Longfor Properties Co. Ltd.

龍 湖 地 產 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

FINANCIAL SUMMARY

- Contracted sales increased by 11.2% to RMB54.54 billion as compared with that of last year.
- Revenue is RMB47.42 billion, of which the rental income from the property investment business increased by 61.5% to RMB1.42 billion.
- Profit attributable to shareholders was RMB8.99 billion. Excluding minority interest and revaluation gains, core profit was RMB6.95 billion. Core net profit margin attributable to shareholders was 14.6%.
- The net debt to equity ratio (net debt divided by total equity) was 54.6%. Cash on hand was RMB18.16 billion.
- Total consolidated borrowings amounted to RMB52.27 billion. Average cost of borrowing decreased from 6.4% to 5.74% per annum. Average maturity period of loan was 5.24 years.
- Fully diluted earnings per share were RMB1.53. The Board recommends a final dividend of RMB0.357 per share.

ANNUAL RESULTS

The Board of Directors (the "Board') of Longfor Properties Co., Ltd. ("Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended December 31, 2015 with comparative figures for the preceding financial year, are follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

	NOTES	**2015** *RMB'000*	**2014** *RMB'000*
Revenue	2	47,423,099	50,990,678
Cost of sales		(34,408,307)	(37,474,835)
Gross profit		13,014,792	13,515,843
Other income	3	453,445	319,766
Other losses	4	(155,988)	(653,269)
Fair value gain upon transfer to investment properties		434,251	363,695
Change in fair value of investment properties		2,439,626	2,190,573
Selling and marketing expenses		(1,017,951)	(1,065,247)
Administrative expenses		(1,435,026)	(1,297,848)
Finance costs	5	(43,119)	(22,537)
Share of results of associates		(18,707)	—
Share of results of joint ventures		266,864	275,646
Profit before taxation		13,938,187	13,626,622
Income tax expense	6	(4,574,070)	(4,876,244)
Profit for the year	7	9,364,117	8,750,378
Profit attributable to:			
Owners of the Company		8,988,037	8,353,632
Non-controlling interests		376,080	396,746
		9,364,117	8,750,378

	NOTES	**2015**	**2014**
		RMB'000	*RMB'000*
Earnings per share, in RMB			
Basic	9	1.54	1.53
Diluted	9	1.53	1.52
Profit for the year		9,364,117	8,750,378
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on hedging instruments		518,720	397,180
Gain on retranslating hedging instruments reclassified to profit and loss		(613,754)	(118,995)
		(95,034)	278,185
Total comprehensive income for the year		9,269,083	9,028,563
Total comprehensive income attributable to:			
Owners of the Company		8,893,003	8,631,817
Non-controlling interests		376,080	396,746
		9,269,083	9,028,563

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2015

	NOTES	**2015**	**2014**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Investment properties		43,385,100	33,361,500
Property, plant and equipment		208,374	190,095
Prepaid lease payments		11,774,585	14,940,036
Interests in associates		355,793	8,499
Interests in joint ventures		882,285	3,295,220
Available-for-sale investments		130,920	8,600
Deposits paid for acquisition of land use rights		4,849,295	4,958,938
Derivative financial instruments		701,083	184,441
Deferred taxation assets		1,623,857	1,271,972
		63,911,292	58,219,301
CURRENT ASSETS			
Inventories		777,384	765,833
Properties under development for sales		70,829,748	68,090,667
Properties held for sales		10,428,963	10,265,598
Accounts, bills and other receivables, deposits and prepayments	10	9,920,130	5,667,815
Amounts due from non-controlling interests		2,301,758	—
Amounts due from associates		2,695,676	—
Amounts due from joint ventures		1,772,453	2,872,828
Taxation recoverable		3,291,225	3,237,633
Pledged bank deposits		240,313	242,069
Bank balances and cash		17,919,664	18,794,481
		120,177,314	109,936,924

	NOTES	2015	2014
		RMB'000	RMB'000
CURRENT LIABILITIES			
Accounts and bills payables, deposits received and accrued charges	11	52,942,119	54,490,142
Amount due to an associate		179,612	—
Amounts due to joint ventures		772,930	2,322,529
Amount due to a controlling shareholder of an associate		669,363	—
Taxation payable		10,304,622	9,576,795
Bank and other borrowings - due within one year		6,177,916	7,972,731
		71,046,562	74,362,197
NET CURRENT ASSETS		49,130,752	35,574,727
TOTAL ASSETS LESS CURRENT LIABILITIES		113,042,044	93,794,028
CAPITAL AND RESERVES			
Share capital		507,823	505,814
Reserves		54,616,826	47,258,111
Equity attributable to owners of the Company		55,124,649	47,763,925
Non-controlling interests		7,343,005	2,508,078
TOTAL EQUITY		62,467,654	50,272,003
NON-CURRENT LIABILITIES			
Bank and other borrowings - due after one year		38,158,492	32,193,616
Senior notes		7,929,172	7,574,953
Derivative financial instruments		—	2,077
Deferred taxation liabilities		4,486,726	3,751,379
		50,574,390	43,522,025
		113,042,044	93,794,028

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

1. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 - 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 - 2013 Cycle

The directors of the Company concluded that the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]

[1] Effective for annual periods beginning on or after January 1, 2018
[2] Effective for first annual IFRS financial statements beginning on or after January 1, 2016
[3] Effective for annual periods beginning on or after January 1, 2019
[4] Effective for annual periods beginning on or after January 1, 2016
[5] Effective for annual periods beginning on or after a date to be determined
[6] Effective for annual periods beginning on or after January 1, 2017

IFRS 9 ***Financial Instruments***

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets. The directors of the Company are in the process of ascertaining the financial impact.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

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

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after January 1, 2016. The directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 ***Disclosure Initiative***

The amendments to IAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2016. The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

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

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after January 1, 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Annual Improvements to IFRSs 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company are in the process of ascertaining the financial impact on application of the amendments included in the Annual Improvements to IFRSs 2012 - 2014 cycle.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment develops and sells office premises, commercial and residential properties. All of the Group's activities in this regard are carried out in the PRC.

- Property investment: this segment leases investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio mainly comprises retail properties and are all located in the PRC.

- Property management and related services: this segment mainly represents the income generated from property management. Currently the Group's activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the revenue, results, assets and liabilities attributable to each operating segment on the following bases:

Segment assets include all tangible assets and current assets directly attributable to each segment with the exception of certain property, plant and equipment, prepaid lease payments, deposits paid for acquisition of land use rights, interests in associates and joint ventures, available-for-sale investments, deferred taxation assets, taxation recoverable, derivative financial instruments and other corporate assets. Other corporate assets are not allocated to the operating segments because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the chief operating decision maker. Segment liabilities include accounts and bills payables and accrued expenditure on construction, deposits received and receipt in advance from property sales, and other payables but exclude taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes, derivative financial instruments and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on a group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's associates and joint ventures.

The measure used for reporting segment profit is adjusted earnings before interest, taxes, depreciation, share of results of associates and joint ventures, change in fair value of investment properties and upon transfer to investment properties, and finance costs ("Adjusted Earnings"), where "interest" is regarded as including investment income and "depreciation" is regarded as including impairment losses on non-current assets. To arrive at Adjusted Earnings the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating segments is set out below.

	Year ended December 31, 2015			
	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	44,992,984	1,415,187	1,014,928	47,423,099
Inter-segment revenue	—	—	383,639	383,639
Segment revenue	44,992,984	1,415,187	1,398,567	47,806,738
Segment profit (Adjusted Earnings)	10,415,923	990,443	590,475	11,996,841
Segment assets	91,710,136	25,048,193	368,333	117,126,662
Segment liabilities	46,946,184	429,470	23,409	47,399,063

	Year ended December 31, 2014			
	Property development	**Property investment**	**Property management and related services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	49,288,633	876,321	825,724	50,990,678
Inter-segment revenue	—	—	216,320	216,320
Segment revenue	49,288,633	876,321	1,042,044	51,206,998
Segment profit (Adjusted Earnings)	11,395,730	705,497	349,369	12,450,596
Segment assets	84,865,137	17,863,378	63,833	102,792,348
Segment liabilities	49,195,792	184,647	6,840	49,387,279

Other segment information

	Property development	Property investment	Property management and related services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment assets:				
2015				
Additions to non-current assets (Note)	49,362	3,285,790	5,710	3,340,862
2014				
Additions to non-current assets (Note)	44,022	3,806,869	1,141	3,852,032

Note: Amounts comprise additions to investment properties and property, plant and equipment.

In addition to receiving segment information concerning segment profit, the chief operating decision maker is provided with information concerning the Group's consolidated amount of interests in associates and related share of results, interests in joint ventures and related share of results, changes in fair value of investment properties and upon transfer to investment properties, other income, other losses, finance costs from borrowings, depreciation and impairment losses (if any) which are not allocated to operating segments.

(b) Reconciliations of segment revenues, profit or loss, assets and liabilities

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Segment revenue	47,806,738	51,206,998
Elimination of inter-segment revenue	(383,639)	(216,320)
Consolidated revenue	47,423,099	50,990,678
Profit		
Segment profit	11,996,841	12,450,596
Other income	453,445	319,766
Other losses	(155,988)	(653,269)
Fair value gain upon transfer to investment properties	434,251	363,695
Change in fair value of investment properties	2,439,626	2,190,573
Finance costs	(43,119)	(22,537)
Share of results of associates	(18,707)	—
Share of results of joint ventures	266,864	275,646
Depreciation	(33,164)	(55,326)
Unallocated expenses	(1,401,862)	(1,242,522)
Consolidated profit before taxation	13,938,187	13,626,622
Assets		
Segment assets	117,126,662	102,792,348
Cumulative change in fair value of investment properties	18,423,037	15,549,160
Prepaid lease payments	11,774,585	14,940,036
Interests in associates	355,793	8,499
Interests in joint ventures	882,285	3,295,220
Available-for-sale investments	130,920	8,600
Deposits paid for acquisition of land use rights	4,849,295	4,958,938
Deferred taxation assets	1,623,857	1,271,972
Derivative financial instruments	701,083	184,441
Taxation recoverable	3,291,225	3,237,633
Unallocated head office and other assets	24,929,864	21,909,378
Consolidated total assets	184,088,606	168,156,225
Liabilities		
Segment liabilities	47,399,063	49,387,279
Taxation payable	10,304,622	9,576,795
Deferred taxation liabilities	4,486,726	3,751,379
Bank and other borrowings	44,336,408	40,166,347
Senior notes	7,929,172	7,574,953
Derivative financial instruments	—	2,077
Unallocated head office and other liabilities	7,164,961	7,425,392
Consolidated total liabilities	121,620,952	117,884,222

(c) Revenue from major product and services

The following is an analysis of the Group's revenue from its properties sold, properties invested and services provided:

	2015	2014
	RMB'000	*RMB'000*
Sales of properties	44,992,984	49,288,633
Leasing of properties	1,415,187	876,321
Provision of property management services	1,014,928	825,724
	47,423,099	50,990,678

(d) Geographic information

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers		Non-current assets	
	2015	**2014**	**2015**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beijing	2,993,063	12,547,158	9,092,667	8,076,697
Chengdu	4,260,967	4,049,623	7,074,754	7,671,377
Chongqing	10,658,671	8,697,136	19,764,571	16,764,372
Dalian	2,926,083	—	201,381	202,049
Hangzhou	6,520,638	5,509,648	5,616,167	4,455,218
Shanghai	4,487,061	2,538,698	6,304,061	2,672,892
Shenyang	2,243,180	1,549,995	185,193	183,447
Sunan	1,918,047	4,042,102	1,424,239	1,152,468
Suzhou	1,219,565	—	2,027,959	1,390,329
Xiamen	2,866,437	2,048,701	4,367,170	2,173,494
Xián	1,601,811	3,363,609	726,039	1,136,237
Other cities in the PRC	5,727,576	6,644,008	4,671,231	10,875,708
	47,423,099	50,990,678	61,455,432	56,754,288

Note: Non-current assets excluded available-for-sale investments, financial instruments and deferred taxation assets.

No revenue from transaction with a single external customer amounts to 10% or more of the Group's revenue.

3. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income	238,024	145,929
Dividend income from listed available-for-sale investments	626	600
Government subsidies	80,106	56,417
Penalty income (Note)	59,865	40,692
Sundry income	74,824	76,128
Total	453,445	319,766

Note: It represents penalty received from property buyers who do not execute sales and purchase agreement on property sales.

4. OTHER LOSSES

	2015	2014
	RMB'000	*RMB'000*
Gain (loss) on disposal of property, plant and equipment	2,997	(1,031)
Net exchange loss (Note)	(772,739)	(195,092)
Reclassification of fair value gain of hedging instrument from hedging reserve	613,754	118,995
Impairment loss of properties held for sales	—	(310,013)
Loss on early redemption of senior notes	—	(266,128)
	(155,988)	(653,269)

Note: It represents exchange difference arising from bank balances, bank borrowings and senior notes, original currencies of which are either denominated in Hong Kong Dollar ("HKD") or United States Dollar ("USD").

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on bank and other borrowings		
Wholly repayable within five years	(2,250,350)	(2,134,846)
Not wholly repayable within five years	(203,508)	(76,784)
Interest expense on senior notes	(533,678)	(584,073)
Less: Amount capitalised to properties under development	2,944,417	2,773,166
	(43,119)	(22,537)

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 6.55% (2014: 7.25%) per annum for the year ended December 31, 2015, to expenditure on the qualifying assets.

6. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("EIT")	(2,577,985)	(2,924,334)
PRC Land Appreciation Tax ("LAT")	(1,844,446)	(1,623,781)
	(4,422,431)	(4,548,115)
Overprovision in prior years:		
EIT (note a)	161,017	—
LAT (note b)	287,444	255,528
	448,461	255,528
	(3,973,970)	(4,292,587)
Deferred taxation		
Current year	(724,542)	(583,657)
Overprovision in prior year	124,442	—
	(600,100)	(583,657)
	(4,574,070)	(4,876,244)

Notes:

(a) During the year ended December 31, 2015, the assessment and computation of EIT payable in respect of certain subsidiaries which held completed property projects were finalised which differed from the management's estimation on EIT in prior years, resulting in an overprovision of EIT in respect of prior years.

(b) The actual appreciation value of several property projects had been finalised and the development plan for a property project had been revised in which the revised estimated appreciation value was different with the appreciation value made in prior years, resulting in an overprovision of LAT in respect of prior years.

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Certain of the Company's subsidiaries operating in the PRC are eligible for exemption from PRC EIT for both years.

Pursuant to the relevant PRC corporate income tax rules and regulations, preferential corporate income tax rates have been granted to certain PRC subsidiaries of the Company which were established in western regions and engaged in the encouraged business. These companies are subject to a preferential rate of 15% in 2015 (2014: 15%), subject to approval of the tax authority, if the annual income derived from the encouraged business is more than 70% of the annual total income.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	13,938,187	13,626,622
PRC EIT at 25%	(3,484,547)	(3,406,656)
Tax effect of share of results of associates	(4,677)	—
Tax effect of share of results of joint ventures	66,716	68,912
Tax effect of expenses not deductible for tax purposes (Note a)	(410,968)	(382,772)
Tax effect of income not taxable for tax purposes	2,260	2,389
LAT	(1,844,446)	(1,623,781)
Tax effect of LAT	461,112	405,945
Overprovision in prior years	572,903	255,528
Tax effect of tax losses not recognised	(24,465)	(180,616)
Effect of tax exemption and preferential rates granted to certain PRC subsidiaries	18,704	20,824
Withholding tax on retained profits to be distributed (Note b)	(19,151)	(55,921)
Withholding tax levied on dividend paid	92,489	21,046
Others	—	(1,142)
Tax charge for the year	(4,574,070)	(4,876,244)

Notes:

(a) The amount mainly comprises the tax effect of non-deductible corporate expenses of the Group and the expenses of certain subsidiaries in excess of the allowable deduction limits in accordance with the relevant tax regulations.

(b) According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" and Guoshuifa [2008]112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. The amount represents the withholding income tax provided on the undistributed profits arisen during the years ended December 31, 2015 of certain PRC subsidiaries.

7. PROFIT FOR THE YEAR

	2015 *RMB'000*	2014 *RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	4,300	4,253
Cost of property inventories included in cost of sales	32,901,651	36,614,815
Gain on disposal of joint ventures	285,414	—
Depreciation of property, plant and equipment	33,164	55,326
Minimum lease payment of operating lease rentals	44,355	33,999
Staff costs		
Directors' emoluments (including equity-settled share-based payments)	64,509	75,048
Other staff costs		
Retirement benefit contributions	205,995	189,177
Equity-settled share-based payments	81,866	62,313
Other staff costs	1,823,651	1,278,560
Total staff costs	2,176,021	1,605,098
Less: Amount capitalised to properties under development	(631,157)	(653,341)
	1,544,864	951,757
Minimum lease income from investment properties	1,217,514	744,799
Contingent rental income	197,673	131,522
Less: direct expenses that generated rental income	(413,150)	(167,345)
	1,002,037	708,976
Share of tax of joint ventures (included in share of results of joint ventures)	91,442	184,620

8. DIVIDEND

	2015	2014
	RMB'000	*RMB'000*
Dividend recognised as distribution during the year:		
Final dividend paid in respect of 2014 of RMB0.284 (2014: in respect of 2013 of RMB0.228) per share	1,654,310	1,240,687

Subsequent to the end of the reporting period, a final dividend of RMB2,083,000,000, representing RMB0.357 per share, in respect of the year ended December 31, 2015 (2014: final dividend of RMB1,650,000,000, representing RMB0.284 per share, in respect of the year ended December 31, 2014) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	8,988,037	8,353,632

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,821,449	5,457,822
Effect of dilutive potential ordinary shares in respect of - share options	41,412	23,398
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,862,861	5,481,220

For the year ended December 31, 2015, the share options granted on January 17, 2011 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2015.

For the year ended December 31, 2014, the share options granted on January 17, 2011 and November 4, 2014 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2014.

10. ACCOUNTS, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015	2014
	RMB'000	*RMB'000*
Trade receivables (Note a)	2,070,974	1,367,739
Bills receivables (Note a)	—	21,204
	2,070,974	1,388,943
Other receivables, net of allowance for doubtful debts (Note b)	1,232,256	1,217,094
Advances to suppliers	377,303	943,336
Prepaid business tax and other taxes	1,883,814	1,979,031
Prepayments and utilities deposits (Note c)	4,355,783	139,411
	9,920,130	5,667,815

Notes:

(a) Trade and bills receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months in accordance with the terms in the tenancy agreements.

The following is an aged analysis of trade and bills receivables at the end of the reporting period based on invoice date:

	2015	2014
	RMB'000	*RMB'000*
Within 60 days	1,724,038	947,965
61 - 180 days	326,774	435,416
181 - 365 days	11,753	1,520
1 - 2 years	8,409	4,042
	2,070,974	1,388,943

At December 31, 2015, 2% (2014: 2%) of the trade and bills receivables are neither past due nor impaired and with satisfactory credit quality.

Included in the Group's accounts and bills receivable balance are trade receivables with a carrying amount of RMB2,028,595,000 (2014: RMB1,356,516,000) at December 31, 2015 which are past due at the end of the reporting period for which the Group has not provided for impairment as the Group has retained the legal titles of the properties sold to these customers and the estimated fair value of the relevant properties is expected to be higher than the outstanding receivable amount.

Aging of trade receivables which are past due but not impaired:

	2015	**2014**
	RMB'000	*RMB'000*
Within 60 days	1,681,659	915,538
61 - 180 days	326,774	435,416
181 - 365 days	11,753	1,520
1 - 2 years	8,409	4,042
Total	2,028,595	1,356,516

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality.

(b) Other receivables mainly comprise rental deposits, receivable of refund of the deposit for land auction, deposits for construction work, temporary payments and miscellaneous projects related deposits paid which are refundable upon maturity. Included in other receivables was an amount of RMB12,000,000 (2014: RMB12,000,000) which has been impaired as at December 31, 2015 because the counterparties are in severe financial difficulties and the Group does not hold any collateral over these balances. The remaining balance was not yet due for repayment.

Movements in the allowance for doubtful debts on other receivables:

	2015	**2014**
	RMB'000	*RMB'000*
Balance at the beginning of the year and at the end of the year	12,000	12,000

(c) Included in the prepayments and utilities deposits, there are prepaid lease payments amounting to RMB4,334,750,000 which are paid on behalf of certain companies which the Group potentially invests in them ("potential investees"). In the opinion of the directors, such payments are prepayment for property development projects for those potential investees.

11. ACCOUNTS AND BILLS PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2015	2014
	RMB'000	*RMB'000*
Trade payables and accrued expenditure on construction (Note a)	13,403,567	12,140,210
Bills payables (Note a)	673,153	1,922,210
	14,076,720	14,062,420
Deposits received and receipt in advance from property sales	33,322,343	35,324,859
Other payables and accrued charges (Note b)	5,543,056	5,102,863
	52,942,119	54,490,142

Notes:

(a) Trade and bills payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade and bills payables and accrued expenditure on construction at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 60 days	7,760,281	7,133,598
61 - 180 days	4,652,983	5,176,944
181 - 365 days	649,426	813,162
1 - 2 years	693,811	575,339
2 - 3 years	280,364	335,245
Over 3 years	39,855	28,132
	14,076,720	14,062,420

(b) Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, accrued salaries and accrued staff welfare.

CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the business review and outlook of Longfor Properties Co. Ltd. (the "Company"), together with its subsidiaries (the "Group"), for the year ended December 31, 2015.

RESULTS

In 2015, the Group achieved contracted sales of RMB54.54 billion, representing an 11.2% growth over last year. Revenue was RMB47.42 billion, of which rental income from investment properties amounted to RMB1.42 billion (RMB1.5 billion before deducting business tax), representing an increase of 61.5% over last year. Profit attributable to shareholders was RMB8.99 billion. Core profit attributable to shareholders excluding minority interest and investment property revaluation was RMB6.95 billion representing an increase of 5.1% over last year. Core net profit margin attributable to shareholders was 14.6%. The dividend payout ratio increased by 5% to 30% of core net profit.

REVIEW OF 2015

We believe 2015 marked the first year that the Chinese economy stepped into the era of "New Normal". "Destocking" was a key initiative embedded in the government's housing policy stance. Stimulated by rounds of cuts in interest rates, required reserve ratio and down payment requirements, real estate sales volume of 2015 grew by 14.4% after a slight decline in 2014[1]. However, the growing geographic differentiation of the real estate markets meant that most of the upside in price and volume were skewed towards tier-1 and mainstream tier-2 cities, while demand stimulation in tier-3 and 4 cities were still weak. Benefiting from our tier-1 and 2 cities focused investment strategy and brand advantage, our contracted sales reached a record high of RMB54.54 billon during the period, representing a year-on-year growth of 11.2%.

The vast differentiation in transaction levels across cities has directly led to uneven land markets, with frequent emergence of "Land Kings" in hot markets, and average premium level on land prices continue to go up despite that overall land transaction volumes are diminished year on year. We remain committed to our investment "10+X" strategy, and acquire 25 new land plots which are highly concentrated in affluent cities, including Beijing, Shanghai, Hangzhou and Xiamen in 2015, thereby further improving the structure of our landbank.

1. Source: National Bureau of Statistics of the People's Republic of China

New financing opportunities emerged amid a relaxed credit environment in China. The Company reacted swiftly to capitalize on the window of opportunity to issue RMB8.0 billion of onshore corporate bond with our AAA domestic credit rating, thereby enhancing our debt structure and reduced the overall financing cost to 5.74%. Longfor has maintained a strict discipline in managing the level of offshore debt exposure over the years and undertook some currency hedging, which has minimized the company's exposure to foreign currency risks.

Stable results, accurate investments and prudent financial planning have gained the recognition from offshore credit rating agencies, and during the period the Company obtained an investment grade rating from Fitch (BBB-, Outlook Stable). Standard & Poor also raised our outlook to positive (BB+). As a result, Longfor became the first private-owned enterprise with both domestic and foreign investment grade credit ratings among similar scale peers, paving way for more financing options in the future.

The blossoming of e-commerce has posed a challenge to traditional retail. However, adhering to our operating philosophy, the Company has continued to invest in "Paradise Walk" shopping malls to provide one-stop rich shopping experience along transportation hubs of major cities. In the second half of 2015, Paradise Walks in Hangzhou and Chengdu commenced operations, with 240,000 sqm GFA. To date, Longfor's strategic retail exposure is completed in Western, Northern and Eastern China, with close to 1.5 million sqm GFA of shopping mall. After years of dedication and commitment, our investment property portfolio development is well on track, and during period the company has delivered 61.5% year on year growth in rental income.

Looking back to 2015, we are pleased to see the Company completed its targets, delivered its promises, and achieved growth. We are beginning to see the success of the strategic transformation we embarked on five years ago.

The China property market bid farewell to the era of fast growth in 2011, stepped into an era of moderated growth and complicated changes. We are glad that Longfor has completed its Hong Kong listing and initial stages of strategic national expansion before that. As to how to emerge as a winner in the 'second half', we believe it comes down to systematic organizational skills and continuous pursuit to improve products and service quality. Based on this thinking Longfor has proactively slowed its footsteps and commenced on a strategic transformation focused on improving landbank quality, strengthening operations, strict cost controls and refining our human resources.

After nearly five years' adjustments period, our landbank structure, management team and operational system have all improved: "City Map" system has sharpened our investment capabilities; "Customer Segmentation" helped us with product R&D and market differentiation; cost control is enhanced with 90% of construction contracts being fixed price and 100% standardized and centralized procurement; Longhu Property Management became the first Chinese property management company to publish its management and service white paper; with rental income stream entering a stabilized period, the company will have more flexibility and control in tackling the new macro environment and competitive landscape.

OUTLOOK FOR 2016

We believe the Chinese economy will continue to be under pressure despite a more relaxed macro and credit policy stance. In light of decreasing demographic dividend and slow pace of urbanization, it can be foreseen that real estate transaction will be largely flat but composition will be rather polarized, which is a natural process as the industry steps into a more mature phase, however, there is still ample room for policy maneuvers and housing prices will remain largely stable, and the property market will remain an important part of the economy. Amid the more complicated operating environment, companies with patience and resolution will continue to reap a lot.

As a property company with a nationwide footprint, the key to Longfor's development will depend on the status and prospect of its existing cities exposure. Over the years, Longfor has insisted on refining its landbank composition and building its scale in the more stable tier-1 and major tier-2 cities. An efficient operational platform has allowed the company to quickly replicate success in new markets. In 2015, we gained confidence from the outstanding performance in our two new markets, Nanjing and Guangzhou, as well as the prominent projects in our more mature and stronghold markets in Chongqing, Beijing and Hangzhou. Our financing cost advantage, strictly managed construction cost advantage, and increasing rental income stream from commercial assets will support margin preservation amid the industry's margin downtrend.

While internet technology has been disrupted various industries, unlike many peers, Longfor has resisted the temptation to follow the fashion. We believe that staying focused and convicted on the professional approach of our principal business is the most important pillar. In view of rapid change, the demand for quality living will become ever more important. From the perspective of property management, community development, value-added services and urban restructuring, the company is able to tap into the key considerations of our client and deliver the highest quality products and services to win their hearts, and in turn for us to capitalize opportunities. Longfor's open and equal opportunity focused corporate culture, big picture strategic vision, customer-oriented philosophy and craftsmen's spirit, all combine to help us fulfill our imagination, and make sound investments based on our data, system and organizational excellence.

In the coming year, Longfor will continue to focus on its principal business and enhance our core competence. We will continue to stress on the strategic cooperation between group and regional companies. We will make investment decisions, set forth product positioning and service quality based on our vision on the future living environment. Over the long term, we will provide one-stop services from basic living to recreation, asset value enhancement and living standard upgrade, and explore micro-innovations within the real estate realm. Longfor will follow the wisdom of the saying "In me the tiger sniffs the rose" to execute and cash in on our long term vision, and create value for shareholders, customers, our staff and the community at large.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

In 2015, revenue from property development business of the Group was RMB44.99 billion. The Group delivered 4,851,201 square meters of property in GFA terms. Gross profit margin of overall property development business increased by 0.5% to 26.2% as compare with that of last year. In 2015, recognized average selling price was RMB9,275 per square meter.

Table 1: Breakdown of property development revenue by projects of the Group in 2015
** After deducting sales tax*

Project	City	Revenue		Total GFA	
		2015	**2014**	**2015**	**2014**
		RMB' 000	*RMB' 000*	*Sqm*	*Sqm*
Chongqing Ideal City	Chongqing	2,832,676	—	303,858	—
Hangzhou Rose & Gingko Villa	Hangzhou	2,249,182	112,104	154,216	13,869
Dalian Crystal Town	Dalian	2,156,238	—	143,593	—
Shanghai Hongqiao Paradise Walk	Shanghai	2,128,186	—	56,900	—
Xiamen Island in the City	Xiamen	2,018,204	1,491,901	162,722	158,197
Chengdu Jinnan Paradise Walk	Chengdu	1,866,211	1,676,459	182,526	126,751
Shanghai Fairy Castle	Shanghai	1,714,517	—	90,853	—
Hangzhou Life Inspiration	Hangzhou	1,591,206	—	113,826	—
Chongqing Time Paradise Walk	Chongqing	1,463,528	2,142,148	102,137	121,579

Project	City	Revenue		Total GFA	
		2015	2014	2015	2014
		RMB' 000	*RMB' 000*	*Sqm*	*Sqm*
Changsha Glorious Mansion	Changsha	1,436,204	—	199,216	—
Xi'an Chianti International	Xi'an	1,378,556	571,089	209,626	96,446
Hangzhou Chunjiang Land	Hangzhou	1,249,215	4,282,786	71,738	219,908
Suzhou Time Paradise Walk	Suzhou	1,219,700	—	79,617	—
Chongqing Hometown	Chongqing	1,174,820	490,882	134,231	62,834
Kunming Crystal Sunshine City	Kunming	1,120,055	—	149,394	—
Shaoxing Hometown	Shaoxing	1,095,368	441,073	165,939	25,486
Chongqing La Défense	Chongqing	1,074,163	—	177,180	—
Beijing Sunhe Hometown	Beijing	976,897	2,996,935	34,855	72,500
Shenyang Tangning ONE	Shenyang	961,176	—	136,218	—
Beijing Time Paradise Walk	Beijing	907,279	4,733,521	50,780	325,772
Chengdu Time Paradise Walk	Chengdu	860,702	941,460	154,676	124,478
Quanzhou Ascension to the Throne	Quanzhou	837,571	556,800	118,670	50,793
Qingdao Glorious Palace	Qingdao	783,181	—	96,520	—
Dalian Rose and Gingko Villa	Dalian	766,728	—	57,559	—
Chongqing U2	Chongqing	762,608	1,372,978	174,089	229,815
Chongqing Bamboo Grove	Chongqing	758,911	—	114,855	—
Chongqing Hilltop's Garden	Chongqing	729,210	2,832,854	105,307	367,453
Ningbo Rose & Ginkgo Coast	Ningbo	671,339	722,815	99,972	76,048
Shenyang Fairy Castle	Shenyang	595,615	887,786	94,193	132,644
Wuxi Fragnance Chianti	Wuxi	577,088	338,363	78,076	29,899
Shenyang Pittosporum	Shenyang	515,976	550,768	65,766	66,040
Shanghai Fairy Bay	Shanghai	489,069	—	29,726	—
Chengdu Peace Hill County	Chengdu	461,769	98,294	61,464	13,820
Chongqing Toschna Villa	Chongqing	458,897	258,592	91,740	45,501
Qingdao F Plot	Qingdao	454,299	168,156	93,497	21,403
Qingdao Original	Qingdao	431,139	819,976	50,434	84,391
Chengdu Flamenco Spain	Chengdu	421,779	465,762	86,170	97,718

Project	City	Revenue		Total GFA	
		2015	**2014**	**2015**	**2014**
		RMB' 000	*RMB' 000*	*Sqm*	*Sqm*
Yixing Hilltop's Garden	Yixing	408,742	525,450	41,069	46,020
Beijing Hill of Good Hope	Beijing	380,462	2,333,282	23,527	153,630
Wuxi Jiu Shu	Wuxi	360,089	53,654	39,125	5,105
Yantai Banyan Bay	Yantai	303,072	3,502,389	36,152	274,162
Xi'an Pittosporum Tobira	Xi'an	261,191	—	33,281	—
Hangzhou Chianti Riverside	Hangzhou	254,401	663,341	47,950	118,844
Qingdao Peace Hill County	Qingdao	243,245	421,142	36,725	51,790
Changzhou Original	Changzhou	239,981	643,441	29,007	86,373
Changzhou Dragon City	Changzhou	167,686	1,397,885	38,264	196,885
Chengdu Jade Town	Chengdu	143,075	35,380	9,221	2,392
Qingdao Rose & Gingko Coast	Qingdao	133,708	602,695	15,632	88,277
Shenyang Chianti	Shenyang	121,146	75,640	25,060	14,017
Chengdu Century Peak View	Chengdu	119,506	—	14,171	—
Shanghai Azure Chianti (Bai Yin Lu)	Shanghai	106,637	1,227,825	10,268	68,813
Ningbo Chianti	Ningbo	81,423	40,097	16,221	6,946
Changzhou Sunshine City	Changzhou	71,488	818,517	21,874	136,508
Others		407,870	7,994,393	121,515	698,557
Total		**44,992,984**	**49,288,633**	**4,851,201**	**4,511,664**

The Group achieved contracted sales of RMB54.54 billion in 2015, representing an increase of 11.2% as compared to last year. The Group sold 4,252,930 square meters in total GFA, representing a decrease of 6.3% as compared to last year. Average selling price of GFA sold was RMB12,825 per square meter, representing an increase of 18.7% as compared to last year. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB19.92 billion, RMB15.18 billion, RMB14.02 billion, RMB4.86 billion and RMB0.56 billion respectively, accounting for 36.5%, 27.8%, 25.7%, 8.9% and 1.1% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group in 2015
** Before deducting sales tax*

Project	**City**	**Contracted sales** *RMB mn*	**Total GFA** *Sqm*
Beijing Jade Mansion	Beijing	2,705	37,679
Nanjing Chunjiang Center	Nanjing	2,705	121,373
Suzhou Time Paradise Walk	Suzhou	2,672	128,869
Chongqing Ideal City	Chongqing	2,237	239,181
Beijing Rose & Gingko Mansion	Beijing	2,031	77,775
Chongqing Bamboo Grove	Chongqing	1,898	135,945
Shanghai Hongqiao Paradise Walk	Shanghai	1,848	49,043
Chongqing First Avenue	Chongqing	1,644	57,128
Hangzhou Chunjiang Central	Hangzhou	1,569	69,558
Xiamen Chunjiang Central	Xiamen	1,506	70,561
Xiamen Island in the City	Xiamen	1,473	103,655
Beijing Emerald Legend	Beijing	1,359	34,189
Chengdu Hometown	Chengdu	1,251	114,998
Hangzhou Chunjiang City	Hangzhou	1,184	77,130
Chongqing U2	Chongqing	1,079	180,609
Guangzhou Longfor Mansion	Guangzhou	1,074	21,893
Shenyang Tangning ONE	Shenyang	1,049	132,394
Shanghai North Paradise Walk	Shanghai	1,014	53,320
Hangzhou Direct Mansion	Hangzhou	984	30,914
Chengdu Century Peak View	Chengdu	975	81,759
Hangzhou Life Inspiration	Hangzhou	941	75,410
Dalian Crystal Town	Dalian	926	66,749
Chongqing La Défense	Chongqing	901	166,990
Beijing Great Wall Chinoiserie	Beijing	847	50,673
Qingdao Glorious Palace	Qingdao	816	80,705
Jinan Ming Jing Tai	Jinan	812	112,255
Ningbo Rose & Gingko Coast	Ningbo	731	112,068
Beijing Sunhe Hometown	Beijing	719	16,003
Changzhou Dragon City	Changzhou	718	112,596
Shanghai The Mansion	Shanghai	632	29,075
Qingdao Peace Hill County	Qingdao	603	73,311
Chongqing Hilltop's Garden	Chongqing	578	93,001
Chongqing Time Paradise Walk	Chongqing	575	35,745
Changsha Glorious Mansion	Changsha	566	79,374
Chengdu Time Paradise Walk	Chengdu	560	98,027

Project	**City**	**Contracted sales**	**Total GFA**
		RMB mn	*Sqm*
Xi'an Chianti International	Xi'an	537	80,772
Hangzhou Chunjiang Land	Hangzhou	535	33,231
Chengdu Jinnan Paradise Walk	Chengdu	470	29,018
Quanzhou Ascension to the Throne	Quanzhou	464	64,043
Shaoxing Hometown	Shaoxing	462	72,277
Ningbo Celebrity Life	Ningbo	402	29,499
Kunming Crystal Town	Kunming	391	48,284
Shenyang Fairy Castle	Shenyang	391	59,921
Qingdao Original	Qingdao	377	42,544
Xi'an Pittosporum Tobira	Xi'an	376	56,270
Chengdu Jinnan Walk Time	Chengdu	359	29,123
Foshan Chunjiang Land	Foshan	342	49,751
Shanghai Fairy Castle	Shanghai	320	14,951
Wuxi Fragnance Chianti	Wuxi	315	39,300
Xi'an Hometown	Xi'an	303	34,448
Qingdao F Plot	Qingdao	302	52,168
Dalian Rose and Gingko Villa	Dalian	283	24,889
Chongqing Hometown	Chongqing	277	37,795
Yantai Banyan Bay	Yantai	268	27,027
Yixing Hilltop's Garden	Yixing	261	25,722
Beijing Hill of Good Hope	Beijing	209	12,633
Others		3,718	369,309
Total		**54,544**	**4,252,930**

As at December 31, 2015, the Group had RMB55.3 billion (derived from 4.0 million square meters) sold but unrecognized contracted sales which formed a solid basis for the Group's future sustainable and stable growth in revenue.

PROPERTY INVESTMENT

The Group maintains a prudent property investment strategy. Currently, all investment properties of the Group are shopping malls under three major product series, namely Paradise Walk series, which are metropolitan shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are mid to high-end household and lifestyle shopping centers. As at December 31, 2015, the Group has investment properties of 1,486,423 square meters (1,859,233 square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 95.9%. Total rent reached about RMB1.50 billion. Rental income, net of sales tax, was about RMB1.42 billion, representing an increase of 61.5% as compared with last year. The series of Paradise Walk, Starry Street and MOCO accounted for 85.5%, 12.2% and 2.3% of the total rent respectively, and recorded increases of 66.2%, 47.2% and 3.9% respectively.

Table 3: Breakdown of rental income of the Group in 2015
** After deducting sales tax*

	2015				2014			
	GFA Sqm	Rental Income	% of Rental	Occupancy rate	Rental income	% of Rental	Occupancy rate	Change of rental income
		RMB'000			*RMB'000*			
Chongqing North Paradise Walk	120,778	387,885	27.4%	100.0%	352,243	40.2%	98.7%	10.1%
Chongqing West Paradise Walk	76,031	151,909	10.7%	99.1%	131,258	15.0%	99.9%	15.7%
Chongqing Time Paradise Walk Phase I	160,168	230,362	16.3%	95.9%	166,114	19.0%	92.7%	38.7%
Chongqing Time Paradise Walk Phase II	154,460	79,168	5.6%	92.1%	202	0.0%	66.5%	39,092.1%
Chengdu North Paradise Walk	215,536	94,394	6.7%	86.6%	59,976	6.8%	79.1%	57.4%
Chengdu Time Paradise Walk Phase I	61,989	21,339	1.5%	87.2%	3,978	0.5%	78.6%	436.4%
Beijing Changying Paradise Walk	221,286	182,664	12.9%	91.8%	14,266	1.6%	86.8%	1,180.4%
Hangzhou Jinsha Paradise Walk	151,135	44,420	3.1%	99.6%	—	—	—	—
Chengdu Jinnan Paradise Walk	91,638	18,142	1.3%	92.9%	—	—	—	—
Paradise Walk Subtotal	**1,253,021**	**1,210,283**	**85.5%**	**96.0%**	**728,037**	**83.1%**	**95.6%**	**66.2%**
Chongqing Crystal Castle	16,161	20,823	1.5%	100.0%	21,858	2.5%	97.2%	-4.7%
Chengdu Three Thousand Mall	38,043	29,561	2.1%	98.4%	22,919	2.6%	93.7%	29.0%
Chongqing Chunsen Starry Street	54,618	28,126	2.0%	83.9%	25,144	2.9%	82.3%	11.9%
Chongqing Fairy Castle	29,413	11,428	0.8%	100.0%	11,236	1.3%	100.0%	1.7%
Beijing Summer Palace Starry Street	6,320	18,120	1.3%	100.0%	15,144	1.7%	100.0%	19.7%
Chongqing University City	15,516	12,056	0.9%	93.4%	7,072	0.8%	94.7%	70.5%
Xi'an Daxing Starry Street	44,227	34,870	2.5%	91.7%	6,790	0.8%	92.2%	413.5%
Others	—	17,818	1.1%	N/A	7,215	0.8%	N/A	147.0%
Starry Street Subtotal	**204,298**	**172,802**	**12.2%**	**95.0%**	**117,378**	**13.4%**	**93.7%**	**47.2%**
Chongqing MOCO	29,104	32,102	2.3%	100.0%	30,906	3.5%	99.2%	3.9%
MOCO Subtotal	**29,104**	**32,102**	**2.3%**	**100.0%**	**30,906**	**3.5%**	**99.2%**	**3.9%**
Total for projects that had commenced operation	**1,486,423**	**1,415,187**	**100%**	**95.9%**	**876,321**	**100.0%**	**95.5%**	**61.5%**

The Group has 9 shopping malls under construction with a total GFA of about 1,150,000 square meters.

Table 4: Breakdown of investment properties under construction of the Group in 2016 to 2018

	Estimated Commencement of Operation	Planned GFA Sqm
Beijing Time Paradise Walk	2016	154,037
Shanghai Hongqiao Paradise Walk	2016	170,451
Chongqing Time Paradise Walk Phase III	2016	74,112
Chongqing Hometown Phase II	2017	93,343
Suzhou Time Paradise Walk	2017	190,553
Hangzhou Binjiang Paradise Walk	2017	158,067
Chongqing U-City II	2017	102,365
Changzhou Longcheng Paradise Walk	2018	108,741
Shanghai North Paradise Walk	2018	96,803
Projects under construction in total		1,148,472

Due to the commencement of construction of new investment properties, the valuation gain of investment properties of the Group amounted to RMB2.87 billion in 2015.

COST CONTROL

In 2015, in order to support its business development, the Group continued to acquire projects in newly-entered cities, such as Guangzhou and Nanjing, which diluted fixed expenses such as staff compensation. As a result, the Group's general and administrative expenses to the total contracted sales decreased by 0.02% to 2.63% as compared with last year. Meanwhile, as the sales of several projects was strong after their first launching, such as Nanjing Chunjiang Central, Suzhou Times Paradise Walk and Chongqing Ideal City, the selling expenses to the total contracted sales decreased by 0.31% to 1.87% as compared with last year.

SHARE OF RESULTS OF JOINT VENTURES

Contribution of joint ventures ("JVs") in 2015 mainly came from the Group's 34.0%-owned Beijing Rose and Gingko Mansion. The attributable profit after tax of the Group in JVs was RMB270 million.

INCOME TAX EXPENSE

Income tax expenses comprised of PRC enterprise income tax and land appreciation tax. The enterprise income tax and the land appreciation tax of the Group in 2015 were RMB3.02 billion and RMB1.55 billion, respectively. The total income tax expenses for the period amounted to RMB4.57 billion.

PROFITABILITY

The core net profit margin of the Group (the ratio of profit attributable to equity shareholders excluding minority interest and revaluation gain to revenue) increased from 13.0% of last year to 14.6%, which was mainly attributable to increase in gross profit margin and decrease in other losses.

LAND BANK

As at December 31, 2015, the Group's total land bank was 34.86 million square meters or 30.54 million square meters on an attributable basis. The average unit land cost was RMB3,165 per square meter, accounting for 24.7% of unit price of current contracted sales. In terms of regional breakdown, land bank in Pan Bohai Rim, western China, Yangtze River Delta, southern China and central China accounted for 36.3%, 32.2%, 20.5%, 8.5% and 2.5% of the total land bank, respectively.

In 2015, the Group has acquired new land bank with total GFA of 5.83 million square meters, 33.7%, 31.6%, 22.7% and 12.0% of which are located in Yangtze River Delta, western China, Pan Bohai Rim and southern China respectively. The average acquisition unit cost was RMB7,469 per square meter.

In 2015, there were 24 cities covered by the Group. At the same time, the locations of projects were moving closer to city cores. The project sizes were controlled at an appropriate level, which laid a well foundation for improving the turnover cycle of the Group's properties available for sale.

The geographic spread of the land bank of the Group was as follows:

Table 5: Breakdown of land bank of the Group

Region	**City**	**Total GFA**	**% Of Total**	**Attributable GFA**	**% Of Total**
		Sqm		*Sqm*	
Pan Bohai Rim	Beijing	1,652,215	4.7%	699,257	2.3%
	Shenyang	1,894,739	5.4%	1,894,739	6.2%
	Qingdao	791,933	2.3%	791,933	2.6%
	Yantai	7,242,554	20.8%	7,242,554	23.7%
	Jinan	353,325	1.0%	353,325	1.2%
	Dalian	744,910	2.1%	410,048	1.3%
	Subtotal	**12,679,676**	**36.3%**	**11,391,856**	**37.3%**
Central China	Changsha	865,144	2.5%	865,144	2.8%
	Subtotal	**865,144**	**2.5%**	**865,144**	**2.8%**
Western China	Chongqing	6,762,226	19.4%	5,997,089	19.6%
	Chengdu	2,243,236	6.4%	1,912,103	6.3%
	Xi'an	1,416,554	4.1%	1,416,554	4.6%
	Yuxi	790,407	2.3%	790,407	2.6%
	Subtotal	**11,212,423**	**32.2%**	**10,116,153**	**33.1%**
Yangtze River Delta	Shanghai	1,193,072	3.4%	1,048,918	3.5%
	Wuxi	847,523	2.4%	847,523	2.8%
	Changzhou	990,546	2.8%	990,546	3.2%
	Hangzhou	1,736,571	5.0%	1,252,918	4.1%
	Shaoxing	176,161	0.5%	176,161	0.6%
	Ningbo	515,859	1.5%	479,327	1.6%
	Suzhou	777,212	2.2%	394,207	1.3%
	Nanjing	923,446	2.7%	625,743	2.0%
	Subtotal	**7,160,390**	**20.5%**	**5,815,343**	**19.1%**
Southern China	Xiamen	902,473	2.6%	554,138	1.8%
	Quanzhou	1,325,637	3.8%	1,325,637	4.3%
	Guangzhou	349,097	1.0%	174,548	0.6%
	Foshan	366,304	1.1%	293,116	1.0%
	Subtotal	**2,943,511**	**8.5%**	**2,347,439**	**7.7%**
	Total	**34,861,144**	**100.0%**	**30,535,935**	**100.0%**

Table 6: Land acquisition in 2015

Region	Project	City	Attributable Interest	Site Area Total	GFA
			%	*Sqm*	*Sqm*
Yangtze River Delta	Oriental Glorious Yard	Shanghai	28.0%	18,932	33,515
	Amber Garden	Shanghai	30.0%	79,896	119,179
	Jiading Jiangqiao Plot	Shanghai	100.0%	95,382	216,856
	Central Courtyard	Hangzhou	100.0%	79,425	241,422
	The Honor of City	Hangzhou	10.0%	123,505	323,691
	West Lake Sandun Plot	Hangzhou	30.0%	34,172	120,416
	Xingyi II Plot	Hangzhou	100.0%	45,968	152,552
	Chunjiang Central	Nanjing	51.0%	151,101	495,006
	Yinzhou Newtown Plot	Ningbo	20.0%	20,899	45,664
	Longfor Mansion	Suzhou	50.0%	109,981	217,107
	Subtotal			**759,261**	**1,965,408**
Pan Bohai Rim	Emerald Legend	Beijing	50.0%	46,486	53,666
	Mentougou Newtown Plot	Beijing	17.0%	27,641	109,446
	Taipingzhuang Plot	Beijing	25.0%	5,379	18,004
	Daxing Yinghai Plot	Beijing	50.0%	61,030	184,339
	South Dongba Plot	Beijing	34.0%	63,913	206,613
	Shunyi Newtown Plot	Beijing	20.0%	88,702	251,602
	Shunyi Renhe Plot	Beijing	26.0%	40,669	123,097
	Jinhai Road Plot	Shenyang	100.0%	153,402	378,295
	Subtotal			**487,222**	**1,325,062**
Western China	For Colourful Life	Chongqing	100.0%	16,478	108,487
	Glory Villa	Chongqing	50.0%	348,000	836,635
	Jasper Sky	Chengdu	51.0%	68,045	312,479
	Longquan Plot	Chengdu	50.0%	95,066	356,035
	Aerospace Town B Plot	Xi’an	100.0%	97,898	228,883
	Subtotal			**625,487**	**1,842,519**
Southern China	Chunjiang Central	Xiamen	49.0%	70,109	346,694
	Chunjiang Land	Xiamen	51.0%	122,960	350,045
	Subtotal			**193,069**	**696,739**
	Total			**2,065,039**	**5,829,728**

Subsequent to the end of the reporting period, the Group successfully acquired Beijing Sunhe II Plot with an expected gross floor area of approximately 144,000 square meters (attributable area amounted to 36,000 square meters), Hangzhou Xingyi III Plot with an expected gross floor area of approximately 97,000 square meters (attributable area amounted to 97,000 square meters), Tianjin Haiheyuan Plot with an expected gross floor area of approximately 172,000 square meters (attributable area amounted to 58,000 square meters).

FINANCIAL POSITION

As of December 31, 2015, the Group's consolidated borrowings amounted to RMB 52.27 billion. The net debt to equity ratio (net debt divided by total equity) of the Group was 54.6%. Cash in hand reached RMB18.16 billion. The credit rating of the Group was BB+ by Standard & Poor, Ba1 by Moody's, BBB- by Fitch, and AAA by Dagong International, CCXR*, Shanghai Brilliance*. Standard & Poor has a positive outlook and the others have stable outlook toward the Company.

* The ratings conducted by CCXR and Shanghai Brilliance were reviewed on Chongqing Longhu Development Co., Ltd., a major subsidiary of the Company in Mainland.

Approximately 70.7% of the Group's total borrowings were denominated in RMB, while 29.3% were denominated in foreign currencies. The Group is reducing its proportion of borrowings in foreign currencies with a certain amount of exchange rate swap so as to reduce the risk in exchange losses.

Approximately RMB21.8 billion of the Group's consolidated borrowings were with fixed rates ranging from 3.93% per annum to 6.875% per annum, depending on the tenors of the loans, and the other loans were quoted at floating rates. As of December 31, 2015, the proportion of fixed interest debt was 42% (December 31, 2014: 28%) of the total debt.

In 2015, the Group obtained new syndicated loans from overseas of HK$4.64 billion. In second half of 2015, the PRC corporate bonds policy was loosen, the Group has issued corporate bonds of RMB8 billion during such window period, with fixed rates ranging from 3.93% to 4.60% per annum and terms ranged from five to seven years. Hence, the Group's average cost of borrowing further decreased to 5.74% per annum. The average tenor of loan was extended to 5.24 years. The proportion of unsecured debt was increased to 59%.

Subsequent to the end of the reporting period, the Group successfully issued two tranches of corporate bonds denominated in Renminbi, which raised a total of RMB8.1 billion in January and March 2016 with fixed rates ranged from 3.19% to 3.75% per annum and terms ranged from five to ten years

EMPLOYEES AND COMPENSATION POLICY

As at December 31, 2015, the Group had 15,633 full-time employees in mainland China and Hong Kong. 3,638 of these employees worked in the property development division, 1,945 in the property investment division, and 10,050 in the property management division. Average age of our employees is 31.6 years old. In the property development and investment divisions, approximately 64.1% of the employees have bachelor degrees and approximately 11.8% of the employees have master degrees or above.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consisted of base salary, cash bonus and share-based rewards. Cash bonus is a major part of senior employees' cash compensation. The gross amount of such bonus is determined from, amongst other things, the ranking of the Group's budget fulfillment ratio and loyalties of customers, which is then assessed and allocated to individual subsidiaries according to the results of a balanced scorecard and profitability.

PROSPECTS

In 2015, we saw the gradual recovery of the Chinese real estate market. There were signs of improved transaction volumes in most first and second tier cities, and the policy effort to lower inventory is seeing results. In year 2016, macro-economy is still under downward pressure. Overall monetary policy keeps loosening. Since the slowdown of the urbanization, some regional markets are under high inventory pressure, but the overall real estate market sales volume will remain stable. Differentiated development across companies, regions and segments will become more apparent and competition will intensify. This will provide a further test of the company's brand power, investment, product development ability and strong financial performance.

Under these circumstances, the Group will place an even higher emphasis in executing our strategy in a persistent manner to ensure the sustainable development for our business. The Group will continue to seek to gain a better understanding of different city maps and our customer segmentation, in order to make the right investment decisions. Operation efficiency will be enhanced through emphasis on sales and inventory management to capitalize on market opportunities, and further strengthen our development cost controls.

In 2016, the Group has 72 key projects for sale, among which 15 are brand new projects and 27 are new phases or new products of existing projects. The products will cater for different customer groups, including first-time home buyers, upgraders and business operators, while the proportion of different product types will be adjusted in response to changes in market demand, thus enabling the Group to have precise product positioning to capture opportunities in the market recovery.

The Group (including joint ventures) has completed and delivered about 5,470,000 square meters GFA of properties in 2015. In 2016, the Group plans to complete construction of approximately 5,630,000 square meters of properties, most of which will be completed in the second half of the year. The current construction and sales progress are on track.

In our investment properties, the construction of Suzhou Time Paradise Walk, Shanghai North Paradise Walk, Hangzhou Binjiang Paradise Walk, and Chongqing U-City II has all commenced during the year. Hangzhou Jinsha Paradise Walk and Chengdu Jinan Paradise Walk have commenced operation during the year. Chongqing Time Paradise Walk Phase III, Beijing Time Paradise Walk and Shanghai Hongqiao Paradise Walk will commence operation in 2016. These projects will lay a solid foundation for future rental income growth of the Group.

Amid the ever-changing market environment, the Group will maintain a prudent and rational financial management strategy, and plan our investment and operating expenses in accordance to our cash inflow, so as to preserve financial health and maintain a reasonable net gearing level. We will control land cost and relieve funding pressure through external co-operations. At the same time, we will optimize the debt structure, explore new funding channels, extend debt maturity tenor and lower effective funding cost, in view of a depreciating trend of Renminbi, in order to optimize the financial position of the company with prime objective being safe and healthy.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB0.357 per share for the year ended December 31, 2015 to shareholders whose names appear on the register of members of the Company on Monday, June 13, 2016. The proposed final dividend will be paid on Thursday, July 7, 2016 after approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Wednesday, May 25, 2016 to Tuesday, May 31, 2016.

ANNUAL GENERAL MEETING

The AGM is to be held on Tuesday, May 31, 2016 and the notice of AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, May 25, 2016 to Tuesday, May 31, 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Tuesday, May 31, 2016, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, May 24, 2016.

The register of members of the Company will be closed from Wednesday, June 8, 2016 to Monday, June 13, 2016 (both days inclusive) during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, June 7, 2016.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls system and financial reporting matters including the review of the Group's audited consolidated results for the year ended December 31, 2015.

CORPORATE GOVERNANCE

During the year, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules except the following deviation:

During the year, the Company has not established Nomination Committee as required by the provision A.5 of the Code. Madam Wu Yajun, Chairman of the Board, is responsible for the nomination and appointment of directors. In accordance with the Company's corporate strategy, Madam Wu will review and discuss with other Board members the structure, size and composition (including the skills, knowledge and experience) of the Board from time to time and identify individuals suitably qualified to become directors and make recommendations to the Board on the nomination for directorship. The Board is of view that Chairman responsible for the nomination directorship is more effective than the establishment of Nomination Committee.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions of directors (the "Securities Code") on no less exacting the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during the year ended December 31, 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the trustee of the Restricted Share Award Scheme purchased on the Stock Exchange a total of 625,000 shares at total consideration of approximately HKD5,790,391 pursuant to the terms of the trust deed under the Restricted Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased sold, or redeemed any of the Company's listed securities during the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.longfor.com). The annual report of the Company for the year ended December 31, 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By Order of the Board
Longfor Properties Co. Ltd.
Wu Yajun
Chairperson

Hong Kong, 29 March 2016

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Yan Jianguo and Mr. Zhao Yi who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Dr. Xiang Bing and Dr. Zeng Ming who are independent non-executive Directors.