8,547
7 to 12 months	**9,919**	8,694
Over 1 year	**15,367**	12,809
	274,461	217,317

14. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

	2015	2014
	RMB'000	*RMB'000*
Due within one year or on demand	**2,391,399**	2,693,611

The trade and bills payables are non-interest-bearing and are normally settled on terms of three to six months.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds, net of business tax, from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and property management.

The revenue amounted to approximately RMB8,339.8 million in 2015, representing a decrease of 20.3% from approximately RMB10,465.8 million in 2014.

In 2015, the revenue generated from property development, property investment, hotel operation and property management were approximately RMB7,563.2 million, RMB154.4 million, RMB367.1 million and RMB255.1 million, respectively.

Property development

Revenue generated from property development decreased by 22.6% to approximately RMB7,563.2 million in 2015 from approximately RMB9,770.4 million in 2014, primarily due to a decrease in the total gross floor area ("GFA") delivered to 551,525 sq.m. in 2015 from 844,938 sq.m. in 2014. The effect of decrease in total GFA delivered is partially offset by an increase in recognised average selling price ("ASP") to RMB13,713 per sq.m. in 2015 from RMB11,563 per sq.m. in 2014. The increase in the recognised ASP was principally attributable to an increase in the delivery of commercial properties with higher ASP in 2015.

Property investment

Revenue generated from property investment increased by 5.0% to approximately RMB154.4 million in 2015 from approximately RMB147.0 million in 2014.

Hotel operation

Revenue generated from hotel operation increased by 10.5% to approximately RMB367.1 million in 2015 from approximately RMB332.2 million in 2014, primarily attributable to an increase in occupancy rate of our W Hotel in Guangzhou. In addition, the Mulian Hangzhou commenced soft launch in September 2015, which also contributed to the revenue of hotel operation.

Property management

Revenue generated from property management increased by 18.0% to approximately RMB255.1 million in 2015 from approximately RMB216.2 million in 2014, primarily attributable to an increase in the number of properties under management.

Cost of Sales

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales decreased by 21.0% to approximately RMB5,330.3 million in 2015 from approximately RMB6,748.2 million in 2014, mainly due to the decrease in total GFA delivered in sales of properties.

Land cost per sq.m. increased from RMB2,604 in 2014 to RMB3,096 in 2015, due to the change in delivery portfolio with different city mix as compared with that in 2014.

Construction cost per sq.m. increased from RMB3,964 in 2014 to RMB4,490 in 2015, primarily attributable to an increase in the proportion of serviced apartments and offices delivered with relatively higher construction and renovation costs.

Gross Profit

Gross profit of the Group decreased by 19.0% to approximately RMB3,009.4 million in 2015 from approximately RMB3,717.6 million in 2014. The decrease of gross profit was principally due to the decrease in the total revenue and total GFA delivered in 2015. The Group reported a gross profit margin of 36.1% for 2015 as compared with 35.5% for 2014.

Other Income and Gains, Net

Other income and gains increased by 4.9% to approximately RMB103.1 million in 2015 from approximately RMB98.3 million in 2014, mainly comprising interest income of approximately RMB40.9 million.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 7.4% to approximately RMB276.5 million in 2015 from approximately RMB298.5 million in 2014, mainly due to a decrease in sales commission, which was due to the decrease in revenue generated from sales of properties during the year.

Administrative Expenses

Administrative expenses of the Group slightly decreased by 2.5% to approximately RMB774.7 million in 2015 from approximately RMB794.2 million in 2014.

Other Operating Expenses, Net

Other operating expenses of the Group was approximately RMB30.7 million in 2015 (2014: approximately RMB313.0 million). Other operating expenses of the Group in 2014 mainly comprised premium paid on early redemption of senior notes.

Fair Value Gains on Investment Properties, Net

The Group reported fair value gains on investment properties of approximately RMB709.7 million for 2015 (2014: approximately RMB699.1 million), mainly related to various leaseable commercial properties in various regions. The fair value gains attributable to those leaseable commercial properties, including Pudong Project in Shanghai and Global Metropolitan Plaza in Guangzhou, were approximately RMB626.6 million for 2015. Fair value gains in respect of properties owned by the Group's joint ventures are included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss. Such gains were mainly contributed by Tian Hui Plaza in Guangzhou and Amazing Bay in Shanghai.

Finance Costs

Finance costs of the Group being approximately RMB10.5 million in 2015 (2014: approximately RMB6.1 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they have not been capitalised.

Income Tax Expenses

Income tax expenses decreased by 9.3% to approximately RMB1,249.2 million in 2015 from approximately RMB1,377.4 million in 2014, primarily due to a decrease in the provision for CIT in 2015.

Profit for the Year

The Group reported profit for the year of approximately RMB3,413.2 million for 2015 (2014: approximately RMB3,268.1 million). Net profit margin increased to 40.9% for 2015 from 31.2% for 2014, as a result of the cumulative effect of the foregoing factors.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2015, the carrying amounts of the Group's cash and bank balances were approximately RMB12,566.1 million (31 December 2014: approximately RMB10,871.1 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2015, the carrying amount of the restricted cash was approximately RMB1,619.6 million (31 December 2014: approximately RMB776.9 million).

Borrowings and Charges on the Group's Assets

As at 31 December 2015, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB14,112.5 million, RMB10,617.7 million and RMB3,267.4 million respectively. Amongst the bank and other loans, approximately RMB3,982.6 million will be repayable within 1 year, approximately RMB7,735.6 million will be repayable between 2 and 5 years and approximately RMB2,394.3 million will be repayable over 5 years. The Group's senior notes and domestic corporate bonds will be repayable between 2 and 5 years.

As at 31 December 2015, the Group's bank and other loans of approximately RMB14,007.7 million were secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying value of approximately RMB21,128.8 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds was guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK$2,037.5 million and US$8.3 million as at 31 December 2015 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of RMB1,550.0 million which were charged at fixed interest rates as at 31 December 2015. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2015. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2015.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 31 December 2015, the gearing ratio was 69.0% (31 December 2014: 66.8%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in the PRC, so most of its revenues and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2015, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

(i) As at 31 December 2015, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB5,608.9 million (31 December 2014: approximately RMB5,103.2 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

    The fair value of the guarantees is not significant and the Board considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 31 December 2015 and 2014 for the guarantees.

(ii) As at 31 December 2015 and 2014, the Group had provided guarantees in respect of certain bank loans for joint ventures.

(iii) As at 31 December 2014, the Group had provided a guarantee in respect of a bank loan for an associate.

Market Review

In 2015, the central government consistently emphasized on boosting consumption and inventory destocking, to drive recovery of the property market through policy-easing. Transaction volumes and prices have both been steadily improving since second quarter of the year. The transaction volume for the period from September to December grew by close to 40% year-on-year, reflecting the effect of favorable policies.

Since the end of 2014, the central bank has reduced benchmark interest rates and deposit reserve ratio for 6 and 5 times, respectively, whereby the benchmark lending interest rate for one to three year period has been lowered to 4.75% from 6.15%, representing a 22.8% reduction. The provident fund loan interest rate has also been reduced to a historical low.

Meanwhile, on 30 March 2015, the central bank announced cutting down-payment requirement to not less than 40% for second property purchase. The down-payment ratio for purchases using provident fund loans was further adjusted to 20–30%.

Starting from 8 October 2015, cross-city provident fund loans have also been made available throughout the nation, while asset securitisation in respect of individual housing loans drawn from the housing provident fund was introduced in cities with suitable conditions. The aforesaid easing measures have effectively driven the recovery of the property market and boosted property purchases by first-time homebuyers as well as upgraders.

Meanwhile, measures adopted by local governments, such as shortening the business tax exemption period for individual housing property transfers to 2 years, second child policy, and the easing of restrictions against foreign investment in the property market, have further enhanced potential buying powers and facilitated healthy and stable development of the market.

Business Review

During the year, the Group planned its project construction in close tandem with policy changes and leveraged on the positive impact of favourable policies to expedite sales and inventory clearance. Approximately 60% of the pre-sales for the full year was derived from the three tier-one cities, namely, Beijing, Shanghai and Guangzhou, while the remaining 40% was mostly contributed from core second-tier cities including Tianjin, Suzhou, Nanjing, Hangzhou, Chengdu and Nanning.

The Group launched 6 brand new projects during the year, including The Horizon in Nansha of Guangzhou, Boulevard Terrace I in Tianjin, Shine City in Nanjing, Essence of City in Guangzhou, Boulevard Terrace II in Tianjin and The More in Hangzhou. These projects offered primarily end-user products with GFA of 89-120 sq.m., although the supply of products with GFA of 150 sq.m. or above designed for upgrading buyers also gradually increased.

The More is located in Hangzhou Future Science City. At its initial launch in August 2015, residential units with 3–4 bedrooms with GFA of 89–127 sq.m. were offered to meet the needs of both first-time and upgrading homebuyers. Essence of City in Zengcheng of Guangzhou, was launched in August 2015, featured a variety of product types comprising villas with GFA of 141–278 sq.m. and fitted residential units with GFA of 87–125 sq.m.

In 2015, tier-one and tier-two cities were the first to bounce back against policy-easing. Land supply in tier-one and tier-two cities was tight as property developers returned to these cities, giving rise to massive "land king" transactions. Abiding by a prudent land policy, the Group acquired premium land sites through project merger and acquisition or joint bidding with third parties in the public market and refrained from chasing for "land king". In terms of the choice of sites, the Group focused on cities where it had already established its presence, and then on first and second tier cities with stronger performances.

During the year, the Group acquired Shine City in Nanjing and 30% equity interests in a land site in Foshan to enhance its presence in East and South China. Towards the end of the year, we acquired the largest residential site in Hangzhou Future Science City through public auction in cooperation with a JV partner. The project is located close to La Bali, our existing project, and is expected to generate synergy with La Bali to enhance our reputation and presence in Hangzhou. The Group has added approximately 1,022,000 sq.m. to its attributable GFA through land acquisition in the year.

As at 31 December 2015, the Group owned 56 projects located in 11 cities across China with an attributable land bank of approximately 10.1 million sq.m., which should be sufficient to meet the requirements of the Group's development in the coming 4–5 years.

The Group adjusted the progress of construction and launch schedules according to the sales conditions of every projects. Timely supply was made for fast-selling projects, whereas new construction was restrained for slow-moving projects, ensuring reasonable profit margins instead of blindly pursuing high sales volumes. For the year, sales were generally stable with moderate growth, while product prices were continuously rising. In order to increase the exposure of our projects, the Group has been tapping the WeChat platform to provide information of its property developments for marketing and promotion purposes. The "WeChat Customer Service" has also been introduced, whereby queries from customers and owners could be collected and dealt with in a timely manner.

The Group established the "KWG Club" (合景會) during the year with membership open to current and prospective owners and others who are interested in the development of KWG. We plan to provide advanced services by integrating multiple resources with the aid of innovative technologies. Currently, an initial database has been built and concessionary benefits, such as property purchase discounts, property services, discounts at our hotels and shopping malls, will be gradually offered to customers.

In terms of commercial properties, the Group focuses on developments in the core districts of tier-one and tier-two cities, such as "U Fun" in Xinjiangwan, Shanghai, "M • Cube" in Chong Wen Men, Beijing, Tian Hui Plaza in Pearl River New Town, Guangzhou and shopping malls in Chengdu and Suzhou, all of which are benefited from their outstanding geographic locations. After business model research over the past two years since the commercial projects' launch ceremony in early 2014, the Group has gradually built a high-calibre team with the aim of introducing unique experience to consumers through featured shopping centers. For example, "M • Cube" in Beijing is designed to appeal to young consumers with its fashionable and trendy designs inside and outside the building. Elsewhere, "U Fun" in Shanghai provides the city with its first green shopping park comprising a diversified range of attractions such as international fast fashion, fine dining, boutique supermarket and children's playground. With the successive launches of these commercial projects, the Group believes these projects will generate stable rental revenue in the years to come.

On the financial side, the Group persists with a prudent financial strategy and made comparisons between the domestic and overseas capital markets in terms of their advantages and disadvantages before conducting any financing exercise. The Group capitalised on the window of policy changes and issued domestic bonds with an aggregate amount of RMB3,300 million in December through Guangzhou Hejing Real Estate Development Limited, a wholly-owned subsidiary of the Group. The new issuance will enhance the Group's financial position to effectively improve its structure and lower borrowing costs.

Investment Properties and Hotels

1) *Hotels*

As at 31 December 2015, the Group has five hotels in operation: W Hotel Guangzhou, a high-end fashionable hotel at the centre of the Pearl River New Town; Four Points by Sheraton Guangzhou, Dongpu in downtown Guangzhou specialised in business banquets; Sheraton Guangzhou Huadu Resort with splendid lake views; and The Mulian, a proprietary boutique hotel brand with operations in Pearl River New Town, Guangzhou and Future Science City, Hangzhou.

All of our hotels own unique features and appeal to customers by collaborating with famous restaurants to offer benefits and concessions at appropriate times. Meanwhile, improvements of various services are being made based on the feedback from various parties, seeking to sustain and broaden our customer base and enhance the reputation of these hotels.

2) *Completed Investment Properties Available for Lease*

On the back of its excellent location, comprehensive office facilities, attentive property management services and reasonable rental rates, IFP, the Group's investment property, has gained wide recognition from tenants, especially domestic and international financial institutions, since its establishment in the Pearl River New Town in 2007. As at 31 December 2015, the occupancy rate of IFP stood at 96%. Major tenants included the private bank departments of Bank of China, Industrial and Commercial Bank of China, Standard Chartered Bank and nine other foreign banks.

For the year ended 31 December 2015, revenue of the Group from its leasing of office premises and retail properties amounted to approximately RMB154.4 million (2014: approximately RMB147.0 million).

Business Outlook

In 2016, the central government is expected to continue to pursue inventory destocking to ensure stable development in the property market. As a result, the property markets in tier-one and tier-two cities will continue to benefit from various supportive measures.

The Group expects to launch brand new projects in tier-one and tier-two cities in 2016, such as Beijing Tongzhou I&II, Guangxi International Finance Place, Guangzhou Finance City, Shanghai Pudong Project and Hangzhou Science City IV. The new projects will comprise a wide range of products, such as residential, serviced apartments, offices and retail shops, to fulfill the needs from different customers. The Group will also continue to launch new batches from existing projects in different regions, such as The Summit, Chengdu Sky Ville, La Bali and The More in Hangzhou and Oriental Bund in Foshan.

The Group will also continue to enhance its operational capabilities and improve the overall standards of its operations, such that it will be well-positioned to seize growth opportunities and continue with a stable, quality development.

Overview of the Group's Property Development

As at 31 December 2015, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing and Zhengzhou.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest *('000 sq.m.)*	Interest Attributable to the Group *(%)*
1.	The Summit	Guangzhou	Residential / villas / serviced apartments / office / retail	1,847	100
2.	Global Metropolitan Plaza	Guangzhou	Office / retail	40	50
3.	Tian Hui Plaza (included The Riviera and Top Plaza)	Guangzhou	Serviced apartments / office / hotel / retail	91	33.3
4.	Oriental Bund	Guangzhou	Residential / serviced apartments / office / retail	1,362	50
5.	The Star (included The Regent and Biological Island II)	Guangzhou	Serviced apartments / office / retail	199	100
6.	Top of World	Guangzhou	Villas / serviced apartments / office / hotel / retail	546	100
7.	The Eden	Guangzhou	Residential / retail	70	50
8.	Zengcheng Gua Lv Lake	Guangzhou	Villas / hotel	43	100
9.	Essence of City	Guangzhou	Residential / villas / retail	344	100
10.	Guangzhou Finance City Project	Guangzhou	Serviced apartments / office / retail	102	33.3
11.	Guangzhou Pazhou Project	Guangzhou	Office / retail	50	50
12.	The Horizon	Guangzhou	Residential / retail	158	35
13.	IFP	Guangzhou	Office / retail	61	100
14.	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
15.	Sheraton Guangzhou Huadu Resort	Guangzhou	Hotel	25	100
16.	W Hotel / W Serviced Apartments	Guangzhou	Hotel / serviced apartments	80	100
17.	The Mulian Guangzhou	Guangzhou	Hotel	8	100
18.	The Sapphire	Suzhou	Residential / serviced apartments / hotel / retail	111	100
19.	Suzhou Apex	Suzhou	Residential / serviced apartments / hotel / retail	115	90
20.	Suzhou Emerald	Suzhou	Residential / retail	13	100
21.	Leader Plaza	Suzhou	Serviced apartments / office / retail	21	51
22.	Wan Hui Plaza	Suzhou	Office / retail	60	100
23.	Suzhou Jade Garden	Suzhou	Residential / retail	10	100
24.	The Vision of the World	Chengdu	Residential / serviced apartments / retail	55	100
25.	Chengdu Cosmos	Chengdu	Residential / serviced apartments / office / hotel / retail	460	100
26.	Chengdu Sky Ville	Chengdu	Residential / serviced apartments / office / hotel / retail	358	50
27.	Fragrant Seasons	Beijing	Residential / villas / serviced apartments / retail	25	100
28.	La Villa	Beijing	Residential / retail	33	50
29.	Beijing Apex	Beijing	Residential / villas / serviced apartments / office / retail	77	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest *('000 sq.m.)*	Interest Attributable to the Group *(%)*
30.	M • Cube (formerly called Chong Wen Men)	Beijing	Retail	16	100
31.	Summer Terrace	Beijing	Residential / retail	25	100
32.	Beijing Tongzhou I	Beijing	Serviced apartments / office / retail	128	100
33.	Beijing Tongzhou II	Beijing	Serviced apartments / office / retail	125	100
34.	Rose and Ginkgo Mansion	Beijing	Residential / villas	28	33
35.	Pearl Coast	Hainan	Villas / residential / hotel	230	100
36.	Moon Bay Project	Hainan	Villas / residential / hotel / retail	443	100
37.	Pudong Project	Shanghai	Office / retail	78	100
38.	The Core of Center	Shanghai	Residential / serviced apartments / office / retail	46	50
39.	Shanghai Apex	Shanghai	Residential / serviced apartments / hotel / retail	68	100
40.	Shanghai Sapphire	Shanghai	Serviced apartments / hotel / retail	65	100
41.	Shanghai Emerald	Shanghai	Residential / retail	2	100
42.	Amazing Bay	Shanghai	Residential / serviced apartments / hotel / office / retail	79	50
43.	Vision of the World	Shanghai	Residential / serviced apartments / retail	197	100
44.	Jinnan New Town	Tianjin	Residential / villas / serviced apartments / retail	636	25
45.	Boulevard Terrace I	Tianjin	Residential / retail	55	100
46.	Boulevard Terrace II	Tianjin	Residential / villas / retail	32	100
47.	The Core of Center	Nanning	Residential / villas / office / retail	489	87
48.	Guangxi International Finance Place	Nanning	Office / retail	62	87
49.	Guangxi Top of World	Nanning	Residential / villas / hotel / retail	455	87
50.	Hangzhou Jade Garden	Hangzhou	Residential	47	100
51.	Hangzhou La Bali	Hangzhou	Residential / villas	35	100
52.	The More	Hangzhou	Residential	106	100
53.	The Mulian Hangzhou	Hangzhou	Hotel / retail	18	100
54.	Hangzhou Science City IV	Hangzhou	Residential	109	51
55.	Shine City	Nanjing	Residential / office / retail	73	50
56.	Henan Zhengzhou Project	Zhengzhou	Residential / retail	29	100

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2015, the Group employed a total of approximately 5,360 employees. The total staff costs incurred was approximately RMB605.7 million during the financial year ended 31 December 2015. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

During the year ended 31 December 2015, total of 1,295,750 share options were exercised and a total of 4,615,250 share options were exercisable. No share options were granted, cancelled or lapsed as at the date of approval of this results announcement. Details of share option movement for the year ended 31 December 2015 will be stated in the coming annual report.

DIVIDEND

The Board of the Company has proposed the payment of a final scrip dividend (with a cash option) of RMB29 cents per ordinary share for the year ended 31 December 2015. The proposed final scrip dividend (with a cash option), if approved by the shareholders at the 2015 AGM, expected to be paid on or before 27 July 2016 to the shareholders whose names expected to be appeared on the register of members of the Company on 16 June 2016.

The proposed final scrip dividend (with a cash option) shall be declared in RMB and paid in Hong Kong dollars. The final scrip dividend (with a cash option) payable in Hong Kong dollars will be converted from RMB at the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China.

Payment of the final dividend is subject to (1) the approval of the proposed final scrip dividend (with a cash option) at the 2015 AGM of the Company expected to be held on 3 June 2016; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the proposed scrip dividend together with the relevant form of election expected to be sent to the shareholders on or around 27 June 2016. It is expected that the final dividend warrants and certificates for the new shares will be dispatched to shareholders on or around 27 July 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining the shareholders who are entitled to attend and vote at the 2015 AGM expected to be held on 3 June 2016, the register of members of the Company expected to be closed on Monday, 30 May 2016 to Friday, 3 June 2016, both days inclusive. In order to qualify for attending and voting at the 2015 AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Friday, 27 May 2016.

(b) For the purpose of determining the shareholders who qualify for the final dividend, the register of members of the Company expected to be closed on Monday, 13 June 2016 to Thursday, 16 June 2016, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Friday, 10 June 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors of the Company regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the provisions of the Model Code for the financial year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor confidence and the Company's accountability and transparency but also important to the Company's long-term success. The Group, therefore, strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions in the Corporate Governance Code (the "Code Provision") as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

Audit Committee

The Audit Committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The Audit Committee reports to the Board and is delegated by the Board to assess matters related to the financial statements and to perform the duties, including but not limited to, reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor.

As at 31 December 2015, the Audit Committee comprises three members who are Independent Non-executive Directors of the Company, namely Mr. Tam Chun Fai (Chairman), Mr. Lee Ka Sze Carmelo *JP* and Mr. Li Bin Hai.

The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2015.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The principal responsibilities of the remuneration committee include but not limited to formulate and make recommendations on remuneration policy and remuneration package of the directors and members of senior management to the Board. As at 31 December 2015, the Remuneration Committee comprises an Executive Director, namely Mr. Kong Jian Min, and two Independent Non-executive Directors, namely Mr. Tam Chun Fai (Chairman) and Mr. Li Bin Hai.

Nomination Committee

The Nomination Committee was established on 11 June 2007. The Nomination Committee is responsible for, including but not limited to, reviewing the structure, size and composition of the Board and making recommendations to the Board on selection of candidates for directorships. As at 31 December 2015, the Nomination Committee comprises an Executive Director, namely Mr. Kong Jian Min (Chairman), and two Independent Non-executive Directors, namely Mr. Tam Chun Fai and Mr. Li Bin Hai.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2015 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.kwgproperty.com/en/ivr/index.aspx.

2015 AGM

The 2015 AGM of the Company expected to be held on Friday, 3 June 2016 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

By Order of the Board
KWG Property Holding Limited
Kong Jian Min
Chairman

Hong Kong, 19 February 2016

As at the date of this announcement, the Executive Directors are Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim and Mr. He Wei Zhi; and the Independent Non-executive Directors are Mr. Lee Ka Sze, Carmelo JP, Mr. Tam Chun Fai and Mr. Li Bin Hai.