# 2014 ANNUAL REPORT

# 2014 年度報告

融創中國

融創中國控股有限公司
SUNAC CHINA HOLDINGS LIMITED
(於開曼群島註冊成立的有限責任公司)
(incorporated in the Cayman Islands with limited liability)
Stock Code 股份代號: 1918

# About SUNAC

## 關於 融創

SUNAC China Holdings Limited (the "Company" or "our Company" and its subsidiaries, collectively referred to as the "Group") is an integrated residential and commercial property developer. To date, the Company has engaged in project developments in five main regions of the PRC namely Beijing, Tianjin, Chongqing, Shanghai and Hangzhou which are currently in different phases and has covered a diverse range of property types, such as high-rise and mid-rise residences, detached villas, townhouses, retail properties, offices and car parks.

The Company focuses on high-end property development and management business. Guided by its brand positioning as "Passion for Perfection", the Company has long been providing high-end products to customers. With the aim of becoming the leader of the real estate industry in China, the Company's pursuit of high-quality products and services never ends. It is always committed to providing a desirable, elegant life experience to its customers through quality products and services. With its accurate judgment of market trends, keen in-sights into consumer demands and emphasis on high product quality, the Company is ready to adopt cutting-edge concepts at the right time to design and develop its projects, and has created an advanced quality control and supervisory system.

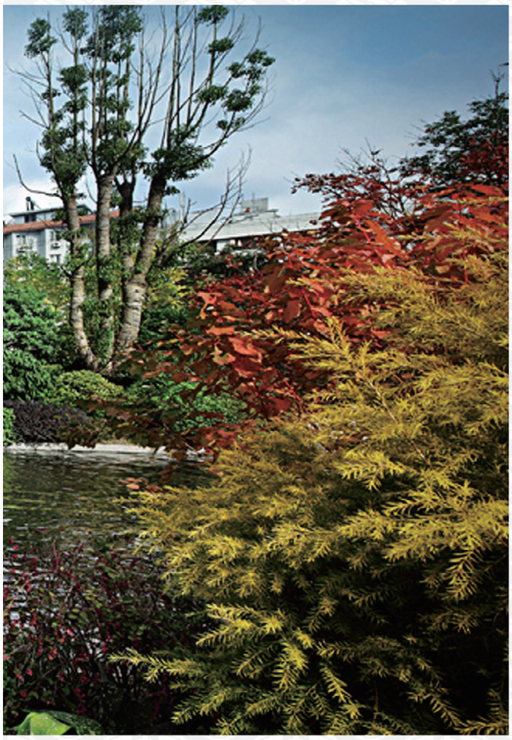
融創中國控股有限公司（簡稱：本公司，本公司及其附屬公司統稱為本集團）是一家專業從事住宅及商業地產綜合開發的企業。迄今，公司在中國北京、天津、重慶、上海和杭州五個區域擁有眾多處於不同發展階段的項目，產品涵蓋高層及多層住宅、別墅、聯排別墅、商業、寫字樓及泊車位等多種物業類型。

公司專注於高端物業的開發和管理，以「至臻，致遠」為品牌方向，持之以恆的為客戶專注打造高端精品物業，立志成為對高端品質不懈追求的中國房地產行業領跑者。公司用心為客戶提供大氣舒放、貴氣質感、富有品質的高端生活體驗，不懈追求具有恆久價值的優質產品和用心週到的服務。基於對市場發展的精準判斷，對消費者需求的敏銳洞悉，以及對高品質的不懈追求，公司採用先進的設計理念和嚴格的管理監控體系，致力於不斷提升定位、產品規劃設計、建設和服務能力，提升專案綜合品質，打造精品項目。

# Contents

目錄





# CORPORATE INFORMATION

## ※ Board of Directors

### EXECUTIVE DIRECTORS

Mr. Sun Hongbin (Chairman and Chief Executive Officer)
Mr. Wang Mengde
Mr. Li Shaozhong
Mr. Chi Xun
Mr. Shang Yu
Mr. Jing Hong

### NON-EXECUTIVE DIRECTORS

Mr. Zhu Jia
Ms. Hu Xiaoling (resigned with effect from 12 August 2014)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

## ※ Joint Company Secretaries

Mr. Huang Shuping
Ms. Mok Ming Wai

## ※ Authorized Representatives

Mr. Wang Mengde
Ms. Mok Ming Wai

## ※ Audit Committee

Mr. Poon Chiu Kwok (Chairman)
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

## ※ Remuneration Committee

Mr. Poon Chiu Kwok (Chairman)
Mr. Sun Hongbin
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

## ※ Nomination Committee

Mr. Sun Hongbin (Chairman)
Mr. Poon Chiu Kwok
Mr. Li Qin
Mr. Ma Lishan

## ※ Principal Place of Business in Hong Kong

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

## ※ Headquarters and Principal Place of Business in the PRC

10/F, Building C7, Magnetic Plaza
Binshuixi Road, Nankai District
Tianjin 300381
PRC

## ※ Registered Office

Landmark Square
3rd Floor
64 Earth Close
P.O. Box 30592
Grand Cayman KY1-1203
Cayman Islands

## ※ Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

## ※ Hong Kong Share Registrar

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

## ※ Legal Advisers

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
Jincheng Tongda & Neal Law Firm

## ※ Auditor

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

## ※ Principal Bankers

Industrial and Commercial Bank of China
Agricultural Bank of China
Bank of China

## ※ Stock Code

1918

## ※ Company's Website

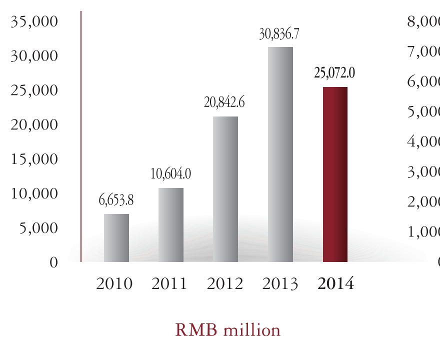
www.sunac.com.cn

# FINANCIAL SUMMARY

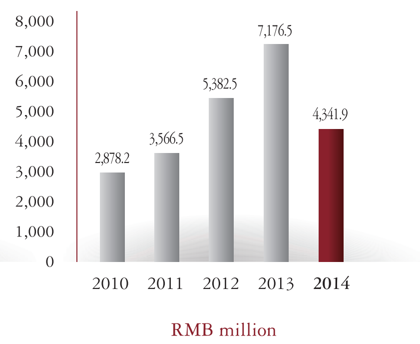
## ※ CONSOLIDATED RESULTS

| | **2014** | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Revenue (RMB million) | **25,072.0** | 30,836.7 | 20,842.6 | 10,604.0 | 6,653.8 |
| Gross profit (RMB million) | **4,341.9** | 7,176.5 | 5,382.5 | 3,566.5 | 2,878.2 |
| Gross margin | **17.3%** | 23.3% | 25.8% | 33.6% | 43.3% |
| Profit for the year (RMB million) | **3,232.6** | 3,493.8 | 2,614.7 | 2,383.1 | 1,541.0 |
| Profit attributable to owners of the Company (RMB million) | **3,222.1** | 3,178.4 | 2,607.3 | 2,356.2 | 1,542.2 |
| Cash and cash equivalents (including restricted cash) (RMB million) | **25,041.4** | 16,008.7 | 12,262.7 | 3,867.1 | 4,249.0 |

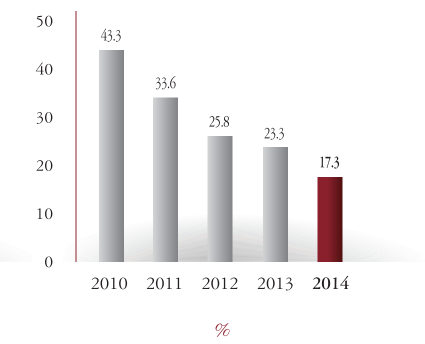
Revenue



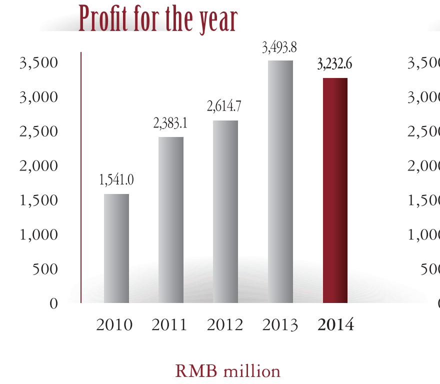

Gross Profit



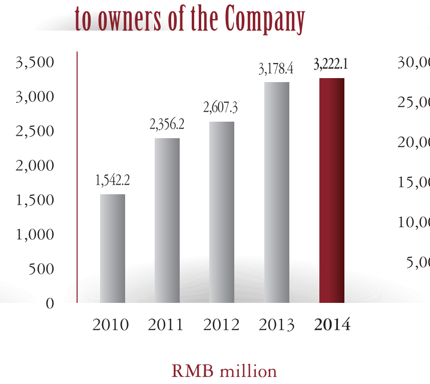

Gross Margin



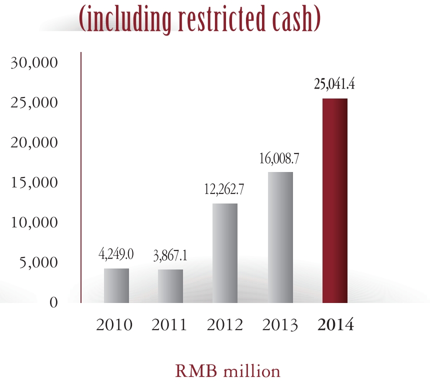

Profit for the year




Profit Attributable to owners of the Company




Cash and Cash Equivalents (including restricted cash)



Dear Shareholders,

The year 2014 was the beginning of the second decade of the Company. During the year, the PRC economy and real estate industry sustained relatively high pressure. Our insistence on regional focus and high-end quality development strategy, and the contribution from our industrious management team have given us strength, enabling the Company to calmly respond to an unsatisfactory operating environment and maintain a stable development. Every aspect of our business operation has achieved satisfactory results.

## ※ Outstanding achievement of every operation targets and continuously strengthening the leading position in areas of business focus

In 2014, Despite the decrease in consolidated revenue and gross profit, revenue and gross profit of the equity attributable to the Company's owners maintained a stable growth owing to a constant increase in contribution from the Company's joint venture projects. The core profit amounted to RMB 3.73 billion. In 2014, the Company's debt structure continued to improve with its long-term liabilities increased continuously. The carrying amount of cash balance reached RMB 25 billion and the net debt ratio also decreased to 44.5%, representing an extremely low level. In terms of sales, the Company realized RMB 65.8 billion of contract sales, which was the first time among the industry top ten. In the meantime, the Company has also consolidated its leading position in the focused cities, taking the lead in Shanghai, Tianjin, Chongqing and Wuxi in terms of sales amount and among the top 5 in Beijing, Suzhou and Hangzhou.

## ※ Stable and outstanding operating results, and constant optimization of debt structure have enabled a continuous decrease in the finance cost of the Company

Despite the relentless fluctuation in the real estate market, the operating results of the Company maintained a stable growth for a number of consecutive years, its dominance in each of its key cities continued to strengthen, and the gearing benchmark continued to improve as well. All these have earned the Company recognition and support from a growing number of financial institutions, and contributed to a constant decrease in finance cost. In 2014, the weighted-average finance cost of the Company decreased from 10.0% in 2013 to 9.1%; the weighted-average refinance cost decreased from 8.3% in 2013 to 7.6%. A decrease in finance cost is conducive to an increase in the profit level of the Company in the future.

## ※ Concentrating on existing regions while prudently replenishing with quality land reserves

In 2014, it became a consensus to most of the industry players to determine that the real estate market was on a trend of differentiation since a large amount of capital was being poured into tier 1 and 2 core cities to compete for new lands, which kept the land prices in these cities at a high level and contributed to a rising land price. Under such a circumstance, the Company is actively seeking various opportunities while always maintaining caution. Leveraging on its dominance in these cities and the multitude of experience accumulated over the years of development, the Company has acquired 12 pieces of quality land at reasonable prices, incorporating 3.49 million square meters of land into our reserve. Grasping existing regional opportunities actively and cautiously, the Company also keeps looking for new regions and new cities with potential, in order to get prepared well for future expansion into new cities.

## ※ Outlook for 2015

In 2015, the PRC economy is still encountering a lot of difficulties. However, given the increasing governmental efforts in reform and the gradual implementation of reform measures, the Company is full of confidence in the PRC economy in the long run. Although the economic growth slackened, the quality of which will be enhanced continuously. Such is more important to the long-term healthy development of the real estate industry. In 2015, the Company is of the view that the operating environment of the real estate industry will improve significantly, relative to 2014, especially in terms of macro-control policy and financing environment. However, it does not support the view of a bigger magnitude of growth in 2015. The Company believes that the whole market will keep stable, and that differentiation in different regions with imbalanced demand and supply will still continue, so will the industry consolidation and elimination of players. The medium and large developers with good regional layout, good products and brands will enjoy more distinct advantages, and their market shares will continue to grow.

**Sunac China Holdings Limited**
**Sun Hongbin**
Chairman of the Board

23 March 2015

## ※ Business Highlights

### SUMMARY OF PRINCIPAL PROPERTIES

As at 31 December 2014, the Group had engaged in a total of 71 property development projects. The following table sets forth certain details of the Group's projects based on actual data or estimates of the Group and associated project companies as of 31 December 2014 unless otherwise noted.

Project Summary as of 31 December 2014

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Sunac East Fairyland | Beijing | High-rise apartments, retail properties and car parks | 54,502 | 166,481 | 144,276 | 100% | November 2010 |
| Sunac West Chateau | Beijing | Mid-rise apartments, retail properties and car parks | 190,665 | 447,803 | 334,892 | 100% | June 2013 |
| Sunac Long Beach Mansion | Beijing | Mid-rise apartments, retail properties and car parks | 63,940 | 133,956 | 104,289 | 100% | December 2013 |
| Yaao Jinmao Residence | Beijing | High-rise apartments, retail properties and car parks | 84,684 | 253,074 | 169,941 | 49% | September 2014 |
| Wangjing Jinmao Palace | Beijing | High-rise apartments, retail properties and car parks | 54,485 | 154,156 | 125,078 | 49% | June 2015 |
| Fontainebleau Chateau | Beijing | High-rise apartments, townhouses, retail properties and car parks | 131,629 | 403,441 | 340,009 | 50% | November 2015 |

**Project Summary as of 31 December 2014**

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Glory Chateau | Beijing | High-rise and mid-rise apartments, townhouses, detached villas and car parks | 183,531 | 515,518 | 281,145 | 51% | December 2017 |
| One Sino Park | Beijing | Mid-rise apartments and car parks | 25,210 | 100,843 | 58,560 | 51% | February 2016 |
| Chang'an Image | Beijing | High-rise apartments, retail properties, serviced apartments and car parks | 101,831 | 489,951 | 370,205 | 48% | December 2016 |
| Mentougou New Town | Beijing | High-rise apartments, retail properties, serviced apartments and car parks | 33,987 | 152,446 | 119,903 | 51% | December 2016 |
| Xiangheyuan Project | Beijing | High-rise apartments, offices and car parks | 14,297 | 122,534 | 110,186 | 40% | December 2016 |
| Sunac Magnetic Capital | Tianjin | High-rise apartments, retail properties, offices, serviced apartments and car parks | 460,840 | 1,247,860 | 1,188,902 | 100% | December 2013 |
| Sunac Mind-Land International | Tianjin | High-rise apartments, detached villas, retail properties and car parks | 497,501 | 813,704 | 749,202 | 100% | December 2012 |
| Sunac Central of Glorious | Tianjin | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 14,608 | 64,738 | 64,150 | 100% | October 2012 |
| Sunac Glorious Mansion | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 121,412 | 307,706 | 307,706 | 100% | December 2013 |
| Sunac Central Academy | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 268,425 | 710,902 | 702,483 | 100% | December 2017 |
| Sunac Joy Downtown | Tianjin | Retail properties | 25,234 | 56,615 | 55,960 | 100% | June 2006 |
| Sunac PL Du Pantheon | Tianjin | High-rise apartments, townhouses, retail properties and car parks | 70,600 | 244,491 | 227,187 | 100% | December 2014 |

Project Summary as of 31 December 2014

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Horizon Capital | Tianjin | High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks | 111,446 | 391,128 | 386,022 | 49% | October 2018 |
| Dream of Mansion | Tianjin | Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks | 120,059 | 241,876 | 219,935 | 50% | December 2017 |
| Sunac Azure Coast | Tianjin | Retail properties, offices, serviced apartments and car parks | 17,161 | 209,687 | 190,152 | 40% | December 2018 |
| Orchid Garden | Tianjin | High-rise and mid-rise apartments, retail properties, offices and car parks | 15,742 | 95,652 | 85,194 | 47% | June 2017 |
| R3 project | Tianjin | Retail properties, offices, serviced apartments and car parks | 121,214 | 537,620 | 535,620 | 47% | September 2020 |
| River and Sea | Tianjin | High-rise apartments, retail properties and car parks | 59,660 | 286,234 | 282,468 | 47% | December 2017 |
| Sunac Bay and Island | Tianjin | High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks | 248,119 | 599,831 | 562,991 | 54% | December 2018 |
| Sunac Top Mansion of the Dongting | Tianjin | High-rise apartments, retail properties and car parks | 109,537 | 269,124 | 251,428 | 100% | December 2015 |
| Tiantuo Project | Tianjin | High-rise apartments, retail properties, offices, serviced apartments and car parks | 370,698 | 1,329,626 | 1,301,853 | 51% | June 2018 |
| Tiantuo North Project | Tianjin | High-rise apartments, retail properties and car parks | 56,791 | 230,900 | 230,900 | 51% | December 2018 |
| Majestic Mansion | Tianjin | Mid-rise apartments and car parks | 60,088 | 93,786 | 79,375 | 51% | December 2016 |

**Project Summary as of 31 December 2014**

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Sunac Olympic Garden | Chongqing | High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks | 1,713,641 | 2,576,533 | 2,083,397 | 100% | December 2015 |
| Sunac Eton Manor | Chongqing | High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks | 179,204 | 405,901 | 303,940 | 100% | December 2014 |
| Sunac Guardian Manor | Chongqing | High-rise apartments, townhouses, retail properties, serviced apartments and car parks | 159,793 | 563,089 | 449,719 | 100% | December 2015 |
| Jardins de Versailles | Chongqing | High-rise apartments, townhouses, detached villas, retail properties and car parks | 397,844 | 1,369,929 | 1,164,999 | 80% | December 2017 |
| Sunac Asia Pacific Enterprise Valley | Chongqing | High-rise apartments, serviced apartments, retail properties, offices and car parks | 118,912 | 744,688 | 616,518 | 100% | June 2014 |
| Sunac The European Garden for City - West | Chongqing | High-rise apartments, townhouses, serviced apartments, retail properties and car parks | 469,927 | 1,266,413 | 1,062,022 | 100% | June 2019 |
| Powpre Fontainebleau | Chongqing | Townhouses and retail properties | 147,400 | 163,375 | 128,662 | 90% | January 2016 |
| Hastin Avenue | Chongqing | High-rise apartments, retail properties, serviced apartments and car parks | 75,258 | 478,664 | 388,573 | 51% | December 2018 |
| The European Garden for City - East | Chongqing | High-rise apartments, townhouses, detached villas, retail properties, offices and car parks | 846,150 | 2,115,572 | 1,736,581 | 51% | June 2022 |

**Project Summary as of 31 December 2014**

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Chongqing Rose Garden | Chongqing | Townhouses, detached villas, retail properties and car parks | 135,179 | 193,087 | 167,947 | 90% | December 2016 |
| Yuelai Project | Chongqing | High-rise and mid-rise apartments, townhouses, detached villas, serviced apartments, retail properties and car parks | 583,136 | 1,505,465 | 1,254,216 | 51% | December 2019 |
| Sunac Shanghai Magnolia Garden | Shanghai | High-rise and mid-rise apartments and car parks | 58,163 | 126,092 | 116,739 | 50% | June 2013 |
| Shanghai Magnolia Garden-Glorious Garden | Shanghai | Mid-rise apartments, retail properties and car parks | 72,803 | 162,914 | 146,754 | 25% | May 2015 |
| Magnolia Mansion | Shanghai | Mid-rise apartments, retail properties and car parks | 60,206 | 118,731 | 98,138 | 25% | October 2015 |
| Sunac Bund House | Shanghai | High-rise apartments and car parks | 65,758 | 350,271 | 228,040 | 26% | November 2018 |
| Shanghai Rose Garden | Shanghai | Detached villas | 803,353 | 240,040 | 144,969 | 50% | November 2014 |
| Shanghai Francais Demeure | Shanghai | High-rise and mid-rise apartments retail properties and car parks | 75,091 | 167,384 | 153,502 | 25% | October 2015 |
| Sunac Dynasty on the Bund | Shanghai | High-rise apartments, retail properties, offices, serviced apartments and car parks | 105,045 | 656,865 | 581,097 | 50% | March 2019 |
| Hongkou Project | Shanghai | Retail properties, serviced apartments and car parks | 10,239 | 57,866 | 50,039 | 26% | September 2016 |
| Central Garden | Shanghai | High-rise apartments, retail properties, serviced apartments, offices and car parks | 211,626 | 608,429 | 507,055 | 50% | December 2018 |
| Gucun Project | Shanghai | High-rise apartments, retail properties and car parks | 66,170 | 170,403 | 150,329 | 26% | May 2017 |

Project Summary as of 31 December 2014

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Caobaolu Project | Shanghai | High-rise apartments, retail properties and car parks | 45,710 | 165,400 | 107,700 | 25% | June 2017 |
| Fuyuan Binjiang Project | Shanghai | High-rise apartments, serviced apartments, retail properties and car parks | 36,988 | 113,690 | 113,690 | 35% | December 2016 |
| Sunac Changzhou Magnolia Square | Changzhou | High-rise apartments, retail properties and car parks | 413,252 | 1,399,967 | 1,325,392 | 49% | March 2020 |
| Fairy Land | Suzhou | Detached villas | 213,852 | 263,090 | 126,533 | 28% | December 2018 |
| Sunac Suzhou Majestic Mansion | Suzhou | Mid-rise apartments, detached villas | 155,664 | 218,340 | 121,345 | 50% | December 2013 |
| Suanc Land Plot G58 | Suzhou | Mid-rise apartments, and car parks | 104,401 | 183,562 | 147,026 | 50% | June 2017 |
| Sunac Wuxi Magnolia Garden | Wuxi | High-rise apartments retail properties and car parks | 180,826 | 564,591 | 543,538 | 43% | December 2015 |
| Wuxi Magnolia Garden West | Wuxi | High-rise apartments, retail properties and car parks | 171,572 | 549,607 | 518,065 | 20% | June 2018 |
| Sunac Royal Garden | Wuxi | High-rise apartments, townhouses, detached villas, retail properties and car parks | 268,946 | 462,314 | 400,321 | 100% | June 2017 |
| Sunac Comphorwood Mansion | Wuxi | High-rise apartments, detached villas, retail properties and car parks | 203,070 | 761,526 | 640,819 | 51% | June 2019 |
| Sunac Swan Lake | Wuxi | High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks | 706,889 | 1,392,554 | 1,251,457 | 100% | December 2016 |

Project Summary as of 31 December 2014

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/ rentable GFA (sq.m.) | Interest attributable to the Group | Completion time/ estimated completion time |
|---|---|---|---|---|---|---|---|
| Sunac Dream of City | Wuxi | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 555,861 | 1,023,538 | 914,904 | 100% | November 2017 |
| Sunac 81 | Suzhou | Townhouses, detached villas, retail properties | 133,434 | 99,288 | 82,608 | 100% | December 2012 |
| Sunac Melodious Manor | Hangzhou | Mid-rise apartments, townhouses and car parks | 59,360 | 123,527 | 82,336 | 75% | December 2014 |
| Above the West Lake | Hangzhou | High-rise apartments, retail properties, offices, serviced apartments and car parks | 58,184 | 278,554 | 158,899 | 49% | December 2016 |
| Wonderful Mansion | Hangzhou | High-rise apartments, retail properties and car parks | 20,480 | 89,259 | 65,441 | 50% | May 2015 |
| First Class | Hangzhou | High-rise apartments, retail properties and car parks | 190,143 | 601,988 | 454,550 | 25% | June 2016 |
| Sunac In Hangzhou | Hangzhou | Retail properties, offices, serviced apartments and car parks | 10,418 | 153,400 | 108,374 | 60% | October 2016 |
| Sunac Fuchun Chateau | Hangzhou | Mid-rise apartments, townhouses, retail properties and car parks | 98,024 | 167,218 | 123,813 | 100% | December 2016 |
| Riverside City I | Hangzhou | High-rise apartments, retail properties and car parks | 62,760 | 221,976 | 170,070 | 65% | June 2016 |
| Sunac Riverside City II | Hangzhou | High-rise apartments, retail properties and car parks | 80,587 | 262,457 | 195,345 | 100% | June 2016 |
| | | **Total** | **13,813,213** | **33,809,241** | **28,765,467** | | |

As at 31 December 2014, the Group's land bank was approximately 21.62 million sq.m., among which, attributable land bank was approximately 12.80 million sq.m..

**Completed Properties for the year ended 31 December 2014**

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental aggregate GFA (sq.m.) | Saleable/ rentable GFA unsold/ held for rental (sq.m.) |
|---|---|---|---|---|---|
| Sunac East Fairyland | Beijing | 166,481 | 144,276 | 0 | 0 |
| Sunac West Chateau | Beijing | 447,803 | 334,892 | 21,260 | 15,899 |
| Sunac Long Beach Mansion | Beijing | 133,956 | 104,289 | 0 | 0 |
| Yaao Jinmao Residence | Beijing | 253,074 | 169,941 | 47,864 | 32,141 |
| Wangjing Jinmao Palace | Beijing | 84,856 | 61,686 | 22,358 | 16,253 |
| Fontainebleau Chateau | Beijing | 297,812 | 254,753 | 190,645 | 163,081 |
| Sunac Magnetic Capital | Tianjin | 1,247,860 | 1,188,902 | 117,767 | 112,203 |
| Sunac Mind-Land International | Tianjin | 813,704 | 749,202 | 24,118 | 22,206 |
| Sunac Central of Glorious | Tianjin | 64,738 | 64,150 | 0 | 0 |
| Sunac Glorious Mansion | Tianjin | 307,706 | 307,706 | 136,908 | 136,908 |
| Sunac Central Academy | Tianjin | 299,843 | 298,926 | 32,763 | 32,662 |
| Sunac Joy Downtown | Tianjin | 56,615 | 55,960 | 182 | 180 |
| Sunac PL Du Pantheon | Tianjin | 244,491 | 227,187 | 85,978 | 79,893 |
| Horizon Capital | Tianjin | 156,638 | 156,485 | 18,257 | 18,239 |
| Dream of Mansion | Tianjin | 117,368 | 106,171 | 75,705 | 68,482 |
| River and Sea | Tianjin | 93,738 | 94,364 | 9,633 | 9,697 |
| Sunac Top Mansion of the Dongting | Tianjin | 138,887 | 124,672 | 16,107 | 14,459 |
| Sunac Olympic Garden | Chongqing | 2,446,021 | 1,985,958 | 228,106 | 184,588 |
| Sunac Eton Manor | Chongqing | 405,901 | 303,940 | 25,808 | 19,325 |
| Sunac Guardian Manor | Chongqing | 240,853 | 195,423 | 27,649 | 22,434 |
| Jardins de Versailles | Chongqing | 237,266 | 197,481 | 18,413 | 15,325 |
| Sunac Asia Pacific Enterprise Valley | Chongqing | 744,688 | 616,518 | 119,564 | 98,985 |

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental aggregate GFA (sq.m.) | Saleable/ rentable GFA unsold/ held for rental (sq.m.) |
|---|---|---|---|---|---|
| Sunac Shanghai Magnolia Garden | Shanghai | 126,092 | 116,739 | 15,588 | 14,432 |
| Shanghai Magnolia Garden-Glorious Garden | Shanghai | 115,560 | 104,091 | 26,876 | 24,209 |
| Sunac Bund House | Shanghai | 83,849 | 57,250 | 2,200 | 1,502 |
| Shanghai Rose Garden | Shanghai | 240,040 | 144,969 | 29,263 | 17,673 |
| Sunac Dynasty on the Bund | Shanghai | 203,826 | 187,895 | 124,398 | 114,675 |
| Central Garden | Shanghai | 353,751 | 307,860 | 62,324 | 54,239 |
| Sunac Changzhou Magnolia Square | Changzhou | 192,132 | 187,250 | 63,133 | 61,529 |
| Sunac Suzhou Majestic Mansion | Suzhou | 218,340 | 121,345 | 83,291 | 46,290 |
| Sunac Wuxi Magnolia Garden | Wuxi | 443,351 | 429,778 | 63,396 | 61,455 |
| Wuxi Magnolia Garden West | Wuxi | 31,450 | 31,450 | 7,445 | 7,445 |
| Sunac Royal Garden | Wuxi | 379,350 | 324,623 | 82,006 | 70,175 |
| Sunac Comphorwood Mansion | Wuxi | 325,514 | 244,884 | 110,393 | 83,048 |
| Sunac Swan Lake | Wuxi | 1,280,982 | 1,147,543 | 104,694 | 93,788 |
| Sunac Dream of City | Wuxi | 866,808 | 788,147 | 72,216 | 65,662 |
| Sunac 81 | Suzhou | 99,288 | 82,608 | 1,752 | 1,458 |
| Sunac Melodious Manor | Hangzhou | 123,527 | 82,336 | 35,785 | 23,853 |
| Above the West Lake | Hangzhou | 126,129 | 88,506 | 41,151 | 28,876 |
| First Class | Hangzhou | 331,309 | 261,716 | 204,059 | 161,196 |
| | **Total** | **14,541,598** | **12,451,870** | **2,349,054** | **1,994,464** |

**Properties under Development as of 31 December 2014**

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Saleable/ rentable GFA unsold/ held for rental (sq.m.) |
|---|---|---|---|---|
| Wangjing Jinmao Palace | Beijing | 69,300 | 63,392 | 45,365 |
| Fontainebleau Chateau | Beijing | 105,629 | 85,256 | 12,614 |
| Glory Chateau | Beijing | 515,518 | 281,145 | 112,836 |
| One Sino Park | Beijing | 100,843 | 58,560 | 58,560 |
| Chang'an Image | Beijing | 420,003 | 320,068 | 254,091 |
| Xiangheyuan Project | Beijing | 122,534 | 110,186 | 110,186 |
| Sunac Central Academy | Tianjin | 411,059 | 403,557 | 261,665 |
| Horizon Capital | Tianjin | 234,490 | 229,537 | 173,610 |
| Dream of Mansion | Tianjin | 52,314 | 46,032 | 44,180 |
| Sunac Azure Coast | Tianjin | 106,486 | 93,388 | 93,388 |
| Orchid Garden | Tianjin | 95,652 | 85,194 | 85,194 |
| River and Sea | Tianjin | 136,115 | 135,819 | 132,727 |
| Sunac Bay and Island | Tianjin | 222,467 | 208,208 | 139,402 |
| Sunac Top Mansion of the Dongting | Tianjin | 130,237 | 126,756 | 105,092 |
| Tiantuo Project | Tianjin | 458,750 | 449,183 | 322,420 |
| Sunac Olympic Garden | Chongqing | 130,512 | 97,439 | 16,802 |
| Sunac Guardian Manor | Chongqing | 322,236 | 254,295 | 163,983 |
| Jardins de Versailles | Chongqing | 787,886 | 679,179 | 551,512 |
| Sunac The European Garden for City - West | Chongqing | 389,309 | 342,560 | 246,729 |
| Powpre Fontainebleau | Chongqing | 163,375 | 128,662 | 106,908 |

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Saleable/ rentable GFA unsold/ held for rental (sq.m.) |
|---|---|---|---|---|
| Hastin Avenue | Chongqing | 383,026 | 316,208 | 310,275 |
| The European Garden for City - East | Chongqing | 453,433 | 342,786 | 301,091 |
| Chongqing Rose Garden | Chongqing | 193,087 | 167,947 | 140,334 |
| Yuelai Project | Chongqing | 434,054 | 366,685 | 366,685 |
| Shanghai Magnolia Garden-Glorious Garden | Shanghai | 47,354 | 42,663 | 27,934 |
| Magnolia Mansion | Shanghai | 118,731 | 98,138 | 45,149 |
| Sunac Bund House | Shanghai | 186,416 | 107,790 | 86,328 |
| Shanghai Francais Demeure | Shanghai | 167,384 | 153,502 | 28,484 |
| Sunac Dynasty on the Bund | Shanghai | 238,590 | 207,518 | 134,271 |
| Hongkou Project | Shanghai | 57,866 | 50,039 | 50,039 |
| Gucun Project | Shanghai | 170,403 | 150,329 | 150,329 |
| Sunac Changzhou Magnolia Square | Changzhou | 348,399 | 321,678 | 196,907 |
| Fairy Land | Suzhou | 191,897 | 90,568 | 47,719 |
| Sunac Wuxi Magnolia Garden | Wuxi | 121,240 | 113,760 | 82,714 |
| Wuxi Magnolia Garden West | Wuxi | 328,943 | 318,346 | 181,585 |
| Sunac Royal Garden | Wuxi | 56,808 | 50,345 | 14,724 |
| Sunac Comphorwood Mansion | Wuxi | 209,639 | 193,694 | 176,731 |
| Sunac Swan Lake | Wuxi | 111,572 | 103,914 | 74,038 |
| Above the West Lake | Hangzhou | 152,425 | 70,393 | 65,389 |
| Wonderful Mansion | Hangzhou | 89,259 | 65,441 | 11,498 |
| First Class | Hangzhou | 270,679 | 192,834 | 182,748 |
| Sunac In Hangzhou | Hangzhou | 153,400 | 108,374 | 100,598 |
| Sunac Fuchun Chateau | Hangzhou | 167,218 | 123,813 | 102,059 |
| Riverside City I | Hangzhou | 221,976 | 170,070 | 158,223 |
| Sunac Riverside City II | Hangzhou | 262,457 | 195,345 | 182,176 |
| | **Total** | **10,110,972** | **8,320,594** | **6,255,292** |

**Properties to be Constructed as of 31 December 2014**

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) |
|---|---|---|---|
| Chang'an Image | Beijing | 69,948 | 50,137 |
| Mentougou New Town | Beijing | 152,446 | 119,903 |
| Dream of Mansion | Tianjin | 72,195 | 67,733 |
| Sunac Azure Coast | Tianjin | 103,201 | 96,764 |
| R3 project | Tianjin | 537,620 | 535,620 |
| River and Sea | Tianjin | 56,381 | 52,285 |
| Sunac Bay and Island | Tianjin | 377,364 | 354,783 |
| Tiantuo Project | Tianjin | 870,876 | 852,670 |
| Tiantuo North Project | Tianjin | 230,900 | 230,900 |
| Majestic Mansion | Tianjin | 93,786 | 79,375 |
| Jardins de Versailles | Chongqing | 344,777 | 288,338 |
| Sunac The European Garden for City - West | Chongqing | 877,104 | 719,462 |
| Hastin Avenue | Chongqing | 95,638 | 72,365 |
| The European Garden for City - East | Chongqing | 1,662,139 | 1,393,795 |
| Yuelai Project | Chongqing | 1,071,411 | 887,531 |
| Sunac Bund House | Shanghai | 80,006 | 63,000 |
| Sunac Dynasty on the Bund | Shanghai | 214,449 | 185,684 |
| Central Garden | Shanghai | 254,678 | 199,195 |
| Caobaolu Project | Shanghai | 165,400 | 107,700 |
| Fuyuan Binjiang Project | Shanghai | 113,690 | 113,690 |
| Sunac Changzhou Magnolia Square | Changzhou | 859,436 | 816,464 |
| Fairy Land | Suzhou | 71,192 | 35,965 |
| Suanc Land Plot G58 | Suzhou | 183,562 | 147,026 |
| Wuxi Magnolia Garden West | Wuxi | 189,214 | 168,269 |
| Sunac Royal Garden | Wuxi | 26,156 | 25,352 |
| Sunac Comphorwood Mansion | Wuxi | 226,373 | 202,241 |
| Sunac Swan Lake | Wuxi | 156,731 | 126,758 |
| | **Total** | **9,156,671** | **7,993,004** |

## ※ Review of 2014

In 2014, as the economic growth rate continued to slow down in the PRC, the real estate industry also entered into a period of correction, especially in the first half of the year when the overall market was confronted with great pressure. From the second half, with the injection to market liquidity from the government and the cancellation of house purchase restriction policies, the whole real estate market maintained stable as a result of the rebound of demands. In particular, the real estate market still presented a sound development trend in the Tier 1 and 2 core cities with stable demands.

Despite the overall pressure on the real estate industry, the Company continued to maintain satisfactory growth in operating results by virtue of its development strategy focusing on the development in tier 1 and 2 core cities for a long run. In 2014, the Company's core profit was RMB3,730 million, representing an increase of approximately 5.9% as compared to the same period of last year. The Company's contract sales amounted to RMB65,847 million in the full year, representing a growth rate of approximately 29.6% on a year-over-year basis. According to independent third party research, the Company's industry ranking in terms of contract sales climbed to No. 10. Furthermore, the Company established a market leadership in its focused cities as its sales amount ranked the first in Tianjin, Shanghai, Chongqing and Wuxi, the fourth in Beijing and the fifth in Hangzhou and Suzhou. While the operation results remained stable, the Company continued to improve its liquidity conditions. As of 31 December 2014, the Company had a carrying value of RMB25,041.4 million in cash while its net gearing ratio dropped to 44.5%.

In 2014, as many peer companies came to a consensus regarding the potential of the real estate market in the Tier 1 and 2 core cities, more funds concentrated in these cities, and thus the competition for prime land was getting intense, and the Company has been emphasised its development in selected Tier 1 and 2 cities over the years. Leverage on our outstanding position in those cities and accumulative intensive experiences, the Company prudently acquired 12 parcels of prime land, adding approximately 3.49 million sq.m. to its land bank. As of 31 December 2014, the Company's total land bank and total attributable land bank were 21.62 million sq.m. and 12.80 million sq.m., respectively. The details of land acquired in 2014 is as follows:

**Land Acquisition in 2014**

| Serial No. | City | Project | Acquisition Date | Acquisition Method | Land Bank (sq. m.) | Interest of the Company |
|---|---|---|---|---|---|---|
| 1 | Beijing | Mentougou New Town | January 2014 | Listing for sale | 152,446 | 51% |
| 2 | | Xiangheyuan Project | October 2014 | Acquisition | 122,534 | 40% |
| | | | **Beijing Sub-total** | | **274,980** | |
| 3 | Tianjin | Tiantuo North Project | January 2014 | Listing for sale | 230,900 | 51% |
| | | | **Tianjin Sub-total** | | **230,900** | |
| 4 | Shanghai | Gucun Project | March 2014 | Listing for sale | 170,403 | 26% |
| 5 | | Caobaolu Project | May 2014 | Acquisition | 165,400 | 25% |
| 6 | | Fuyuan Binjiang Project | October 2014 | Acquisition | 113,690 | 35% |
| | | | **Shanghai Sub-total** | | **449,493** | |
| 7 | Chongqing | Chongqing Rose Garden | January 2014 | Listing for sale | 193,087 | 90% |
| 8 | | Yuelai Project | August 2014 | Listing for sale | 1,505,465 | 51% |
| | | | **Chongqing Sub-total** | | **1,698,552** | |
| 9 | Hangzhou | Sunac Fuchun Chateau | January 2014 | Listing for sale | 167,218 | 100% |
| 10 | | Riverside City I | January 2014 | Acquisition | 221,976 | 65% |
| 11 | | Sunac Riverside City II | January 2014 | Listing for sale | 262,457 | 100% |
| | | | **Hangzhou Sub-total** | | **651,651** | |
| 12 | Suzhou | Sunac Land Plot G58 | November 2014 | Listing for sale | 183,562 | 50% |
| | | | **Suzhou Sub-total** | | **183,562** | |
| | | **Total** | | | **3,489,138** | |

## ※ Outlook for 2015

The Company believes that adjustment and transformation of economy at present will provide better protection and support to the long-term and health development of China's economy. The Company considers that, in 2015, in order to maintain the continuity and stability of its policies, the government will continue to implement the prudent monetary policy, which will further improve the credit environment with continued declining in financing costs. This will be beneficial to the stable development of the real estate industry. The Company still holds the view that, due to balanced supply and demand and strong population aggregation capacities, the real estate market in Tier 1 and 2 core cities will remain stable and healthy, and it will be more attractive. Over years, the Company's strategy of focusing on these regions for in-depth development and the established advantages will help the sound development of the Company.

In 2015, the Company will enter into a new development stage. In terms of replenishment of new land reserve, on the one hand, the Company will focus on completing the acquisition of equity interests in part of the joint venture projects with Greentown. Such transaction, if completed, will enlarge the Company's attributable land bank in Shanghai rapidly and enhance its leading position in the region. On the other hand, subject to the satisfaction of certain conditions precedent, the Company will complete the acquisition of equity interests of Kaisa, which will enable the Company to tap into Guangzhou and Shenzhen regions with existing edges over others, thus establishing its presence in the most core cities in the PRC, which will provide a wider space for the further development of the Company in the future. In 2015, The Company will also continue to insist on strict cash flow management to guarantee the safety of its cash flow, and further improve the Company's financing structure and decrease of overall financing costs. In comparison with the growth of overall sales, from 2015, the Company will pay more attention to the growth of equity, and put more emphasis on the full and balanced development and improvement.

## ※ Financial Review

### REVENUE

Revenue of the Group for the year ended 31 December 2014 was substantially generated from sales of residential and commercial properties. Only a minor portion of the Group's revenue was derived from the income from property management services and rental of investment properties located in Tianjin.

For the year ended 31 December 2014, the Group remained focusing on the development of real estate properties in five main regions of the PRC, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou, and continued to deliver a solid performance, achieving satisfactory growth in its core businesses.

Revenue of the Group for the year ended 31 December 2014 amounted to RMB25,072.0 million, representing a decrease of 18.7% as compared with the total revenue of RMB30,836.7 million for the year ended 31 December 2013.

The following table sets forth certain details of the revenues:

| | For the year ended December 31 | | | |
|---|---|---|---|---|
| | **2014** | | 2013 | |
| | **RMB'000** | **%** | RMB'000 | % |
| Sales of properties | **24,708,739** | **98.55** | 30,572,525 | 99.14 |
| Property management service income and others | **352,623** | **1.41** | 247,153 | 0.80 |
| Rental income from investment properties | **10,597** | **0.04** | 17,036 | 0.06 |
| **Total** | **25,071,959** | **100.00** | 30,836,714 | 100.00 |
| Total gross floor area ("GFA") delivered (square meters "sq.m.") | **1,647,104** | | 1,745,326 | |
| Average selling prices ("ASP") sold (RMB per sq.m.) | **15,001** | | 17,517 | |

The revenue from the sales of properties decreased by RMB5,863.8 million or approximately 19.2% for the year ended 31 December 2014, as compared with that for the year ended 31 December 2013, which was primarily due to:

(i) the decrease by approximately 5.6% to 1,647,104 sq.m. for total GFA of properties delivered for the year ended 31 December 2014 from 1,745,326 sq.m. for the year ended 31 December 2013, which was mainly due to the decrease in total GFA of properties delivered for Shanghai Bund House, Suzhou Majestic Mansion, Shanghai Magnolia Garden, Shanghai Dynasty on the Bund and Beijing West Chateau in 2014; and

(ii) the decrease of 14.4% in average selling price of RMB17,517 per sq.m. for 2013 to RMB15,001 per sq.m. for 2014, which was mainly due to the relatively high base of average selling price for 2013 as more properties were delivered for Shanghai Bund House, Suzhou Majestic Mansion, Shanghai Magnolia Garden, Shanghai Dynasty on the Bund and Beijing West Chateau which had an average selling price of RMB44,045 per sq.m. and contributed approximately 38.1% of total revenue from property sales in 2013, as compared to only approximately 25.3% in 2014.

However, revenue of subsidiaries, joint ventures and associates of the Group was increasing year by year, which was mainly due to the increase in the number of property projects developed by the Group's subsidiaries, joint ventures and associates on a year-over-year basis, as well as the increase in the property delivery from these projects accordingly. For the years ended 31 December 2011, 2012, 2013 and 2014, revenue of subsidiaries, joint ventures and associates of the Group was RMB10,604.0 million, RMB21,327.4 million, RMB33,167.6 million and RMB57,334.8 million, respectively, of which RMB10,402.8 million, RMB19,394.4 million, RMB27,644.1 million and RMB36,555.5 million was attributable to owners of the Company, respectively.

## COST OF SALES

Cost of sales comprises the costs that the Group incurred in relation to its direct development activities for the properties delivered, as well as costs for property management operations and leasing.

For the year ended 31 December 2014, cost of sales of the Group amounted to RMB20,730.1 million (including valuation surplus for properties acquired of RMB1,512.3 million), representing a decrease of RMB2,930.1 million, or approximately 12.4%, as compared with that of RMB23,660.2 million for the year ended 31 December 2013, which was primarily due to the decrease in the total GFA of delivered properties.

## GROSS PROFIT

For the year ended 31 December 2014, the gross profit of the Group amounted to RMB4,341.9 million, representing a decrease of approximately 39.5% as compared with RMB7,176.5 million for the year ended 31 December 2013.

However, gross profit of subsidiaries, joint ventures and associates of the Group was increasing year by year, which was mainly due to the increase in revenue recognized by the Group's subsidiaries, joint ventures and associates on a year-over-year basis. For the years ended 31 December 2011, 2012, 2013 and 2014, gross profit of subsidiaries, joint ventures and associates of the Group was RMB3,566.5 million, RMB5,439.1 million, RMB7,396.6 million and RMB12,874.9 million, respectively, of which RMB3,545.4 million, RMB5,411.9 million, RMB6,555.0 million and RMB8,173.5 million was attributable to owners of the Company.

Gross margin was 17.3% for the year ended 31 December 2014 as compared with that of 23.3% for the year ended 31 December 2013. The decrease in gross margin was mainly due to the increase of the impairment provision for properties in projects including Sunac Royal Garden, Suzhou Majestic Mansion, Comphorwood Mansion, Sunac Glorious Mansion by RMB505.8 million by the Group for the sake of prudence. Although the impairment provision for these properties lowered the Group's gross profit margin for 2014, they will increase the Group's gross profit margin for the period when the properties are completed and delivered. In addition, excluding the impact of remeasurement of fair value and the impairment provision for properties, the Group's gross margin would have been 25.4% for the year ended 31 December 2014.

## SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

Selling and marketing costs of the Group rose to RMB697.3 million for the year ended 31 December 2014 from RMB615.5 million for the year ended 31 December 2013.

Administrative expenses of the Group increased to RMB680.7 million for the year ended 31 December 2014 from RMB520.1 million for the year ended 31 December 2013.

The changes in selling and marketing costs and administrative expenses were primarily due to the increase of relevant costs and expenses as a result of more efforts made by the Group amidst the tough real estate market.

## OTHER INCOME AND GAINS

The Group's other income and gains increased by RMB798.0 million from RMB222.5 million for the year ended 31 December 2013 to RMB1,020.5 million for the year ended 31 December 2014, which was primarily due to the increase of RMB784.4 million in the interest income from joint ventures and associates of the Group.

## OTHER EXPENSES AND LOSSES

The Group's other expenses and losses decreased by RMB25.7 million from RMB145.5 million for the year ended 31 December 2013 to RMB119.8 million for the year ended 31 December 2014, which was primarily due to the decrease of RMB38.5 million in impairment provision for goodwill, which was partially offset by the loss of RMB13.0 million from revaluation of investment properties.

## OPERATING PROFIT

As a result of the sectors analyzed above, the Group's operating profit decreased by RMB2,253.5 million from RMB6,118.0 million for the year ended 31 December 2013 to RMB3,864.5 million for the year ended 31 December 2014, which was primarily due to:

(i) a decrease of RMB2,834.7 million in gross profit;

(ii) an increase of RMB798.0 million in other income and gains and a decrease of RMB25.7 million in other expenses and losses; and

(iii) an increase of RMB242.5 million in operating expenses.

## FINANCE COSTS

The Group's finance costs increased by RMB687.1 million to RMB1,267.4 million for the year ended 31 December 2014 from RMB580.3 million for the year ended 31 December 2013, and total interest cost increased by RMB476.1 million to RMB3,036.0 million for the year ended 31 December 2014 from RMB2,559.9 million for the year ended 31 December 2013, mainly attributable to the increase of borrowings to finance the Group's expanded property development activities for the year ended 31 December 2014. Capitalised interest decreased by RMB170.7 million to RMB1,776.9 million for the year ended 31 December 2014 from RMB1,947.6 million for the year ended 31 December 2013.

The Group realised the continued decline in weighted-average effective interest rate through continued optimisation of the debt structure, control of the refinance costs and the replacement of the existing high cost borrowings. The Group's weighted-average effective interest rate dropped to 9.1% for the year ended 31 December 2014 from 10.0% for the year ended 31 December 2013, of which weighted-average effective interest rate of newly increased borrowings dropped to 7.6% for the year ended 31 December 2014 from 8.3% for the year ended 31 December 2013.

## SHARE OF PROFIT OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

For the year ended 31 December 2014, the Group recognised a share of profit of RMB2,181.3 million from investments accounted for using equity method, a significant increase of RMB2,109.1 million as compared to RMB72.2 million for the year ended 31 December 2013. This change was mainly attributable to the increase in share of profit of joint ventures and associates of the Group as recognition of revenue commenced following delivery of newly completed properties.

## PROFIT

Benefited from the rapid growth in the sales results and the high quality balanced development in operation scale of the Group, the Group's profit attributable to owners of the Company for the year ended 31 December 2014 increased to RMB3,222.1 million as compared with that of RMB3,178.4 million for the year ended 31 December 2013.

The following table shows the profit attributable to owners of the Company and non-controlling interests respectively as of the dates indicated:

| | For the year ended 31 December | |
|---|---|---|
| | **2014** | 2013 |
| | **RMB'000** | RMB'000 |
| **Profit for the year** | **3,232,629** | 3,493,827 |
| Attributable to: | | |
| Owners of the Company | **3,222,070** | 3,178,403 |
| Non-controlling interests | **10,559** | 315,424 |
| | **3,232,629** | 3,493,827 |

As a result of the growth of the Group's profit attributable to owners of the Company, excluding the impact of the gain from acquisition of equity interests, the fair value change of the investment properties and impairment provision for properties, the Group's core profit attributable to owners of the Company for the year ended 31 December 2014 increased by approximately 5.9% to RMB3,729.7 million as compared with that of RMB3,522.7 million for the year ended 31 December 2013.

## CASH POSITION

The Group operates in a capital intensive industry and has historically financed, and expects to continue to finance, its working capital, capital expenditures and other capital requirements through proceeds from the pre-sale and sale of properties, borrowings from commercial banks and other parties, capital contributions from shareholders and new share issuances. The Group's short-term liquidity requirements relate to servicing its debt and meeting its working capital requirements, and the Group's sources of short-term liquidity include cash balances, proceeds from pre-sales and sales of properties and new loans. The Group's long-term liquidity requirements relate to funding the development of its new property projects and repaying its long-term debt, and the Group's sources of long-term liquidity include loans, capital contributions from shareholders and share issuances.

The Group's cash and cash equivalents (including restricted cash) increased by approximately 56.4% to RMB25,041.4 million as at 31 December 2014 from RMB16,008.7 million as at 31 December 2013.

The increase was principally attributable to:

(i) the net cash inflow of RMB16,624.4 million in operating activities (excluding cash inflow of RMB93.0 million from decrease in restricted cash) benefited from the significant increase of the proceeds from the pre-sale and sale of properties;

(ii) the net cash outflow of RMB8,885.0 million in investing activities which was mainly due to obtaining new projects by the Group in Beijing, Shanghai and Hangzhou respectively and acquiring equity interests; and

(iii) the net cash inflow of RMB1,299.8 million in financing activities (excluding cash outflow of RMB1,882.5 million from increase in restricted cash) primarily due to the net inflow of RMB3,258.7 million from the borrowing, issue of senior notes and the payment of interest costs, net outflow of RMB1,449.0 million from repayment of investments from non-controlling interest, net inflow of RMB125.8 million from the issuance of additional shares upon exercise of options, and net outflow of RMB635.7 million from distribution of dividends.

The Group believes that both the Group's working capital and financial resources are sufficient to secure the business growth in the foreseeable future.

## BORROWING AND COLLATERAL

The Group had total borrowings of RMB34,383.8 million as at 31 December 2014, representing an increase of RMB5,677.5 million from RMB28,706.3 million as at 31 December 2013, which was primarily due to the net increase of RMB1,552.5 million from foreign syndicated loans obtained in June 2014, the net increase of RMB2,451.2 million from senior notes issued in December 2014 and the net increase of RMB1,673.8 million from loans obtained from banks and other parties.

As at 31 December 2014, RMB34,337.8 million of the Group's total borrowings (as at 31 December 2013: RMB28,587.5 million) were secured or jointly secured by the Group's properties under development and completed properties held for sale totaling RMB32,182.7 million (as at 31 December 2013: RMB43,148.4 million), and certain equity interests of the Group's subsidiaries.

## NET DEBT TO TOTAL ASSETS RATIO, GEARING RATIO AND NET GEARING RATIO

Net debt to total assets ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings (including current and long-term borrowings) less cash and cash equivalents (including restricted cash). As at 31 December 2014, the net debt to total assets ratio of the Group was 8.3%, as compared to 13.0% as at 31 December 2013.

Gearing ratio is calculated as net debt divided by total capital. Total capital is calculated as total equity plus net debt. As at 31 December 2014, the gearing ratio of the Group was 30.8%, as compared to 41.1% as at 31 December 2013.

Net gearing ratio is calculated as net debt divided by total equity. As at 31 December 2014, the net gearing ratio decreased to 44.5% from 69.7% as at 31 December 2013. The Group continues to pay attention to and manage its financial structure and potential risks during its course of development.

## INTEREST RATE RISK

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the tables are the liabilities stated at carrying amounts, categorized by maturity dates.

| | **At 31 December 2014 RMB' million** | At 31 December 2013 RMB' million |
|---|---|---|
| **Floating rates** | | |
| Less than 12 months | **5,406** | 2,762 |
| 1 to 5 years | **9,258** | 8,225 |
| **Sub-total** | **14,664** | 10,987 |
| **Fixed rates** | | |
| Less than 12 months | **8,434** | 5,072 |
| 1 to 5 years | **11,286** | 12,647 |
| **Sub-total** | **19,720** | 17,719 |
| **Total** | **34,384** | 28,706 |

As at 31 December 2014, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group analyzes its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

## FOREIGN EXCHANGE RISK

The Group conducts its business principally in RMB, since all of the operating entities are based in the PRC. As the Group has some bank deposits denominated in foreign currencies and the senior notes and foreign syndicated loans denominated in US dollars or HK dollars, the Group faces foreign exchange risk. However, the Group's operating cash flow and liquidity are not subject to significant effect from fluctuations in exchange rates. No currency hedging arrangements were made as at 31 December 2014. The Group will continue to closely monitor and manage its exposure to fluctuation in foreign exchange rates.

## CONTINGENT LIABILITIES

The Group provided guarantees to banks for mortgage facilities granted to certain purchasers of the Group's properties to secure the obligations of such purchasers for repayment of their mortgage loans. As at 31 December 2014, the amount was RMB5,090.8 million as compared with RMB7,241.9 million as at 31 December 2013. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which generally takes place within an average period of six months of the properties delivery date; or (ii) the satisfaction of obligations under the mortgage loans by the purchasers. The Group's guarantee period starts from the dates of grant of the mortgage.

## ※ Executive Directors

**Mr. SUN Hongbin ("Mr. Sun"),** aged 52, is the Group's founder, the chairman of the board of directors of the Company (the "Board"), an executive Director and the chief executive officer of the Group. Mr. Sun is responsible for the Group's overall development strategy and final decisions on daily significant operational matters, including land and equity acquisitions and appointments of senior management. Mr. Sun has nearly 20 years of ample experience in the property sector in the PRC. Mr. Sun started his real estate business in 1994 and has accumulated extensive experience in the management of the real estate activities over years. Mr. Sun obtained a master's degree in engineering from Tsinghua University in the PRC in 1985 and completed an advanced management program at Harvard Business School in the United States in 2000.

**Mr. WANG Mengde ("Mr. Wang"),** aged 43, is an executive Director and the executive president of the Company. Mr. Wang has over 15 years of experience in the property sector in the PRC. He joined the Group in 2006 and acted as the chief financial officer and the vice president of the Group since then. He has been the executive president of the Group since 2011. Prior to joining the Group, Mr. Wang was the chief operating officer and chief financial officer of Sunco China Holdings Limited ("Sunco China"), a company engaged in the business of property development in the PRC from 2005 to 2006, and the general manager of a subsidiary of Sunco China in East China region from 2003 to 2005. From 1997 to 1999, he worked at Tianjin Samsung Wool Textile Co., Ltd., where he was in charge of corporate finance and accounting management. Mr. Wang graduated from Nankai University in the PRC with a bachelor's degree in auditing in 1997.

**Mr. LI Shaozhong ("Mr. Li"),** aged 51, is an executive Director and the vice president of the Company. Mr. Li has over 20 years of extensive experience in property development and civil engineering. He joined the Group in December 2003 and acted as the general manager of Tianjin Sunac Ao Cheng Investment Co., Ltd. ("Sunac Ao Cheng") and the vice president of the Group. Mr. Li has accumulated over 20 years of experience and knowledge through holding different positions in real estate companies in the major cities of the PRC such as Shanghai and Tianjin. Mr. Li graduated from the Graduate School of Tianjin University in the PRC with a master's degree in engineering in 1987 and obtained his doctorate degree in management in March 2007.

**Mr. CHI Xun ("Mr. Chi"),** aged 41, is an executive Director of the Company and the general manager of Sunac Tianjin Company, with over 15 years of experience in real estate development and sales management. He joined the Group in 2004 and held the position of deputy general manager of Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi") from 2004 to 2005. Since 2005, he has been the general manager of Sunac Zhidi. Prior to joining the Group, Mr. Chi worked at various property companies where he was primarily responsible for project development, design and sales. Mr. Chi graduated from Harbin Institute of Technology in the PRC in 1997 with a bachelor's degree in architecture.

**Mr. SHANG Yu ("Mr. Shang"),** aged 35, is an executive Director of the Company and the general manager of Sunac Chongqing Company. Mr. Shang has over 14 years of experience in the property sector in the PRC. He joined the Group in 2003 and was the deputy general manager of Sunac Ao Cheng and Chongqing Olympic Garden Real Estate Co., Ltd. from 2003 to 2004. Since 2006 till now, he has become the general manager of Chongqing Olympic Garden Real Estate Co., Ltd. Mr. Shang graduated from Tianjin Institute of Urban Construction in the PRC with a bachelor's degree in property development and management in 2001 and then obtained a master's degree in business administration from the China Europe International Business School in 2008.

**Mr. JING Hong ("Mr. Jing"),** aged 53, is an executive Director of the Company and the general manager of Sunac Beijing Company. Mr. Jing graduated from the Beijing Jiaotong University (previously known as Northern Jiaotong University) in the PRC in 1984 with a bachelor's degree in engineering. From 1991 to 2002, Mr. Jing served as an assistant president of the Lenovo Group Limited ("Lenovo Group"), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 992) and a deputy director of the president's office of Legend Holdings Limited ("Legend Holdings") (the controlling shareholder of the Lenovo Group). From October 2002 to 2006, Mr. Jing served as a vice president of Sunco China. Mr. Jing has extensive experience in real estate development. He joined the Group in January 2007. Since then, he has been the general manager of Beijing Sunac Hengji Real Estate Co., Ltd. ("Sunac Hengji") and is responsible for overall business operations.

## ※ Non-executive Directors

**Mr. ZHU Jia ("Mr. Zhu"),** aged 52, a non-executive Director of the Company. Mr. Zhu is a Juris Doctorate degree holder from Cornell Law School in the United States and currently a managing director of Bain Capital Asia, LLC. Mr. Zhu has solid and extensive experience in a broad range of cross border mergers and acquisitions as well as international financing transactions involving PRC companies. Before joining Bain Capital Asia, LLC in 2006, he was the chief executive officer of the PRC business of Morgan Stanley Asia Limited. Mr. Zhu is currently a non-executive director of each of Clear Media Holding Limited (stock code: 100) and Greatview Aseptic Packaging Company Limited (stock code: 468), the shares of which are listed on the Main Board of the Stock Exchange. Meanwhile, he is an independent non-executive director of Youku Tudou Inc., a company listed on the New York Stock Exchange. He served as a non-executive director of SinoMedia Holding Limited (stock code: 623) from November 2006 to May 2013 and GOME Electrical Appliances Holding Limited (stock code: 493) from August 2009 to January 2015, the shares of which are listed on the Main Board of the Stock Exchange.

## ※ Independent Non-executive Directors

**Mr. POON Chiu Kwok ("Mr. Poon"),** aged 52, is an independent non-executive Director of the Company. Mr. Poon possesses years of accounting and relevant financial management experience. He currently serves as an executive director, vice president and company secretary of Huabao International Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 336), and an independent non-executive director of Yuanda China Holdings Limited (stock code: 2789), Changan Minsheng APLL Logistics Co., Ltd., (stock code: 1292) and Tonly Electronics Holdings Limited (stock code: 1249) respectively, the shares of which are listed on the Main Board of the Stock Exchange. He served as an independent non-executive director of China Tianrui Group Cement Company Limited (stock code: 1252) from December 2011 to December 2012, whose shares are listed on the Main Board of the Stock Exchange. He also served as an independent non-executive director in Guangzhou Shipyard International Company Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 317) and the Shanghai Stock Exchange (stock code: 600685) from 31 May 2011 to 8 May 2014 and an independent non-executive director in Ningbo Port Company Limited, whose shares are listed on the Shanghai Stock Exchange (stock code: 601018) from 1 April 2008 to 26 May 2014. Mr. Poon is a Fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel. He is also a Fellow member and Associate Instructor of Hong Kong Securities and Investment Institute. He obtained a master's degree in international accounting, a post-graduate diploma in laws, a bachelor's degree in laws and a bachelor's degree in business studies. Mr. Poon joined the Group in June 2011.

**Mr. LI Qin ("Mr. Li"),** aged 74, is an independent non-executive Director of the Company. He is also the chairman of the board of supervisors of Legend Holdings. Mr. Li has extensive experience in business management, formulation of comprehensive business plans and strategies and their implementation. Mr. Li graduated from Beijing Institute of Mechanical Engineering (北京機械學院) (presently known as the Xi'an University of Technology (西安理工大學)) in the PRC with a bachelor's degree in Automatic Control Engineering in 1965. From 1965 to 1984, Mr. Li worked for the Technological Research Institute of Chinese Academy of Sciences. Since 1985, Mr. Li joined New Technology Development Company (the predecessor of Legend Holdings), He was the co-founder of the company and held the position of executive vice president of Legend Holdings over a long period of time and retired in 2009. From 2001 to December 2007, Mr. Li was also the chairman of the board of directors of Digital China Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 861). In 1992, Mr. Li was awarded "Outstanding Entrepreneur of Private Enterprises" by the Committee of Science and Technology of China and in the same year, he was also named as China's Outstanding Middle-Youth Scientist. In 1994, Mr. Li was awarded "Excellent Entrepreneur in High-Technology Industry" by the Beijing Municipal Science & Technology Commission. In 2000, he was also awarded as the "Municipal Model Worker of Beijing." Mr. Li joined the Company in August 2009.

**Mr. MA Lishan ("Mr. Ma"),** aged 63, is an independent non-executive Director of the Company. Mr. Ma graduated from Beijing Foreign Studies University in the PRC in 1975. Mr. Ma served in various managerial positions such as chairman, executive director, general manager in certain grain, large-scale edible oil, food processing corporations and Great Wall Wine under China Oil & Foodstuff Corporation ("COFCO"). Mr. Ma was the deputy chairman of Top Glory International Hodlings Limited(鵬利國際集團有限公司) (a shareholder of COFCO PROPERTY (GROUP) CO,. LTD., from June 2003 to July 2005,. Mr. Ma has extensive experience in corporate operation and management. From January 1996 to June 2003, Mr. Ma served as an executive director of China Foods Limited(中國食品有限公司) (formerly known as "China Foods Holdings Limited(中國食品發展集團有限公司)" and "COFCO International Limited(中國糧油國際有限公司)") ("China Foods"), whose shares are listed on the Main Board of the Stock Exchange (stock code: 506). From May 1997 to June 2003, Mr. Ma served as the managing director of China Foods. He was the managing director of COFCO International Limited (now renamed China Foods Limited) between April 2002 and June 2003. In 2000, Mr. Ma served as the deputy general manager of China Foods Import and Export (Group) Co., Ltd. (中國糧油食品進出口(集團)有限公司). From June 2003 to July 2005, Mr. Ma served as the deputy managing director of COFCO (Hong Kong) Limited(中國糧油食品集團(香港)有限公司) after its reorganisation. Mr. Ma was an executive director of Sino Resources Limited from June 2008 to January 2009 whose shares are listed on the Main Board of Stock Exchange (stock code: 00223). From May 2008 to present, he is an independent non-executive director of Silver Base Group Holdings Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 886). From September 2010 to August 2013, he was also the executive director, managing director and chairman of Hao Tian Resources Group Limited (now renamed Hao Tian Development Group Limited), whose shares are listed on the Main Board of the Stock Exchange (stock code: 474). He is the senior consultant in Hao Tian Development Group Limited from August 2013 to present. Mr. Ma joined the Company in August 2009.

**Mr. TSE Chi Wai ("Mr. Tse"),** aged 47, is an independent non-executive Director of the Company. Mr. Tse graduated from the University of Hong Kong in 1989 with a bachelor's degree in social science studies. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tse previously worked for various international accounting firms and listed companies and has over 20 years of experience in auditing, accounting and finance. Mr. Tse has been an executive director of Jih Sun Financial Holding Co., Ltd, the shares of which are listed on the Taiwan Stock Exchange, since 2010. Mr. Tse has also been the chief financial officer, the company secretary and an executive director of China Information Technology Development Limited, whose shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8178) since 2011. Mr. Tse has been an independent non executive director of Greens Holdings Ltd, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1318) since March 2015. Mr. Tse joined the Company in December 2012.

## ※ Senior Management

**Mr. TIAN Qiang ("Mr. Tian"),** aged 37, is the general manager of Shanghai Sunac Greentown Investment Holdings Limited ("Shanghai Sunac Greentown"). Mr. Tian joined the Group in 2007 and acted as a deputy general manager of Tianjin Xiangchi Investment Co., Ltd. ("Tianjin Xiangchi"). In late 2007, he held the position of a general manager of Wuxi Sunac Real Estate Co. Ltd. ("Wuxi Sunac Real Estate"). Before joining the Group, Mr. Tian has been a sales manager, deputy general sales manager and general manager between 2002 and 2007 at Sunco China. Mr. Tian graduated from the Tianjin Institute of Urban Construction in the PRC in 1999 with a bachelor's degree in engineering specializing in construction project management.

**Ms. MA Zhixia ("Ms. Ma"),** aged 42, is the vice president of the Group. She is in charge of the Research & Development Centre, Sales Centre and Project Management Department of the Group. She joined the Group in 2003 and from 2003 to 2005, she acted as a deputy general manager and general manager of Sunac Zhidi. Since 2005, she has been the vice president of the Group. Ms. Ma graduated from Nankai University in the PRC with a bachelor's degree in economics in 1995.

**Mr. CHEN Hengliu ("Mr. Chen"),** aged 60, is the chairman of the Sunac Hangzhou Company. Mr. Chen joined the Group in 2006 and has been the vice president since February 2013. Prior to joining the Group, Mr. Chen worked for Lenovo Group, China Sciences Group (Holding) Co., Ltd. (中科實業集團(控股)有限公司) and Sina.com. Mr. Chen graduated from Beijing Normal University in the PRC in 1982 with a bachelor's degree in physics and in 1985, he obtained a master's degree in science from the Post-graduate School of Chinese Academy of Sciences.

**Mr. HUANG Shuping ("Mr. Huang"),** aged 34, is the vice president, chief financial officer and joint company secretary of the Group. He is primarily responsible for corporate finance, equity management and investor relations of the Group. He joined the Group in 2007 and acted successively as a supervisor and a general manager of the capital operations centre, a deputy general manager of the finance management department and an assistant to chief executive officer. Since 2011, he has been a vice president of the Group and has been the chief financial officer of the Group since November 2012. Before joining us, Mr. Huang was an assistant to the president of Sunco China with responsibilities in capital management from 2005 to 2007. From 2004 to 2005, he was a project manager of the assets management department of the Capital Securities Co., Ltd. Mr. Huang graduated from Xiamen University in the PRC with a bachelor's degree in economics in 2003 and received a master's degree from the University of Liverpool in the United Kingdom in finance in 2004.

The Board recognizes the importance of improving transparency to shareholders, rigorous risk management and accountability and is committed to achieving high standards of corporate governance. The Board believes that corporate governance of high standard and great efficiency will bring the Company a better result and reciprocate the shareholders with long term benefits.

## ※ Corporate Governance Practices

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the guidelines for the directors' dealings in the securities of the Company. Following specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2014 in relation to their securities dealings, if any.

### CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2014, complied with all applicable Code Provisions under the Corporate Governance Code, save and except for the deviations from Code Provisions A.2.1 and E.1.2.

Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are performed by Mr. Sun Hongbin. Although Mr. Sun Hongbin assumes both the roles of chairman and chief executive officer, the divisions of responsibilities between the two roles are clearly defined. The role of the chairman is to monitor the duties and performance of the Board, whereas the role of chief executive officer is to manage the Group's business. The Board believes that at the current stage of development of the Group, vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Code Provision E.1.2 provides that the chairman of the Board and the chairmen of all the Board committees should attend the annual general meeting and be available to answer questions at the meeting. Mr. Sun Hongbin (chairman of the Board and chairman of the Nomination Committee) was unable to attend the Company's annual general meeting held on 19 May 2014 as he had to attend certain business matters in the PRC on the same day. Accordingly, the Company was unable to fully comply with Code Provision E.1.2 of the Corporate Governance Code.

### CHANGES OF DIRECTORS AND INFORMATION OF DIRECTORS

Mr. ZHU Jia, non-executive Director of the Company, resigned as a non-executive director of GOME Electrical Appliances Holding Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 493) with effect from 28 January 2015.

Mr. POON Chiu Kwok, independent non-executive Director of the Company resigned as an independent non-executive director of Ningbo Port Company Limited, whose shares are listed on the Shanghai Stock Exchange (stock code: 601018) on 26 May 2014.

Mr. TSE Chi Wai, independent non-executive Director of the Company has been appionted as an independent non-executive director of Greens Holdings Ltd, whose shares are listed on the Stock Exchange (stock code: 1318) on 14 March 2015.

Save as disclosed above, no information relating to the Directors of the Company is required to be disclosed in accordance with Rules 13.51(2) and 13.51(B) (1) of the Listing Rules since the publication of the interim report for the period ended 30 June 2014 by the Company.

## TRAININGS OF THE DIRECTORS

The Board recognizes and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have also attended regular trainings on the Listing Rules and regulatory requirements. The Company has an established internal reporting practice throughout the Group in monitoring the operation and business development of the Company.

All Directors should keep abreast of the responsibilities as a Director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for newly appointed Director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements being a newly appointed Director.

The company secretaries of the Company keep and update disciplines of training received by Directors. For the year ended 31 December 2014, trainings received by each Director are summarized as follows:

| Name of Director | Attending seminar(s)/ program(s)/ conference(s) relevant to the business or Directors' duties | Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements |
|---|---|---|
| Mr. Sun Hongbin | √ | √ |
| Mr. Wang Mengde | √ | √ |
| Mr. Li Shaozhong | √ | √ |
| Mr. Chi Xun | √ | √ |
| Mr. Shang Yu | √ | √ |
| Mr. Jing Hong | √ | √ |
| Mr. Zhu Jia | √ | √ |
| Ms. Hu Xiaoling (resigned with effect from 12 August 2014) | √ | √ |
| Mr. Poon Chiu Kwok | √ | √ |
| Mr. Li Qin | √ | √ |
| Mr. Ma Lishan | √ | √ |
| Mr. Tse Chi Wai | √ | √ |

## ※ The Board

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

## ※ Board Composition

### EXECUTIVE DIRECTORS

Mr. Sun Hongbin (Chairman and Chief Executive Officer)
Mr. Wang Mengde (Executive President)
Mr. Li Shaozhong
Mr. Chi Xun
Mr. Shang Yu
Mr. Jing Hong

### NON-EXECUTIVE DIRECTORS

Mr. Zhu Jia
Ms. Hu Xiaoling (resigned with effect from 12 August 2014)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok
Mr. Li Qin
Mr. Ma Lishan
Mr. Tse Chi Wai

There is no relationship (including financial, business, family or other material relationship) between any members of the Board. The Directors' respective biographical information is set out on pages 26 to 29 of this annual report. The present Board has extensive experience in corporate finance and management both in Hong Kong and the PRC. Mr. Poon Chiu Kwok possesses appropriate expertise in accounting and financial management. The diversified experiences and backgrounds of Directors contribute to good corporate governance and performance of standards by the Group, and in turn generate long-term benefits for shareholders of the Company.

As at 31 December 2014, the Board had met the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company have not been separated as required by Code Provision A.2.1 of the Corporate Governance Code.

Mr. Sun Hongbin is the chairman and chief executive officer of the Company. Mr. Sun has extensive experience in property industry and is responsible for (i) making strategic decisions on the Group's business developments and operations and (ii) making significant decisions on the Group's daily business operations. The Board considers that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. With rigorous corporate governance practice, the Board can assure the well balance between authorities and responsibilities. The Board comprises six executive Directors (including Mr. Sun), one non-executive Director and four independent non-executive Directors, reflecting the independence of the Board.

## BOARD MEETINGS

The Board convened four meetings during the year ended 31 December 2014 to discuss corporate strategies, business plans and other significant issues of the Group. Details of the attendance at the Board meetings convened are set out as follows:

| Name of Director | Attendance/ Number of meetings held |
|---|---|
| **Executive Directors** | |
| Mr. Sun Hongbin (Chairman and Chief Executive Officer) | 4/4 |
| Mr. Wang Mengde (Executive President) | 4/4 |
| Mr. Li Shaozhong | 4/4 |
| Mr. Chi Xun | 4/4 |
| Mr. Shang Yu | 4/4 |
| Mr. Jing Hong | 4/4 |
| **Non-executive Directors** | |
| Mr. Zhu Jia | 4/4 |
| Ms. Hu Xiaoling (resigned with effect from 12 August 2014) | 2/2 |
| **Independent Non-executive Directors** | |
| Mr. Poon Chiu Kwok | 4/4 |
| Mr. Li Qin | 4/4 |
| Mr. Ma Lishan | 4/4 |
| Mr. Tse Chi Wai | 4/4 |

In addition, all members of the Board have approved the following proposals unanimously by way of written resolutions:

- proposed amendment to the Post-IPO Share Option Scheme and the terms of share options granted thereunder;
- acquisition of 24.313% shares in Greentown China Holdings Limited;
- grant of share options;
- acquisition of 47% equity interest in Shanghai Fuyuan Binjiang Development Co., Ltd.;
- issuance of US$400 Million 8.75% Senior Notes due 2019;
- termination of the transaction in respect of the acquisition of 24.313% shares in Greentown China Holdings Limited; and
- acquisition of the entire equity interest in the offshore target company of Sunac Greentown and certain equity interest in onshore target companies of Shanghai Sunac Greentown.

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

## ※ Board Committees

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

## ※ Audit Committee

The primary duties of the Audit Committee are to review completeness of the Company's policies and procedures on internal control and to review financial statements of the Group. The Audit Committee consists of four independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai. Mr. Poon Chiu Kwok acts as the chairman of the Audit Committee. The terms of reference of the Audit Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and is uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn). During the year ended 31 December 2014, the Audit Committee convened two meetings in total, and the individual attendance of each member during the period is set out as follows:

| Name of Member | Attendance/ Number of meetings held |
|---|---|
| Mr. Poon Chiu Kwok (Chairman) | 2/2 |
| Mr. Li Qin | 2/2 |
| Mr. Ma Lishan | 2/2 |
| Mr. Tse Chi Wai | 2/2 |

At the above meetings, members of the Audit Committee have reviewed the audited annual results of 2013 and reviewed the interim results of 2014 and have discussed with our auditor about the tasks they performed. The annual results of the Company for the year ended 31 December 2014 have also been reviewed by the Audit Committee.

The Audit Committee has reviewed the remuneration of the auditor for 2014 and has recommended the Board to re-appoint PricewaterhouseCoopers as the auditor of the Company for 2015, subject to approval by the shareholders at the forthcoming annual general meeting expected to be held on 19 May 2015.

The Audit Committee has been appointed by the Board to perform the corporate governance duties as stipulated in Code Provision D.3.1 of the Corporate Governance Code on the Board meeting held on 23 March 2015.

The work performed by the Audit Committee during 2014 included, among others, the following:

1. reviewed interim and annual consolidated financial statements of the Group;
2. discussed with external auditors;
3. reviewed the 2014 cash flow projections and monitored the Group's overall financial condition;
4. reviewed the appropriateness and effectiveness of internal control system of the Group and made recommendations to the Board on the improvement of internal control, credit control and risk management of the Group;
5. reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
6. met with external auditors in the absence of executive Directors and senior management to discuss matters in relation to the audit.

## REMUNERATION COMMITTEE

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration of the Directors and senior management as well as to evaluate and make recommendations on employee benefit arrangements. The terms of reference of the Remuneration Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and has been uploaded to the websites of the Stock Exchange and the Company.

The Remuneration Committee comprises one executive Director, namely Mr. Sun Hongbin, and four independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai. Mr. Poon Chiu Kwok acts as the chairman of the Remuneration Committee.

The Remuneration Committee held two meetings during the year ended 31 December 2014, and the individual attendance of each member during the period is set out as follows:

| Name of Member | Attendance/ Number of meetings held |
|---|---|
| Mr. Poon Chiu Kwok (Chairman) | 2/2 |
| Mr. Sun Hongbin | 2/2 |
| Mr. Li Qin | 2/2 |
| Mr. Ma Lishan | 2/2 |
| Mr. Tse Chi Wai | 2/2 |

The major work performed by the Remuneration Committee in 2014 included reviewing and making recommendation of the Directors' remuneration for the year ending 31 December 2015.

## NOMINATION COMMITTEE

The primary duties of the Nomination Committee are to identify and to nominate suitable candidates for Directors and senior management of the Company. Criteria adopted by the Nomination Committee in considering whether the relevant personnel are suitable for Directors include their qualifications, experience, expertise and knowledge as well as provisions of the Listing Rules. The terms of reference of the Nomination Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and 26 August 2013, and has been uploaded to the websites of the Stock Exchange and the Company.

The Nomination Committee comprises one executive Director, namely Mr. Sun Hongbin, and three independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, and Mr. Ma Lishan. Mr. Sun Hongbin acts as the chairman of the Nomination Committee.

The work performed by the Nomination Committee during 2014 included the following:

1. identified suitable candidates for directorships and made recommendations to the Board;

2. assessed the independence of independent non-executive Directors; and

3. made recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Committee has reviewed and recommended to the Board the Board diversity policy ("Board Diversity Policy") and the Board, in the Board meeting held on 25 August 2014, adopted such policy to assess the Board composition. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

The Nomination Committee held two meetings during the year ended 31 December 2014, and the individual attendance of each member during the period is set out as follows:

| Name of Member | Attendance/ Number of meetings held |
|---|---|
| Mr. Sun Hongbin (Chairman) | 2/2 |
| Mr. Poon Chiu Kwok | 2/2 |
| Mr. Li Qin | 2/2 |
| Mr. Ma Lishan | 2/2 |

## AUDITOR'S REMUNERATION

During the year ended 31 December 2014, the remunerations paid or payable to the auditor of the Group, PricewaterhouseCoopers, in respect of its statutory audit services and non-audit services in relation to note issuance are RMB5.1 million and RMB0.3 million, respectively.

## ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2014 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the period. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" on pages 56 to 57 of this report.

## INTERNAL CONTROL

The Company continues to adopt best practices and industry standards for corporate governance and internal control and draw on our senior management's expertise and experience to facilitate our operations.

The Board is responsible for maintaining an effective internal control system and reviews the effectiveness and the operational performance of the Group's internal control system to ensure the Group's assets and shareholder's benefit. The Company leverages on the expertise offered by internal and external professionals to develop its internal control system. During the year, the Board conducted a review of the effectiveness of the Group's internal control system. The annual review has considered the adequacy of resources, qualification and experiences of staff of the Company's accounting and financial function, and their training programmes and budget. The Audit Committee and the Board will regularly review the Company's performance and its internal control system, further strengthen its internal management and clarify the terms of references of each operating unit, so as to ensure an ordered operation with high efficiency and a rapid response to market conditions.

## INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. Our primary focus is to ensure that information disclosure is timely, fair, accurate, truthful and complete, thereby enabling our shareholders, the investors as well as the public to make rational and informed decisions.

## COMMUNICATION WITH SHAREHOLDERS

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

Mr. Sun Hongbin (chairman of the Board) was unable to attend the AGM held on 19 May 2014 as he had to attend certain business matters in the PRC on the same day.

Mr. Li Shaozhong, Mr. Chi Xun, Mr. Shang Yu and Mr. Jing Hong (executive Directors) were unable to attend the AGM held on 19 May 2014 due to conflicting schedules. Mr. Li Qin and Mr. Ma Lishan (independent non-executive Directors) as well as Mr. Zhu Jia (non- executive Director) were also unable to attend the AGM due to conflicting schedules. However, Mr. Wang Mengde (executive Director) and Mr. Poon Chiu Kwok and Mr. Tse Chi Wai (independent non-executive Directors) attended the 2014 AGM and answered questions from shareholders. Mr. Poon is also the chairman of the Audit Committee, chairman of the Remuneration Committee and member of the Nomination Committee. To promote effective communication, the Company maintains a website at www.sunac.com.cn, where the latest information and updates on its business operation and development, corporate governance practice, contact information of Investor Relations Department and other information are published for the public's access.

## ※ Shareholders' Right

### PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

### PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

Investor Relations Department
Sunac China Holdings Limited
10th Floor, Building C7, Magnetic Plaza,
Binshuixi Road, Nankai District
Tianjin
PRC
Fax: 86-22-23929807
Email: ir@sunac.com.cn

## ※ Company Secretary

The Company engages Ms. Mok Ming Wai, director of KCS Hong Kong Limited, as one of its joint company secretaries since 9 October 2013. Her primary corporate contact person at the Company is Mr. Huang Shuping, the vice president, chief financial officer and joint company secretary of the Company. In compliance with Rule 3.29 of the Listing Rules, Mr. Huang and Ms. Mok each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2014.

## ※ Constitutional Documents

There was no change in the Company's constitutional documents during the year ended 31 December 2014.

The Company's investor relations team aims to ensure shareholders of the Company (including individual and institutional shareholders), investment institutions and related persons to be provided with comprehensive, identical and timely access to easily understandable information about the Company in a timely manner, so as to enhance investors' understanding and recognition of the Company. On one hand, it enables our shareholders to exercise their rights in an informed manner, hence effectively enhancing shareholders' value. On the other hand, it is an effective channel which allows the shareholders and the investment community (including the Company's potential investors and analysts who publish analysis and reports on the Company's performance) to maintain smooth communications with the Company with an aim to establish a long-term, stable and healthy relationship.

The Company's investor relations team has formulated a well-organized and highly-efficient working system for investor relations so as to ensure that the Company, in compliance with the Listing Rules, conveys the latest information regarding its sales performance, major transactions, business operations and new land acquisition to the capital market in a timely and accurate manner. It also publishes as soon as practicable the monthly newsletters, announcements, annual reports, press releases and other information, and maintains close contact with the capital market through various channels including phone calls, conferences, emails, the Company's website, etc..

During the year ended 31 December 2014, the Company's investor relations team proactively organized and participated in a series of activities such as investor meetings and non-deal road shows which were held in Hong Kong, Singapore, Macau, Beijing and Shanghai by securities firms. Meanwhile, it also keeps close ties with the capital market through organizing teleconferences and inviting domestic and foreign investors and analysts to the Group's headquarters and cities where our projects are located to have meetings or on- site visits as well as communication with the Group and the management of various regions and various projects. During the year ended 31 December 2014, the investor relations team organized a total of 1,145 meetings with investment institutions and analysts and received 401 on-site project visits with investment institutions and analysts.

In the future, the Company's investor relations team will continuously dedicate itself to establishing a highly-efficient communication mechanism between the Company and the capital market, promoting and organizing more investment institutions to establish long-term connections with the Company, which will not only enable the capital market to have an in-depth understanding of the Company, but also enable the Company to understand the requirements of the capital market towards the operations of the Company in a timely manner so as to achieve a win-win situation.

| Month | Activities | Place |
|---|---|---|
| January | Barclays China Property Day 2014 | Hong Kong |
| January | BNP Paribas Regional FIG Conference | Hong Kong |
| January | Nomura China Property Corporate Day | Hong Kong |
| January | Hong Kong and China Corporate Day 2014 | Hong Kong |
| January | 2014 Great China Conference | Shanghai |
| January | 11th Annual Asia Pacific Investor Conference | Hong Kong |
| April | UBS HK/China Property Conference 2014 | Hong Kong |
| May | Macquarie Greater China Conference | Hong Kong |
| May | 19th CLSA China Forum | Beijing |
| May | Morgan Stanley Fifth Annual Hong Kong Investor Summit | Hong Kong |
| May | Barclays Select Series 2014: Asia Financial & Property Conference | Hong Kong |
| June | BAML Greater China Property & Conglomerates Corporate Day | Hong Kong |
| June | Citi Asia Pacific Property Conference | Hong Kong |
| October | UOB KayHian Asian Gems Conference | Singapore |
| October | CICC Investment Forum 2014 | Beijing |
| November | Citi China Investor Conference | Macau |
| November | 2014 BAML China Confernce | Beijing |
| November | GS Greater China CEO Summit 2014 | Hong Kong |
| November | 3rd Nomura Annual Asian High Yield Corporate Day | Hong Kong |
| December | Nomura Property Day | Hong Kong |

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

## ※ PRINCIPAL ACTIVITIES

The Group is an integrated residential and commercial property developer with a focus on large-scale, medium to high-end property developments in selected cities in China.

An analysis of the Group's revenue and operating results for the year by principal activities is set out in note 6 to the consolidated financial statements of the Group.

## ※ RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income of the Group on page 61.

### LAND BANK

For the year ended 31 December 2014, the Group had acquired 12 premium sites in total with replenishment of approximately 3.49 million sq.m. to its land bank. As of 31 December 2014, the Company has a total land bank of approximately 21.62 million sq.m and a total attributable land bank of approximately 12.80 million sq.m. The Company believes that an expanded land bank in the main target regions of the Group is an essential key for the Group's future success in property development.

### MERGERS AND ACQUISITIONS

On 7 November 2014, Shanghai Ronglv Ruijiang Real Estate Co., Ltd. ("Shanghai Ronglv Ruijiang"), the Company's non-wholly owned subsidiary, successfully won the bid for the acquisition of 47% equity interest in Shanghai Fuyuan Binjiang Development Co., Ltd. ("Shanghai Fuyuan Binjiang") through the Shanghai United Assets and Equity Exchange. Shanghai Ronglv Ruijiang, as purchaser, and Shanghai Shenjiang Liang'an Development Construction Investment (Group) Co., Ltd. ("Shanghai Shenjiang Liang'an"), as vendor, entered into an equity transfer agreement (the "Equity Transfer Agreement"). Pursuant to which Shanghai Ronglv Ruijiang agreed to acquire and Shanghai Shenjiang Liang'an agreed to dispose of its 47% shareholding in Shanghai Fuyuan Binjiang for a consideration of RMB1,574,986,146.76 which included (i) the consideration of RMB977,374,550.83 for the transfer of 47% equity interest; and (ii) the debt of RMB597,611,595.93 owed by Shanghai Fuyuan Binjiang to Shanghai Shenjiang Liang'an. Upon completion of the transactions contemplated under the Equity Transfer Agreement, the equity interest of Shanghai Fuyuan Binjiang will be held as to 47% and 53% by Shanghai Ronglv Ruijiang and Shanghai Shenjiang Liang'an, respectively, and Shanghai Fuyuan Binjiang will become an associate of the Company. Details of the Equity Transfer Agreement were set out in the announcement of the Company dated 7 November 2014.

On 30 December 2014, (i) Lead Sunny Investments Limited ("Lead Sunny"), a wholly-owned subsidiary of the Company, and Sunac Greentown Investment Holdings Co., Ltd. ("Sunac Greentown") entered into a share sale and purchase agreement (the "Shared Sale and Purchase Agreement"), pursuant to which Lead Sunny conditionally agreed to purchase and Sunac Greentown conditionally agreed to dispose of the entire equity interest in Elegant Trend Limited held by it, the Offshore Target Equity consideration was RMB5,676,740,000 and the Offshore Target Debt Consideration was RMB725,000,000, meanwhile, Sunac Greentown had already obtained approval for the offshore transaction from the counterparty's shareholder, Greentown China Holdings Limited; and (ii) Tianjin Sunac Ao Cheng Investment Co., Ltd. ("Tianjin Sunac Ao Cheng"), a wholly-owned subsidiary of the Company, and Shanghai Sunac Greentown Investment Holdings Limited ("Shanghai Sunac Greentown") entered into the equity sale and purchase framework agreement (the "Equity Sale and Purchase Framework Agreement") and the debt undertaking framework agreeement (the "Debt Undertaking Framework Agreement" together with the Eguity Sale and Purchase Framework Agreement (the "Framework Agreements")), pursuant to which Tianjin Sunac Ao Cheng conditionally agreed to purchase and Shanghai Sunac Greentown agreed to dispose of certain equity interest in the Onshore Target Companies held by it, the Onshore Target Equity Consideration was approximately RMB5,614,920,000 and the Onshore Debt Consideration was approximately RMB3,529,380,000, meanwhile, Shanghai Sunac Greentown had already obtain approval for the onshore transaction from the counterparty's shareholder, Greentown Investment Management Co., Ltd. Details of the Share Sale and Pruchase Agreement and the Framework Agreements were set out in the announcement of the Company dated 31 December 2014.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 7 to the consolidated financial statements of the Group.

## BORROWINGS

Details of borrowings are set out in note 22 to the consolidated financial statements of the Group.

## RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity. As at 31 December 2014, the distributable reserve of the Company amounted to approximately RMB2,816,500,000.

## FINANCIAL SUMMARY

A financial summary of the Group is set out on page 4 of this annual report.

## ※ FINAL DIVIDEND

The Board proposed to declare a final dividend of RMB0.19 per share in cash, approximately RMB644 million in aggregate, for the year ended 31 December 2014, which is expected to be paid on 6 August 2015 to shareholders whose names appear on register of members of the Company as at 26 May 2015, subject to shareholders' approval in the forthcoming annual general meeting of the Company expected to be held on 19 May 2015 (the "AGM"). The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the middle rate published by the People's Bank of China for the conversion of RMB to Hong Kong dollars as at 19 May 2015.

These is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

## ※ CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 15 May 2015 to 19 May 2015 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 14 May 2015.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

For the purpose of determining the shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 23 May 2015 to 26 May 2015 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 22 May 2015.

## ※ MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, revenue attributable to the largest customer of the Group amounted to approximately 0.6% of the total revenue in the year and the five largest customers of the Group accounted for 1.6% of the Group's revenue in the year.

For the year ended 31 December 2014, purchases attributable to the largest supplier of the Group amounted to approximately 6.3% of the total purchases in the year and the five largest suppliers of the Group accounted for 22.0% of the Group's purchases in the year.

So far as the Board is aware, neither the Directors, their close associates nor any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

## ※ ISSUANCE OF THE BONDS DURING THE YEAR

On 2 December 2014, the Company, the subsidiary guarantors and the subsidiary guarantor pledgors entered into the Purchase Agreement with The Hongkong and Shanghai Banking Corporation Limited, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, ICBC International Capital Limited, ICBC International Securities Limited and Morgan Stanley & Co. International plc in connection with the issue of US$400 million 8.75% senior notes due 2019 (the "2014 Notes").

The estimated net proceeds of the 2014 Notes, after deduction of sales discounts, commissions and other estimated offering expenses, will amount to approximately US$393.5 million and the Company intends to use the net proceeds from the 2014 Notes to refinance the Group's existing indebtedness. The Company may adjust its plans in response to changing market conditions and may therefore reallocate the use of proceeds from the 2014 Notes.

The 2014 Notes are listed on the official list of Singapore Exchange Securities Trading Limited.

Details about the issue of 2014 Notes were set out in the announcement of the Company dated 3 December 2014.

## ※ SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 18 to the consolidated financial statements of the Group.

## ※ DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

### EXECUTIVE DIRECTORS

Mr. SUN Hongbin (Chairman and Chief Executive Officer)
Mr. WANG Mengde
Mr. LI Shaozhong
Mr. CHI Xun
Mr. SHANG Yu
Mr. JING Hong

### NON-EXECUTIVE DIRECTORS

Mr. ZHU Jia
Ms. HU Xiaoling (resigned with effect from 12 August 2014)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Chiu Kwok
Mr. LI Qin
Mr. MA Lishan
Mr. TSE Chi Wai

The biographical details of the Directors and senior management are set out under the section "Biographies of Directors and Senior Management."

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, Mr. Poon Chiu Kwok , Mr. Shang Yu, Mr. Jing Hong and Mr. Zhu Jia shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the AGM.

## ※ PARTICULARS OF DIRECTORS' SERVICE CONTRACTS

### EXECUTIVE DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the contract.

Each of the executive Directors is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of the Board, and social and welfare benefits provided under the relevant PRC laws and regulations. The aggregate amount of annual salary of the six executive Directors is RMB8,779,000.

### NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors has entered into an appointment letter with the Company for a term of two years. No fees are payable to the non-executive Directors under the appointment letters.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of two years. The aggregate amount of annual fees payable to four independent non-executive Directors under the appointment letters is HK$1,200,000.

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

## ※ CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that each of the independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai to be independent.

## ※ DIRECTORS' EMOLUMENTS AND (FIVE) HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2014 are set out in note 28(a) to the consolidated financial statements of the Group.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2014.

## ※ DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2014.

## ※ DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2014, none of the Directors of the Company are considered to be in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

## ※ MANAGEMENT CONTRACTS

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

## ※ ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes", at no time during the year ended 31 December 2014 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

## ※ COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS AND DIRECTORS

Mr. Sun Hongbin ("Mr. Sun") and Sunac International Investment Holdings Ltd. ("Sunac International") (the "Covenantors") entered into a non-competition deed (the "Deed") dated 9 September 2010 in favor of the Company, pursuant to which each of the Covenantors undertook to the Company (for its own and on behalf of all members of the Group) that he or it may not, and shall use his or its best endeavors to procure that his or its associates will not, directly or indirectly, hold any interest, or be engaged or otherwise involved, whether for profit, reward or otherwise, in any business (the "Restricted Activity") which is in competition with, or is likely to be in competition with, the business carried on by the Group from time to time (the "Business") whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise, or take any action which interferes with or disrupts, or may interfere with or disrupt, the Business, including, but not limited to, solicitation of any of the customers, suppliers or employees of any member of the Group provided that there shall be no restriction on any of the Covenantors and/or his or its associates holding not more than a 5.26% interest in Sunco Property Holdings Company Limited or a 100% equity interest in APEV Property Management ("APEV Interest") or any shares or other securities in any company which conducts or is engaged in any Restricted Activity (the "Subject Company") if such shares or securities are listed on a stock exchange and the total number of shares held by the Covenantors and/or his or its associates in aggregate does not exceed 5% of the issued share capital of the Subject Company and:

(i) there is a holder (together, where appropriate, with its associates) holding a larger shareholding in the Subject Company than the aggregate shareholding held by the relevant Covenantors and/or his or its associates at all times; and

(ii) the total number of the relevant Covenantors' representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to his or its shareholding in the Subject Company.

The Covenantors further undertake:

(a) not to appoint directly or indirectly any executive director in the Subject Company; and

(b) that if Mr. Sun (through Tianjin Ying Xin Xin Heng Investment Consultancy Limited ("Yingxin Xinheng")) decides to dispose of the APEV Interest or if he, it, and/or his or its associates receive any business investment or other business opportunities in relation to the Business (each a "Business Opportunity"), each shall refer any of such Business Opportunities to the Company first on a timely basis, subject to all applicable laws and regulations, and shall give written notice to the Company of the Business Opportunity within seven days for identifying the target company (if relevant) and the nature of the Business Opportunity, the investment or acquisition costs and detailing all information reasonably necessary for the Company to consider whether to pursue the Business Opportunity ("Offer Notice").

The Deed shall terminate on the earliest of the date on which (i) the Covenantors and/or his or its associates shall cease to hold in aggregate 30 per cent. or more of the entire issued share capital of the Company or otherwise cease to be our controlling shareholder; or (ii) the Shares shall cease to be listed and traded on the Stock Exchange (except for suspension of trading of the Shares on the Stock Exchange due to any reason).

Our independent non-executive Directors have reviewed, for the year ended 31 December 2014, the compliance by the Covenantors with their non-competition undertakings and, in particular, the right of first refusal in relation to the Business Opportunity as provided under the Deed. In this connection, the Covenantors have provided all necessary data, including without limitation, details of any proposed investment constituting the Business Opportunity, to the independent non-executive Directors for their review.

Each Covenantor has undertaken to provide all data necessary for (i) the annual review by the independent non-executive Directors in respect of his or its compliance with the Deed; and (ii) the enforcement of the Deed. Each Covenantor has made an annual declaration on compliance with the Deed for disclosure in this annual report.

## ※ RELATED PARTY TRANSACTIONS

During the year ended 31 December 2014, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are disclosed in note "Related party transactions" to the consolidated financial statements of the Group.

## ※ SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme (the "Pre-IPO Share Option Scheme") on 9 September 2010 and the Post-IPO Share Option Scheme (the "Post-IPO Share Option Scheme") on 29 April 2011, which was subsequently being amended, with such amendments being approved and adopted on 17 March 2014. Moreover, the Company has also adopted a new Share Option Scheme ("New Share Option Scheme") on 19 May 2014.

### PRE-IPO SHARE OPTION SCHEME

As disclosed in the Company's prospectus dated 24 September 2010, the Company adopted the Pre-IPO Share Option Scheme on 9 September 2010 ("Pre-IPO Option Scheme Adoption Date") and granted a total of 51,080,000 share options in total, representing approximately 1.51% of the total issued shares of the Company as at 31 December 2014. The purpose of the Pre-IPO Share Option Scheme is to provide an incentive for the employees of the Company, our subsidiaries and associated project companies to work with commitment towards enhancing the value of the Company and its Shares for the benefit of the shareholders of the Company. The principal terms and conditions of the Pre-IPO Share Option Scheme are set out as below:

(a) the exercise price per share is HK$2.784, equivalent to 80% of the final offer price per share in the Company's IPO;

(b) share options offered under the Pre-IPO Share Option Scheme are forbidden to sell within 12 months from the Listing Date;

(c) after listing of the Company, no share options will be offered under the Pre-IPO Share Option Scheme; and

(d) the Pre-IPO Share Options granted to each grantee shall vest in accordance with the following schedule:

| Vesting period | Percentage of the options |
|---|---|
| Upon the first anniversary date of the Pre-IPO Option Scheme Adoption Date | 30% |
| Upon the second anniversary date of the Pre-IPO Option Scheme Adoption Date | an additional 30% (i.e. up to 60%) |
| Upon the third anniversary date of the Pre-IPO Option Scheme Adoption Date | an additional 40% (i.e. up to 100%) |

The Pre-IPO Share Options, once vested, shall be exercisable within a period of three years from the first anniversary of the Option Scheme Adoption Date.

As of the date of this annual report, options to subscribe for an aggregate of 51,080,000 Shares, representing approximately 1.67% of the Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the options under the pre-IPO share option schemes of the Company have been exercised in full), have been conditionally granted to 121 grantees, for nominal consideration of HK$1.00 paid by each grantee, under the Pre-IPO Share Option Scheme. The exercise price per Share shall be equal to HK$2.784, being 80% of the offer price of the Company's Shares in the initial public offering.

During the year ended 31 December 2014, several senior management and employees of the Company exercised an aggregate of 41,855,875 Pre-IPO Share Options under the Pre-IPO Share Option Scheme, at an exercise price of HK$2.784 per share. The weighted average closing price of the share immediately before the date of exercise was HK$5.03 per share.

As at 31 December 2014, changes of share options under the Pre-IPO Share Option Scheme are as follows:

| Name of grantee | Number of options granted on 9 September 2010 | Approximate percentage of total issued shares of the Company upon exercise of all options | Number of outstanding options as at 1 January 2014 | Number of exercised options during 12 months ended 31 December 2014 | Number of cancelled options during 12 months ended 31 December 2014 | Number of lapsed options during 12 months ended 31 December 2014 | Number of outstanding options as at 31 December 2014 |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| Mr. Sun Hongbin* | 3,600,000 | 0.11% | 3,600,000 | 3,600,000 | — | — | — |
| Mr. Wang Mengde | 3,300,000 | 0.10% | 3,300,000 | 3,300,000 | — | — | — |
| Mr. Li Shaozhong | 3,600,000 | 0.11% | 3,600,000 | 3,600,000 | — | — | — |
| Mr. Chi Xun | 3,600,000 | 0.11% | 3,600,000 | 3,600,000 | — | — | — |
| Mr. Shang Yu | 3,300,000 | 0.10% | 3,300,000 | 3,300,000 | — | — | — |
| Mr. Jing Hong | 3,600,000 | 0.11% | 2,200,000 | 2,200,000 | — | — | — |
| **Senior management and employees** | 30,080,000 | 0.89% | 22,605,875 | 22,255,875 | — | 350,000 | — |
| **Total** | **51,080,000** | **1.51%** | **42,205,875** | **41,855,875** | — | **350,000** | — |

Note:

* Mr. Sun Hongbin is also the chief executive officer and a substantial shareholder of the Company.

Except for the Directors listed in the table above, none of the grantees under the Pre-IPO Share Option Scheme is a connected person of the Group.

## POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting held on 29 April 2011 (the "Post-IPO Share Option Scheme Adoption Date"). The purpose of which is to motivate the employees of the Company and its subsidiaries to diligently enhance the value of the Company and its shares for the benefit of all its shareholders, and to attract and retain the valuable employees who would make a contribution and be or may be beneficial to the growth and development of the Company. All the shareholders of the Company approved and adopted amendments to the Post-IPO Share Option Scheme at the extraordinary general meeting held on 17 March 2014, the amended principal terms and conditions of the Post-IPO Share Option Scheme are set out as follows:

(a) the maximum number of shares in respect of the share options that may be granted (the "Share Options") shall not exceed 99,900,000 shares, or 3.33% of the total issued shares as at the Post-IPO Share Option Scheme Adoption Date;

(b) the total number of shares issued or to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total shares in issue, except subject to shareholders' approval;

(c) the Post-IPO Share Option Scheme has been effective and valid for six years since the Post-IPO Share Option Scheme Adoption Date, unless it may be early terminated subject to the resolution of the Board;

(d) the Share Options shall be granted in accordance with the following schedule:

| | | **Percentage of the total issued shares as at the Post-IPO Share Option Scheme Grant Period (e.g. 3,000,000,000 shares, the "Total Issued Shares")** |
|---|---|---|
| The year commencing from the Post-IPO Share Option Scheme Adoption Date | ("The 1st Grant Period") | 1.33%; |
| The year commencing from the 1st anniversary of the Post-IPO Share Option Scheme Adoption Date | ("The 2nd Grant Period") | 1% of the total issued shares plus the Share Options not granted during the 1st Grant Period; |
| The year commencing from the 2nd anniversary of the Post-IPO Share Option Scheme Adoption Date | ("The 3rd Grant Period") | 1% of the total issued shares plus the Share Options not granted during the 1st Grant Period and the 2nd Grant Period; |

(e) the subscription prices are subject to the absolute discretion of the Board which, however, shall not be lower than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of the offer of the Share Options ("Offer Date"); (ii) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares;

(f) the Share Options granted to each grantee shall vest in accordance with the following schedule:

| Vesting Date | Percentage of the Share Options vested/ to be vested on the Vesting Date |
|---|---|
| **(1) The Share Options granted during the 1st Grant Period** | |
| Grant Date | 30% |
| Upon the first anniversary date of the commencement date of the 1st Grant Period | An additional 30% (i.e. up to 60% in total) |
| Upon the second anniversary date of the commencement date of the 1st Grant Period | An additional 40% (i.e. up to 100% in total) |
| **(2) The Share Options granted during the 2nd Grant Period** | |
| Grant Date | 30% |
| Upon the first anniversary date of the commencement date of the 2nd Grant Period | An additional 30% (i.e. up to 60% in total) |
| Upon the second anniversary date of the commencement date of the 2nd Grant Period | An additional 40% (i.e. up to 100% in total) |
| **(3) The Share Options granted during the 3rd Grant Period** | |
| Grant Date | 30% |
| Upon the first anniversary date of the commencement date of the 3rd Grant Period | An additional 30% (i.e. up to 60% in total) |
| Upon the second anniversary date of the commencement date of the 3rd Grant Period | An additional 40% (i.e. up to 100% in total) |

The Post-IPO Share Options, once vested, shall be exercisable within a period of six years from the Post-IPO Share Option Scheme Adoption Date or the latest anniversary of the Post-IPO Share Option Scheme Adoption Date.

A Post-IPO Share Option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Share Options (except that the grantee may nominate a nominee, of which the grantee is the sole beneficial owner, in whose name the Shares issued pursuant to the Post-IPO Share Option Scheme may be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding Share Options or any part thereof to the extent not already exercised.

On 30 September 2011, the Company granted an aggregate of 39,900,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$1.484 per Share. The closing price of the Shares immediately before the date of grant is HK$1.44 per Share.

On 21 May 2012, the Company granted an aggregate of 29,100,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$2.33 per share. The closing price of the Shares immediately before the date of grant was HK$2.22 per share.

On 2 May 2013, the Company granted an aggregate of 30,900,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK$6.32 per share. The closing price of the Shares immediately before the date of grant was HK$6.26 per share.

For the year ended 31 December 2014, changes in Share Options under the Post-IPO Share Option Scheme are as follows:

| Name of Grantee | Number of Share Options granted on 30 September 2011 (Note 1) | Number of Share Options granted on 21 May 2012 (Note 2) | Number of Share Options granted on 2 May 2013 (Note 3) | Number of outstanding Share Options as at 1 January 2014 | Number of Share Options exercised during 12 months ended 31 December 2014 | Number of Share Options cancelled during 12 months ended 31 December 2014 | Number of Share Options lapsed during 12 months ended 31 December 2014 | Number of outstanding Share Options as at 31 December 2014 |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| Mr. Sun Hongbin* | 2,600,000 | 400,000 | — | 3,000,000 | 2,840,000 | 160,000 | — | — |
| Mr. Wang Mengde | 2,300,000 | 1,300,000 | 1,600,000 | 5,200,000 | — | — | — | 5,200,000 |
| Mr. Li Shaozhong | 2,300,000 | 1,200,000 | 1,300,000 | 4,800,000 | — | — | — | 4,800,000 |
| Mr. Chi Xun | 2,600,000 | 1,200,000 | 1,300,000 | 4,900,000 | — | — | — | 4,900,000 |
| Mr. Shang Yu | 2,300,000 | 1,200,000 | 1,300,000 | 4,800,000 | 1,150,000 | — | — | 3,650,000 |
| Mr. Jing Hong | 2,600,000 | 1,200,000 | 1,300,000 | 4,650,000 | — | — | — | 4,650,000 |
| **Senior management and employees** | 25,200,000 | 22,600,000 | 24,100,000 | 57,993,400 | 14,840,372 | 357,404 | 303,000 | 42,492,624 |
| **Total** | 39,900,000 | 29,100,000 | 30,900,000 | 85,343,400 | 18,830,372 | 517,404 | 303,000 | 65,692,624 |

* Mr. Sun Hongbin is also the Chief Executive Officer and a substantial shareholder of the Company.

Notes:

1. After amendment was made to the terms of Share Options granted, the exercise period shall be from 30 September 2011 to 28 April 2017, and the Share Options have been vested in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 30 September 2011); (ii) another 30% of the Share Options shall be vested on 29 April 2012; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2013. The closing price of the Company's shares listed on the SEHK immediately before the date of grant of the Share Options was HK$1.44 per share.

2. After amendment was made to the terms of Share Options granted, the exercise period shall be from 21 May 2012 to 28 April 2018, and the Share Options shall vest in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 21 May 2012); (ii) another 30% of the Share Options shall be vested on 29 April 2013; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2014. The closing price of the Company's shares listed on the SEHK immediately before the date of grant of the Share Options was HK$2.22 per share.

3. After amendment was made to the terms of Share Options granted, the exercise period shall be from 2 May 2013 to 28 April 2019, and the Share Options shall vest in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 2 May 2013); (ii) another 30% of the Share Options shall be vested on 29 April 2014; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2015. The closing price of the Company's shares listed on the SEHK immediately before the date of grant of the Share Options was HK$6.26 per share.

For the year ended 31 December 2014, the Directors, some senior management officers and employees of the Company exercised a total of 10,927,400 Share Options granted on 30 September 2011 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK$1.484 per share. The weighted average closing price of the Shares immediately before the exercise date was HK$5.30 per share.

For the year ended 31 December 2014, the Directors, some senior management officers and employees of the Company exercised a total of 7,257,000 Share Options granted on 21 May 2012 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK$2.33 per share. The weighted average closing price of the Shares immediately before the exercise date was HK$5.74 per share.

For the year ended 31 December 2014, the Directors, some senior management officers and employees of the Company exercised a total of 645,972 Share Options granted on 2 May 2013 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK$6.32 per share. The weighted average closing price of the Shares immediately before the exercise date was HK$6.45 per share.

Except for the Directors listed in the table above, none of the grantees under the Post-IPO Share Option Scheme is a connected person of the Group.

### NEW SHARE OPTION SCHEME

The New Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting held on 19 May 2014 (the "New Share Option Scheme Adoption Date"). The purpose of which was to motivate the Directors, senior management and employees of the Group to diligently enhance the value of the Company and its shares for the benefit of the shareholders of the Company, and to attract and retain the valuable employees who would make a contribution and be or may be beneficial to the growth and development of the Group. The principal terms and conditions of the New Share Option Scheme are set out as follows:

(a) the maximum number of Shares in respect of the share options that may be granted (the "Share Options") shall not exceed 166,374,246 Shares, or 5% of the total issued Shares as at the New Share Option Scheme Adoption Date;

(b) The total number of Shares issued or to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total Shares in issue, except subject to shareholders' approval;

(c) the New Share Option Scheme has been effective and valid for five years since the New Share Option Scheme Adoption Date, unless it may be early terminated subject to the resolution of the Board;

(d) the Share Options granted to grantees shall be vested in accordance with the following schedule:

- 30% of the Share Options may be exercisable from the date specified as the Offer Date ("Offer Date") in the Offer Letter;
- another 30% of the Share Options (i.e. up to 60% of total) may be exercisable from the first anniversary day of the Offer Date; and
- another 40% of the Share Options (i.e. up to 100% of total) may be exercisable from the second anniversary day of the Offer Date;

New Share Options, once vested, shall be exercised within a period of five years from the Offer Date.

New Share Options are owned by the grantee personally and are prohibited from being transferred or assigned, a grantee shall not sell, transfer, charge, pledge the Share Options or create encumbrances or any interest thereof in any manner in favour of third parties (except a grantee may appoint a nominee (such grantee shall be the sole beneficial owner of the nominee) and register the Shares issued under the New Share Option Scheme in its name). If the grantee fails to satisfy any of the aforesaid requirements, the Company shall be entitled to cancel any outstanding Share Options or any part of them (to the extent of unexercised Share Options).

As at 5 June 2014, the Company has granted a total of 33,267,000 Share Options pursuant to the New Share Option Scheme with an exercise price of HK$4.07 per share. The closing price of the Shares immediately before the date of grant of such Share Options was HK$3.96 per share.

For the year ended 31 December 2014, changes in the Share Options under the New Share Option Scheme are set out as follows:

| Name of grantee | Number of share options granted on 5 June 2014 (Note 1) | Number of share options exercised for the year ended 31 December 2014 | Number of share options cancelled for the year ended 31 December 2014 | Number of share options lapsed for the year ended 31 December 2014 | Number of outstanding share options as at 31 December 2014 |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Mr. Sun Hongbin* | 1,300,000 | — | — | — | 1,300,000 |
| Mr. Wang Mengde | 1,200,000 | — | — | — | 1,200,000 |
| Mr. Li Shaozhong | 1,100,000 | — | — | — | 1,100,000 |
| Mr. Chi Xun | 1,100,000 | — | — | — | 1,100,000 |
| Mr. Shang Yu | 1,100,000 | — | — | — | 1,100,000 |
| Mr. Jing Hong | 1,100,000 | — | — | — | 1,100,000 |
| **Seinor management and employees** | 26,367,000 | 1,198,000 | 338,000 | — | 24,830,200 |
| **Total** | 33,267,000 | 1,198,000 | 338,800 | — | 31,730,200 |

* Mr. Sun Hongbin is also the Chief Executive Officer and a substantial shareholder of the Company.

Notes:

1. The exercise period is from 5 June 2014 to 4 June 2019, and the Share Options shall be vested in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 5 June 2014); (ii) another 30% of the Share Options shall be vested on 5 June 2015; and (iii) the remaining 40% of the Share Options shall be vested on 5 June 2016. The closing price of the Company's shares listed on the SEHK immediately before the date on which the Share Options were granted was HK$3.96 per share.

For the year ended 31 December 2014, the directors, some senior management officers and employees of the Company exercised a total of 1,198,000 Share Options granted on 5 June 2014 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK$4.07 per share. The weighted average closing price of the Shares immediately before the exercise date was HK$6.16 per share.

Except for the Directors listed in the table above, none of the grantees under the New Share Option Scheme is a connected person of the Group.

The weighted average fair value of options granted during the year ended 31 December 2014 determined using the Binomial valuation model was HK$1.36 per option. The significant input into the model were weighted average share price of HK$4.07 at the grant date, exercise price of HK$4.07, volatility of 44.53%, dividend yield of 1.66%, an expected option life of 3 years and an annual risk-free interest rate of 1.272%. The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group. The amortization of share option of RMB35,456,000 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the year ended 31 December 2014, the Company had not adopted any share option schemes. Save as disclosed in this report, none of any share options were granted, exercised, cancelled and lapsed during the year ended 31 December 2014.

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

As at 31 December 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("the SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in Appendix 10 to the Listing Rules, are set out below:

### (i) INTERESTS IN SHARES OF THE COMPANY AND/OR ASSOCIATED CORPORATION

| Name of Director | Nature of Interest | Relevant company (including associated corporations) | Number of shares of the relevant company[1] | Approximate percentage of interest in the relevant company |
|---|---|---|---|---|
| Mr. Sun Hongbin | Interest in a controlled cocorporation[2] | The Company | 1,589,549,451 (L) | 47.00% |
| | Beneficial interest | The Company | 6,440,000 (L) (1) | 0.19% |
| | Beneficial interest | Sunac International Investment Holdings Ltd ("Sunac International")[3] | 1(L) (1) | 100% |
| Mr. Wang Mengde | Beneficial interest | The Company | 3,300,000 (L) | 0.10% |
| Mr. Jing Hong | Beneficial interest | The Company | 650,000 (L) | 0.02% |

Notes:

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

(2) Mr. Sun is the beneficial owner of 100% of the issued share capital of Sunac International and is deemed to be interested in the Shares held by Sunac International.

(3) Sunac International is our holding company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO.

### (ii) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY

| Name of Director | Nature of Interest | Number of Underlying Shares(Note) | Approximate percentage of interest in the Company |
|---|---|---|---|
| Mr. Sun Hongbin | Beneficial interest | 1,300,000 | 0.04% |
| Mr. Wang Mengde | Beneficial interest | 6,400,000 | 0.19% |
| Mr. Li Shaozhong | Beneficial interest | 5,900,000 | 0.17% |
| Mr. Chi Xun | Beneficial interest | 6,000,000 | 0.18% |
| Mr. Shang Yu | Beneficial interest | 4,750,000 | 0.14% |
| Mr. Jing Hong | Beneficial interest | 5,750,000 | 0.17% |

Note: The interests in the underlying Shares are in relation to the Share Options granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the New Share Option Scheme (as appropriate).

Save as disclosed herein, as at 31 December 2014, none of the Directors and chief executives of the Company, or their respective associates, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## ※ INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 31 December 2014, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

| Name of Shareholders | Nature of Interest/Capacity | Number of Shares or underlying Shares(1) | Approximate percentage of shareholding |
|---|---|---|---|
| Sunac International | Beneficial interest | 1,589,549,451(L) | 47.00% |

Note:

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

Save as disclosed herein, as at 31 December 2014, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

## ※ PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares of the Company.

## ※ PRE-EMPTIVE RIGHTS

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

## ※ CORPORATE GOVERNANCE OF THE COMPANY

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

## ※ CONDITION OF SPECIFIC OBLIGATION TO BE PERFORMED BY THE CONTROLLING SHAREHOLDER UNDER FACILITY AGREEMENTS

Pursuant to Rule 13.18 of the Listing Rules, on 23 July 2013, the Company (as one of the parent guarantors) and Sunac Greentown Investment Holdings Limited (as borrower) which is a non-wholly owned subsidiary of the Company entered into a facility agreement with, among others, Industrial and Commercial Bank of China (Asia) Limited, Deutsche Bank AG, London Branch, China CITIC Bank International Limited, Bank of China Limited Macau Branch and ICBC International Capital Limited (as original lenders) in relation to certain three- year term loan facilities in an aggregate amount of approximately US$400,000,000, which subject to the accession by any bank(s) to the facility agreement pursuant to the terms thereunder will be increased to an amount not exceeding an aggregate amount of approximately US$450,000,000. The facility agreement includes a term which requires the controlling shareholder of the Company to maintain a minimum percentage of shareholding in the Company. Pursuant to the terms of the Facility Agreement, a mandatory prepayment obligation will arise if, among other conditions, Mr. Sun Hongbin and his affiliated companies cease to beneficially own not less than 30% of the entire beneficial shareholding interest in the Company. And an Event of Default (as defined in the Facility Agreement) under the Facility Agreement shall arise if a mandatory prepayment obligation under the Facility Agreement is not fulfilled within 2 business days of the due date pursuant to the Facility Agreement.

Pursuant to Rule 13.18 of the Listing Rules, on 9 June 2014, the Company (as borrower) and its subsidiaries (as guarantors) entered into a facility agreement with, among others, Bank of China Limited Macau Branch, China CITIC Bank International Limited, Hang Seng Bank Limited and The Hongkong and Shanghai Banking Corporation Limited (as lenders) in relation to term loan facilities in an aggregate amount of approximately US$260 million, which subject to the accession by any banks to the Facility Agreement pursuant to the terms thereunder will be increased to an aggregate amount of not exceeding US$350 million, for a period of three years after the date of the Facility Agreement. Pursuant to the Facility Agreement, among other things, upon the occurrence of any event that Mr. Sun Hongbin ceases to, among others, (i) hold, whether directly or indirectly through any person, beneficially 30 per cent. or more of the issued ordinary share capital of the Company; (ii) be the single largest shareholder of the Company; (iii) have the management control over the borrower; or (iv) be the chairman of the board of directors of the Company, following the instructions given by the majority lenders, the Facility Agent may declare the relevant commitment under the Facility Agreement to be cancelled and/or declare all outstanding loans under the Facility Agreement, together with accrued interest, and all other amounts accrued under the Finance Documents (as defined in the Facility Agreement) to become due and immediately payable by giving prior notice to the Company. If the accelerated repayment for the relevant loan is not made within the prescribed period, an event of default will deem to be occurred under the Facility Agreement.

## ※ EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014, the Group had a total of 5,848 employees in Hong Kong and the PRC. For the year ended 31 December 2014, the staff cost of the Group was approximately RMB626 million.

The employees' remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff.

In order to attract and retain excellent talents, the Company adopted the Pre-IPO Share Option Scheme on 9 September 2010 and the Post-IPO Share Option Scheme on 29 April 2011, and Share Options were granted on 30 September 2011, 21 May 2012 and 2 May 2013, and the New Share Option Scheme was adopted at the annual general meeting held on 19 May 2014 for granting Share Options to eligible persons (including employees of the Group) entitling them the right to subscribe for shares of the Company, details of which are disclosed on pages 45 to 51 of this report. Furthermore, the Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the year ended 31 December 2014.

The emoluments of the Directors are firstly reviewed by the Remuneration Committee and then approved by the Board, having regard to the Director's skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

## ※ SUBSEQUENT EVENTS

Details of significant events after 31 December 2014 are set out in note 39 to the consolidated financial statements.

## ※ SUFFICIENCY OF PUBLIC FLOAT

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

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

## ※ AUDITOR

The consolidated financial statements for the year have been audited by Messrs. PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor is to be proposed at the forthcoming annual general meeting of the Company.

For and on behalf of the Board
**Sunac China Holdings Limited**
**Sun Hongbin**
*Chairman*

Hong Kong, 23 March 2015

羅兵咸永道

**To the shareholders of Sunac China Holdings Limited**
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sunac China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 58 to 140, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**
*Certified Public Accountants*

Hong Kong, 23 March 2015

# CONSOLIDATED BALANCE SHEET

| | Note | As at 31 December 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | **61,815** | 65,381 |
| Investment properties | 8 | **239,000** | 252,000 |
| Intangible assets | 9 | **148,905** | 234,234 |
| Investments accounted for using the equity method | 10 | **12,048,789** | 7,908,864 |
| Prepayment for equity investments | 15 | **944,991** | — |
| Deferred income tax assets | 11 | **1,451,953** | 1,304,554 |
| | | **14,895,453** | 9,765,033 |
| **Current assets** | | | |
| Properties under development | 12 | **35,700,545** | 40,694,597 |
| Completed properties held for sale | 13 | **13,682,451** | 17,411,712 |
| Trade and other receivables | 14 | **2,474,809** | 1,213,763 |
| Amounts due from related companies | 35(d) | **17,999,418** | 9,755,363 |
| Prepayments | 15 | **2,568,194** | 2,505,811 |
| Restricted cash | 16 | **4,384,145** | 2,594,666 |
| Cash and cash equivalents | 17 | **20,657,285** | 13,414,017 |
| | | **97,466,847** | 87,589,929 |
| **Total assets** | | **112,362,300** | 97,354,962 |
| **EQUITY AND LIABILITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Ordinary shares | 18 | **289,963** | 285,055 |
| Reserves | 20 | | |
| – Proposed final dividend | 38 | **644,414** | 635,681 |
| – Others | | **15,418,561** | 12,684,567 |
| | | **16,352,938** | 13,605,303 |
| **Non-controlling interests** | | **4,629,695** | 4,606,015 |
| **Total equity** | | **20,982,633** | 18,211,318 |

| | Note | As at 31 December 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 22 | **20,544,113** | 20,871,569 |
| Deferred income tax liabilities | 11 | **5,886,751** | 6,483,025 |
| | | **26,430,864** | 27,354,594 |
| **Current liabilities** | | | |
| Trade and other payables | 21 | **11,615,723** | 16,900,347 |
| Advanced proceeds from customers | | **12,270,841** | 13,647,124 |
| Amounts due to related companies | 35(d) | **20,713,919** | 6,894,723 |
| Current income tax liabilities | | **6,508,638** | 6,512,135 |
| Borrowings | 22 | **13,839,682** | 7,834,721 |
| | | **64,948,803** | 51,789,050 |
| **Total liabilities** | | **91,379,667** | 79,143,644 |
| **Total equity and liabilities** | | **112,362,300** | 97,354,962 |
| **Net current assets** | | **32,518,044** | 35,800,879 |
| **Total assets less current liabilities** | | **47,413,497** | 45,565,912 |

The notes on pages 64 to 140 are an integral part of these consolidated financial statements.

The financial statements on pages 58 to 140 were approved by the Board of Directors on 23 March 2015 and were signed on its behalf.

**Sun Hongbin**
*Director*

**Wang Mengde**
*Director*

# BALANCE SHEET

| | Note | As at 31 December 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 36 | **8,419,621** | 8,384,165 |
| **Current assets** | | | |
| Amounts due from subsidiaries | | **5,463,734** | 28,005 |
| Other receivables | 14 | **1,905** | 739 |
| Cash and cash equivalents | 17 | **28,728** | 1,426,604 |
| | | **5,494,367** | 1,455,348 |
| **Total assets** | | **13,913,988** | 9,839,513 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Ordinary shares | 18 | **289,963** | 285,055 |
| Reserves | 20 | | |
| – Proposed final dividend | 38 | **644,414** | 635,681 |
| – Others | | **2,172,124** | 3,369,029 |
| **Total equity** | | **3,106,501** | 4,289,765 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 22 | **9,262,956** | 5,408,889 |
| **Current liabilities** | | | |
| Borrowings | 22 | **1,378,905** | — |
| Other payables | 21 | **156,435** | 131,687 |
| Amounts due to subsidiaries | | **9,191** | 9,172 |
| | | **1,544,531** | 140,859 |
| **Total liabilities** | | **10,807,487** | 5,549,748 |
| **Total equity and liabilities** | | **13,913,988** | 9,839,513 |
| **Net current assets** | | **3,949,836** | 1,314,489 |
| **Total assets less current liabilities** | | **12,369,457** | 9,698,654 |

The notes on pages 64 to 140 are an integral part of these financial statements.

The financial statements on pages 58 to 140 were approved by the Board of Directors on 23 March 2015 and were signed on its behalf.

**Sun Hongbin**
*Director*

**Wang Mengde**
*Director*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Year ended 31 December 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| Revenue | 6 | **25,071,959** | 30,836,714 |
| Cost of sales | 23 | **(20,730,079)** | (23,660,207) |
| **Gross profit** | | **4,341,880** | 7,176,507 |
| Selling and marketing costs | 23 | **(697,299)** | (615,453) |
| Administrative expenses | 23 | **(680,743)** | (520,137) |
| Other income and gains | 26 | **1,020,451** | 222,522 |
| Other expenses and losses | 27 | **(119,817)** | (145,473) |
| **Operating profit** | | **3,864,472** | 6,117,966 |
| Finance income | 29 | **123,422** | 74,529 |
| Finance costs | 29 | **(1,267,380)** | (580,277) |
| Finance costs – net | 29 | **(1,143,958)** | (505,748) |
| Share of profit of investments accounted for using equity method, net | 10 | **2,181,283** | 72,231 |
| **Profit before income tax** | | **4,901,797** | 5,684,449 |
| Income tax expenses | 30 | **(1,669,168)** | (2,190,622) |
| **Profit for the year** | | **3,232,629** | 3,493,827 |
| **Other comprehensive income for the year** | | — | — |
| **Total comprehensive income for the year** | | **3,232,629** | 3,493,827 |
| **Profit and total comprehensive income attributable to:** | | | |
| – Owners of the Company | | **3,222,070** | 3,178,403 |
| – Non-controlling interests | | **10,559** | 315,424 |
| | | **3,232,629** | 3,493,827 |
| **Earnings per share attributable to owners of the Company (expressed in RMB per share):** | | | |
| – Basic earnings per share | 31 | **0.96** | 0.96 |
| – Diluted earnings per share | 31 | **0.95** | 0.95 |

The notes on pages 64 to 140 are an integral part of these consolidated financial statements.

| | Note | Year ended 31 December 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **Dividends** | 38 | **644,414** | 635,681 |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Note | Attributable to owners of the Company | | | | |
|---|---|---|---|---|---|---|
| | | Ordinary shares RMB'000 (Note 18) | Reserves RMB'000 (Note 20) | Total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at 1 January 2013** | | 260,341 | 9,228,671 | 9,489,012 | 2,505,164 | 11,994,176 |
| **Total comprehensive income** | | — | 3,178,403 | 3,178,403 | 315,424 | 3,493,827 |
| Placing ordinary shares | | 24,294 | 1,594,257 | 1,618,551 | — | 1,618,551 |
| Acquisition of new subsidiaries | | — | — | — | 540,449 | 540,449 |
| Capital contribution from non-controlling interests | | — | — | — | 1,852,490 | 1,852,490 |
| Transactions with non-controlling interests | | — | (260,430) | (260,430) | (733,694) | (994,124) |
| Disposal of a subsidiary | | — | (207,836) | (207,836) | 126,182 | (81,654) |
| Employees share option schemes: | | | | | | |
| – Value of employee services | 25 | — | 38,680 | 38,680 | — | 38,680 |
| – Proceeds from shares issued | | 420 | 9,233 | 9,653 | — | 9,653 |
| Dividends relating to 2012 | | — | (260,730) | (260,730) | — | (260,730) |
| | | 24,714 | 913,174 | 937,888 | 1,785,427 | 2,723,315 |
| **Balance at 31 December 2013** | | 285,055 | 13,320,248 | 13,605,303 | 4,606,015 | 18,211,318 |
| **Total comprehensive income** | | — | 3,222,070 | 3,222,070 | 10,559 | 3,232,629 |
| Disposal of a subsidiary | | — | — | — | 13,121 | 13,121 |
| Employees share option schemes: | | | | | | |
| – Value of employee services | 25 | — | 35,456 | 35,456 | — | 35,456 |
| – Proceeds from shares issued | | 4,908 | 120,882 | 125,790 | — | 125,790 |
| Dividends relating to 2013 | | — | (635,681) | (635,681) | — | (635,681) |
| | | 4,908 | (479,343) | (474,435) | 13,121 | (461,314) |
| **Balance at 31 December 2014** | | **289,963** | **16,062,975** | **16,352,938** | **4,629,695** | **20,982,633** |

The notes on pages 64 to 140 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Year ended 31 December 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 32 | **19,452,340** | 11,114,007 |
| PRC income tax paid | | **(2,734,976)** | (2,790,084) |
| Net cash generated from operating activities | | **16,717,364** | 8,323,923 |
| **Cash flows from investing activities** | | | |
| Proceeds from disposals of property, plant and equipment ("PP&E") | | **3,184** | 3,718 |
| Interest received due to termination of an investment | 26(a) | **190,333** | — |
| Interest received from joint ventures and associates | | **271,404** | — |
| Collection of loans from joint ventures and associates | | **1,306,614** | — |
| Dividend received from a joint venture | | **26,667** | — |
| Proceeds from termination of an investment | 26(a) | **4,789,535** | |
| Investments in joint ventures and associates | | **(3,064,609)** | (4,608,808) |
| Purchases of PP&E | 7 | **(26,020)** | (27,231) |
| Loans to joint ventures and associates | | **(6,065,146)** | — |
| Prepayments for acquisition of equity interests | 15, 26(a) | **(5,734,526)** | — |
| Disposal of a subsidiary | | **(582,419)** | 166,821 |
| Acquisition of subsidiaries, net of cash settled | | **—** | (9,567,280) |
| Transactions with non-controlling interests | | **—** | (1,034,677) |
| Net cash used in investing activities | | **(8,884,983)** | (15,067,457) |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | **16,762,741** | 23,093,928 |
| Proceeds from issue of senior notes, net | | **2,423,236** | 3,120,871 |
| Issue of ordinary shares as a result of placing | | **—** | 1,618,551 |
| Issue of ordinary shares according to share option schemes | | **125,790** | 9,653 |
| Cash advances from joint ventures and associates, net | | **—** | 2,457,131 |
| (Repayments of funds)/funds from non-controlling interests | | **(1,449,024)** | 1,852,490 |
| Repayments of borrowings | | **(13,013,609)** | (18,242,609) |
| Interest paid | | **(2,913,717)** | (2,500,102) |
| Restricted cash guaranteed for bank borrowings | 16 | **(1,882,476)** | 701,555 |
| Dividends paid | 38 | **(635,681)** | (260,730) |
| Net cash (used)/generated from financing activities | | **(582,740)** | 11,850,738 |
| **Net increase in cash and equivalents** | | **7,249,641** | 5,107,204 |
| Cash and cash equivalents at beginning of year | | **13,414,017** | 8,394,026 |
| Effect of exchange difference | | **(6,373)** | (87,213) |
| **Cash and cash equivalents at end of year** | 17 | **20,657,285** | 13,414,017 |

The notes on pages 64 to 140 are an integral part of these consolidated financial statements.

## 1 General information

Sunac China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC").

The Company is a limited company incorporated in the Cayman Islands. The address of its registered office is Landmark Square, 3rd Floor, 64 Earth Close, P.O. Box 30592, Grand Cayman KY1-1203, Cayman Islands.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 7 October 2010.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the board of directors of the Company on 23 March 2015.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

#### 2.1.1 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 22.

## 2 Summary of significant accounting policies *(continued)*

### 2.1 BASIS OF PREPARATION *(continued)*

#### 2.1.2 Changes in accounting policy and disclosures

*(a) New and amended standards adopted by the Group*

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014:

Amendment to Hong Kong Accounting Standards ("HKAS") 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to HKAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units (CGUs) which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS/HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The group has applied the amendment and there has been no significant impact on the group financial statements as a result.

HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the group.

## 2 Summary of significant accounting policies *(continued)*

### 2.1 BASIS OF PREPARATION *(continued)*

#### 2.1.2 Changes in accounting policy and disclosures *(continued)*

*(b) New standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements.

(I) Changes effective for annual periods beginning on or after 1 July 2014

Amendment to HKAS19 regarding defined benefit plans

Annual improvements 2012

Annual improvements 2013

(II) Changes effective for annual periods beginning on or after 1 January 2016

HKFRS 14 "Regulatory Deferral Accounts"

Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operation

Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation

Annual improvements 2014

(III) Changes effective for annual periods beginning on or after 1 January 2017

HKFRS15 "Revenue from Contracts with Customers"

# 2 Summary of significant accounting policies *(continued)*

## 2.1 BASIS OF PREPARATION *(continued)*

### 2.1.2 Changes in accounting policy and disclosures *(continued)*

*(b) New standards and interpretations not yet adopted (continued)*

(IV) Changes effective for annual periods beginning on or after 1 January 2018

HKFRS 9 "Financial Instruments"

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The group is yet to assess HKAS 9's full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The group is assessing the impact of HKAS 15.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

## 2 Summary of significant accounting policies *(continued)*

### 2.1 BASIS OF PREPARATION *(continued)*

#### 2.1.2 Changes in accounting policy and disclosures *(continued)*

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

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

### 2.2 SUBSIDIARIES

#### 2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

*(a) Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

## 2 Summary of significant accounting policies *(continued)*

### 2.2 SUBSIDIARIES *(continued)*

#### 2.2.1 Consolidation *(continued)*

*(a) Business combinations (continued)*

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

*(c) Disposal of subsidiaries*

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

## 2 Summary of significant accounting policies *(continued)*

### 2.2 SUBSIDIARIES *(continued)*

#### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.3 ASSOCIATES

An associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

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

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

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

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

## 2 Summary of significant accounting policies *(continued)*

### 2.4 JOINT ARRANGEMENTS

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

### 2.5 SEGMENT REPORTING

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

### 2.6 FOREIGN CURRENCY TRANSLATION

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "Other gains – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

## 2 Summary of significant accounting policies *(continued)*

### 2.6 FOREIGN CURRENCY TRANSLATION *(continued)*

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

### 2.7 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriately when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Vehicles | 5 years |
| Furniture and office equipment | 5 years |
| Leasehold improvements | Over the shorter of 5 years or the lease periods |

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains – net" in the income statement.

## 2 Summary of significant accounting policies *(continued)*

### 2.8 INVESTMENT PROPERTIES

Investment properties, principally comprising properties that are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related development costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation method such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually at each balance sheet date by independent valuers. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "Other gains – net".

### 2.9 GOODWILL

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

### 2.10 LAND USE RIGHTS

All land in the PRC is state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value.

### 2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

## 2 Summary of significant accounting policies *(continued)*

### 2.12 FINANCIAL ASSETS

#### 2.12.1 Classification

The Group's financial assets are loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, amounts due from related companies, amounts due from non-controlling interests, restricted cash and cash and cash equivalent in the balance sheet.

#### 2.12.2 Recognition and measurement

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

#### 2.12.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.13 IMPAIRMENT OF FINANCIAL ASSETS CARRIED AT AMORTIZED COST

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

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

## 2 Summary of significant accounting policies *(continued)*

### 2.13 IMPAIRMENT OF FINANCIAL ASSETS CARRIED AT AMORTIZED COST *(continued)*

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

### 2.14 PROPERTIES UNDER DEVELOPMENT

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises construction costs, land use rights cost, capitalised borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

### 2.15 COMPLETED PROPERTIES HELD FOR SALE

Completed properties remaining unsold as at the balance sheet dates are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

### 2.16 TRADE AND OTHER RECEIVABLES

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

## 2 Summary of significant accounting policies *(continued)*

### 2.17 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks.

### 2.18 SHARE CAPITAL

Ordinary shares are classified as equity.

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

### 2.19 TRADE PAYABLES

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.20 BORROWINGS

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

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

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

### 2.21 BORROWING COSTS

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

## 2 Summary of significant accounting policies *(continued)*

### 2.22 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

**(a) Current income tax**

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

**(b) Deferred income tax**

*Inside basis differences*

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

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

*Outside basis differences*

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

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

## 2 Summary of significant accounting policies *(continued)*

### 2.22 CURRENT AND DEFERRED INCOME TAX *(continued)*

#### (c) Offsetting

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

### 2.23 EMPLOYEE BENEFITS

#### (a) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (b) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

## 2 Summary of significant accounting policies *(continued)*

### 2.24 SHARE-BASED PAYMENTS

#### (a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### (b) Share-based payment transactions among group entities

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

## 2 Summary of significant accounting policies *(continued)*

### 2.25 PROVISIONS

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

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

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

### 2.26 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**(a) Sales of properties**

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and recoverability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets as "Advanced proceeds from customers" within current liabilities.

**(b) Rental income**

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

**(c) Property management**

Property management services income is recognised when the services are provided, the total amount of revenue and costs arising from provision of the services can be estimated reliably, and it is probable that the economic benefits associated with the transaction will flow in.

## 2 Summary of significant accounting policies *(continued)*

### 2.26 REVENUE RECOGNITION *(continued)*

**(d) Interest income**

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan or receivables is recognised using the original effective interest rate.

**(e) Dividend income**

Dividend income is recognised when the right to receive payment is established.

### 2.27 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the year necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

### 2.28 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lesser are classified as operating leases. Payments made under operating leases (net of any incentives received from the lesser) are charged to the income statement on a straight-line basis over the year of the lease.

### 2.29 DIVIDEND DISTRIBUTION

Dividend distributions to the Company's shareholders is recognised as liabilities in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

## 2 Summary of significant accounting policies *(continued)*

### 2.30 INSURANCE CONTRACTS

An insurance contract is a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specific uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

The Group assesses at each reporting date whether its guarantee insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flow, the entire deficiency is recognised in the consolidated income statement.

## 3 Financial risk management

### 3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

# 3 Financial risk management *(continued)*

## 3.1 FINANCIAL RISK FACTORS *(continued)*

### (a) Market risk

#### *(i) Foreign exchange risk*

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in the PRC. The foreign currency balances as at 31 December 2014 were primarily related to bank deposits, borrowings and the senior notes denominated in United States dollar ("USD") or Hong Kong dollar ("HKD"). The Group currently does not have a foreign currency hedging policy.

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

| | As at 31 December | |
|---|---|---|
| | **2014** | 2013 |
| | **RMB'000** | RMB'000 |
| Assets | | |
| HKD | **13,025** | 215,426 |
| USD | **3,195,901** | 1,214,265 |
| | **3,208,926** | 1,429,691 |
| Liabilities | | |
| HKD | **1,599,828** | 1,410,497 |
| USD | **11,457,816** | 6,380,623 |
| | **13,057,644** | 7,791,120 |

As at 31 December 2014, if RMB strengthened/weakened by 5% against the HK dollar with all other variables held constant, the post-tax profit for the year would have been RMB60 million (2013: RMB45 million) higher/lower.

As at 31 December 2014, if RMB strengthened/weakened by 5% against the US dollar with all other variables held constant, the post-tax profit for the year would have been RMB310 million (2013: RMB194 million) higher/lower.

#### *(ii) Price risk*

The Group is not exposed to equity securities price or commodity price risk.

## 3 Financial risk management *(continued)*

### 3.1 FINANCIAL RISK FACTORS *(continued)*

#### (a) Market risk *(continued)*

*(iii) Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. During 2014, the Group's borrowings were denominated in RMB, USD and HKD. (2013: RMB, USD and HKD).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the table are the liabilities at carrying amounts, categorised by maturity dates.

| RMB 'million | Floating rates | | | Fixed rates | | | Total |
|---|---|---|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | Sub-total | Less than 1 year | 1 to 5 years | Sub-total | |
| Borrowings | | | | | | | |
| **At 31 December 2014** | **5,406** | **9,258** | **14,664** | **8,434** | **11,286** | **19,720** | **34,384** |
| At 31 December 2013 | 2,762 | 8,225 | 10,987 | 5,072 | 12,647 | 17,719 | 28,706 |

As at 31 December 2014, if the interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been lower/higher by RMB40.5 million (As at 31 December 2013: RMB19.5 million) and the capitalised interest for the year would have been higher/lower by RMB76.2 million (As at 31 December 2013: RMB55.9 million) respectively.

The Group's management team centrally authorises all loans entered into by operating entities and sets a benchmark interest rate within which the entity management teams can negotiate loans with their local lenders prior to obtaining central approval from the Group management. The interest rate benchmark is reassessed annually by the Group management team.

The Group also analyses its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

## 3 Financial risk management *(continued)*

### 3.1 FINANCIAL RISK FACTORS *(continued)*

#### (b) Credit risk

The Group has no significant concentrations of credit risk. The maximum extent of the Group's credit exposure in relation to financial assets is represented by the aggregate balance of cash and cash equivalents, restricted cash, trade and other receivable, amount due from related parties included in the consolidated balance sheets. Cash transactions are limited to high-credit-quality banks. The Group has policies in place to ensure that sales of properties are made to customers with an appropriate financial strength and appropriate percentage of down payment. Credit is granted to customers with sufficient financial strength. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

Certain customers of the Group have arranged bank financing for their purchases of the properties. The Group entities have provided guarantees to secure obligations of such customers for repayments, normally up to the time when the customers obtain the legal certificates of the property ownership. Detailed disclosure of these guarantees is made in Note 34(a).

#### (c) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitor rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2015. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2015 include: (1) proceeds from pre-sales in 2015 is expected to be maintained at the same level as that of 2014; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2014 and (4) no breach of debt covenants is anticipated in 2015.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

Due to the dynamic nature of the underlying businesses, the Group's central treasury department maintains flexibility in funding by its ability to move cash and cash equivalents between different entities through entrusted loan arrangements.

## 3 Financial risk management *(continued)*

### 3.1 FINANCIAL RISK FACTORS *(continued)*

#### (c) Liquidity risk *(continued)*

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | The Group | | | |
|---|---|---|---|---|
| **In RMB 'million** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Total** |
| **At 31 December 2014** | | | | |
| Borrowings and interest payments | **16,215** | **6,081** | **17,559** | **39,855** |
| Trade and other payables (Note 21) | **11,116** | — | — | **11,116** |
| Amounts due to related companies (Note 35(d)) | **20,714** | — | — | **20,714** |
| **At 31 December 2013** | | | | |
| Borrowings and interest payments | 10,414 | 12,193 | 9,741 | 32,348 |
| Trade and other payables (Note 21) | 16,277 | — | — | 16,277 |
| Amounts due to related companies (Note 35(d)) | 6,895 | — | — | 6,895 |

| | The Company | | | |
|---|---|---|---|---|
| **In RMB 'million** | **Less than 1 year** | **Between 1 and 2 years** | **Between 2 and 5 years** | **Total** |
| **At 31 December 2014** | | | | |
| Borrowings and interest payments | **2,266** | **1,025** | **10,400** | **13,691** |
| Trade and other payables (Note 21) | **156** | — | — | **156** |
| Amounts due to subsidiaries | **9** | — | — | **9** |
| **At 31 December 2013** | | | | |
| Borrowings and interest payments | 584 | 584 | 6,618 | 7,786 |
| Trade and other payables (Note 21) | 132 | — | — | 132 |
| Amounts due to subsidiaries | 9 | — | — | 9 |

*Note:*

– The interest payments on borrowings are calculated based on borrowings held as at 31 December 2014 and 2013 without taking into account future borrowings. Floating-rate interest is estimated using the current interest rate at 31 December 2014 and 2013 respectively.

– Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

## 3 Financial risk management *(continued)*

### 3.2 CAPITAL MANAGEMENT

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents (including restricted cash).

The gearing ratios of the Group as at 31 December 2014 and 2013 were as follows:

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| Total borrowings (Note 22) | **34,383,795** | 28,706,290 |
| Less: Restricted cash (Note 16) | **(4,384,145)** | (2,594,666) |
| Cash and cash equivalents (Note 17) | **(20,657,285)** | (13,414,017) |
| Net debts | **9,342,365** | 12,697,607 |
| Total equity | **20,982,633** | 18,211,318 |
| Gearing ratio | **44.5%** | 69.7% |

The directors of the Company are of the view that the Group's gearing ratio is healthy.

## 4 Fair value estimation

The carrying value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair values due to their short maturities.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Such inputs are categorised into three levels within a fair value hierarchy as follows:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

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

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

## 5 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### (A) PRC CORPORATE INCOME TAXES AND DEFERRED TAXATION

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax and withholding tax on undistributed earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) is different from the amounts that were initially recorded, such difference is made.

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

## 5 Critical accounting estimates and judgements *(continued)*

### (B) PRC LAND APPRECIATION TAXES

The Group is subject to land appreciation taxes ("LAT") in numerous jurisdictions. However, since the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to its understanding of the interpretation of tax rules by various tax authorities. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income taxes and deferred income tax provisions in the years in which such taxes have been finalised with local tax authorities.

### (C) ESTIMATED NET REALIZABLE VALUE OF PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

The Group assesses the carrying amounts of properties under development and completed properties held for sale based on the net realisable value of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates. If the estimated future selling prices had been 5% lower, the Group would have recognised further impairment against properties under development and completed properties held for sale and the net profit for the year ended 31 December 2014 would have decreased by RMB109 million (2013: RMB39 million).

### (D) ESTIMATED IMPAIRMENT OF GOODWILL

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of CGUs have been determined based on fair value less costs of disposal calculations method. These calculations require the use of estimates.

### (E) FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 8.

## 6 Segment information

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources of the Group. The executive directors of the Company have determined the operating segments based on these reports. The executive directors assess the performance of property development, property investment business and property management business of the Group respectively. The performance of such operating segments is assessed based on a measure of profit/(loss) before income tax.

Segment assets primarily consist of all assets excluding deferred income tax assets and segment liabilities primarily consist of all liabilities excluding deferred income tax liabilities and current income tax liabilities.

The analysis of the Group's profit/(loss) before income tax by segment is as follows:

| | Year ended 31 December 2014 | | |
|---|---|---|---|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| Total segment revenue | 24,719,336 | 417,762 | 25,137,098 |
| Inter-segment revenue | — | (65,139) | (65,139) |
| Revenue from external customers | 24,719,336 | 352,623 | 25,071,959 |
| **Segment gross profit** | 4,326,524 | 15,356 | 4,341,880 |
| Selling and marketing costs | (671,986) | (25,313) | (697,299) |
| Administrative expenses | (629,161) | (51,582) | (680,743) |
| Other income and gains | 1,017,918 | 2,533 | 1,020,451 |
| Other expenses and losses | (117,859) | (1,958) | (119,817) |
| Finance income | 123,422 | — | 123,422 |
| Finance costs | (1,267,380) | — | (1,267,380) |
| Share of profit of investments accounted for using equity method, net | 2,181,283 | — | 2,181,283 |
| **Profit/(loss) before income tax** | 4,962,761 | (60,964) | 4,901,797 |

| | As at 31 December 2014 | | |
|---|---|---|---|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| **Total segment assets** | 110,725,396 | 184,951 | 110,910,347 |
| **Total segment liabilities** | 78,651,367 | 332,911 | 78,984,278 |

## 6 Segment information *(continued)*

| | Year ended 31 December 2013 | | |
|---|---|---|---|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| Total segment revenue | 30,596,343 | 290,367 | 30,886,710 |
| Inter-segment revenue | — | (49,996) | (49,996) |
| Revenue from external customers | 30,596,343 | 240,371 | 30,836,714 |
| **Segment gross profit/(loss)** | 7,221,265 | (44,758) | 7,176,507 |
| Selling and marketing costs | (605,671) | (9,782) | (615,453) |
| Administrative expenses | (481,628) | (38,509) | (520,137) |
| Other income and gains | 216,931 | 5,591 | 222,522 |
| Other expenses | (143,913) | (1,560) | (145,473) |
| Finance income | 74,529 | — | 74,529 |
| Finance costs | (580,277) | — | (580,277) |
| Share of profit of investment accounted for using equity method, net | 72,231 | — | 72,231 |
| **Profit/(loss) before income tax** | 5,773,467 | (89,018) | 5,684,449 |

| | As at 31 December 2013 | | |
|---|---|---|---|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| **Total segment assets** | 95,909,375 | 141,033 | 96,050,408 |
| **Total segment liabilities** | 65,905,140 | 243,344 | 66,148,484 |

## 6 Segment information *(continued)*

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

| | As at 31 December | |
|---|---|---|
| | **2014** | 2013 |
| | **RMB'000** | RMB'000 |
| Total segment assets | **110,910,347** | 96,050,408 |
| Deferred income tax assets | **1,451,953** | 1,304,554 |
| **Total assets per balance sheet** | **112,362,300** | 97,354,962 |
| Total segment liabilities | **78,984,278** | 66,148,484 |
| Deferred income tax liabilities | **5,886,751** | 6,483,025 |
| Current income tax liabilities | **6,508,638** | 6,512,135 |
| **Total liabilities per balance sheet** | **91,379,667** | 79,143,644 |

## 7 Property, plant and equipment

| | Vehicles | Furniture and office equipment | Leasehold improvements | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2013 | | | | |
| Cost | 44,490 | 23,484 | 11,124 | 79,098 |
| Accumulated depreciation | (17,152) | (9,252) | (3,747) | (30,151) |
| Net book amount | 27,338 | 14,232 | 7,377 | 48,947 |
| **Year ended 31 December 2013** | | | | |
| At 1 January 2013 | 27,338 | 14,232 | 7,377 | 48,947 |
| Additions | 17,713 | 6,070 | 3,448 | 27,231 |
| Acquisition of subsidiaries | 2,893 | 2,487 | 8,625 | 14,005 |
| Disposals | (2,217) | (992) | (866) | (4,075) |
| Depreciation charges | (9,132) | (7,436) | (4,159) | (20,727) |
| At 31 December 2013 | 36,595 | 14,361 | 14,425 | 65,381 |
| **At 31 December 2013** | | | | |
| Cost | 62,879 | 31,049 | 22,331 | 116,259 |
| Accumulated depreciation | (26,284) | (16,688) | (7,906) | (50,878) |
| Net book amount | 36,595 | 14,361 | 14,425 | 65,381 |

## 7 Property, plant and equipment *(continued)*

| | Vehicles RMB'000 | Furniture and office equipment RMB'000 | Leasehold improvements RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Year ended 31 December 2014** | | | | |
| At 1 January 2014 | 36,595 | 14,361 | 14,425 | 65,381 |
| Additions | 20,982 | 1,804 | 2,837 | 25,623 |
| Disposal of subsidiaries | (1,118) | (545) | (55) | (1,718) |
| Disposals | (2,512) | (293) | — | (2,805) |
| Depreciation charges | (13,389) | (7,182) | (4,095) | (24,666) |
| At 31 December 2014 | 40,558 | 8,145 | 13,112 | 61,815 |
| **At 31 December 2014** | | | | |
| Cost | 72,762 | 31,387 | 25,040 | 129,189 |
| Accumulated depreciation | (32,204) | (23,242) | (11,928) | (67,374) |
| Net book amount | 40,558 | 8,145 | 13,112 | 61,815 |

Depreciation charges of the Group for each of the years ended 31 December 2014 and 2013 were expensed in cost of sales, selling and administrative expenses in the consolidated income statements.

## 8 Investment properties

| **Commercial properties and car parks at fair value** | **2014 RMB'000** | 2013 RMB'000 |
|---|---|---|
| Opening balance at 1 January | 252,000 | 570,500 |
| Net (losses)/gains from fair value adjustment (Note 26, 27) | (13,000) | 4,000 |
| Disposals | — | (322,500) |
| Closing balance at 31 December | 239,000 | 252,000 |

The Group measures its investment properties at fair value. The fair value of the Group's investment properties at 31 December 2014 has been determined on the basis of valuations carried out by an independent valuer, DTZ Debenham Tie Leung Ltd. ("DTZ"). The valuations are derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

The Group's investment properties are all completed commercial properties and car parks located in Tianjin. The fair values of completed commercial properties in Tianjin are generally derived using the discounted cash flow method. The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

## 8 Investment properties *(continued)*

### (A) AMOUNTS RECOGNISED IN PROFIT OR LOSS FOR INVESTMENT PROPERTIES

The following amounts have been recognized in the profit or loss:

| | **2014** | 2013 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Gains from disposals of investment properties | — | 61,730 |
| (Losses)/gains from fair value of investment properties | **(13,000)** | 4,000 |
| (Losses)/gains from valuation and disposals of investment properties (Note 26, 27) | **(13,000)** | 65,730 |
| Rental income | **10,569** | 31,693 |
| Direct operating expenses from properties that generate rental income | **(2,400)** | (3,421) |
| | **(4,831)** | 94,002 |

The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 11).

### (B) INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS

Investment properties that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

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

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

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

At 31 December 2014, all the commercial properties and car parks are included in Level 3.

## 8 Investment properties *(continued)*

### (B) INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS *(continued)*

Fair value measurements at 31 December 2014 using significant unobservable inputs (Level 3):

| | 2014 RMB'000 Commercial Properties | Car park under commercial properties | Total |
|---|---|---|---|
| Opening balance | **72,000** | **180,000** | **252,000** |
| Net losses from fair value adjustment | — | **(13,000)** | **(13,000)** |
| Closing balance | **72,000** | **167,000** | **239,000** |
| Total losses for the year included in profit or loss for assets held at the end of the year, under 'Other expenses and losses' | — | **(13,000)** | **(13,000)** |
| Change in unrealised gains for the year included in profit or loss for assets held at the end of the year | — | **(13,000)** | **(13,000)** |

| | 2013 RMB'000 Commercial Properties | Car park under commercial properties | Total |
|---|---|---|---|
| Opening balance | 69,000 | 179,000 | 248,000 |
| Net gains from fair value adjustment | 3,000 | 1,000 | 4,000 |
| Closing balance | 72,000 | 180,000 | 252,000 |
| Total gains for the year included in profit or loss for assets held at the end of the year, under 'Other income and gains' | 3,000 | 1,000 | 4,000 |
| Change in unrealised gains for the year included in profit or loss for assets held at the end of the year | 3,000 | 1,000 | 4,000 |

## 8 Investment properties *(continued)*

### VALUATION PROCESSES OF THE GROUP

The Group's investment properties were valued at 31 December 2014 by the independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best in use.

The Group's finance department includes a team that reviews the valuations performed by the independent

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

### VALUATION TECHNIQUES

An independent valuation of the group's investment properties was performed by the valuer DTZ, to determine the fair value of the investment properties as at 31 December 2014 and 2013. The revaluation loss is included in 'Other expenses and losses' in income statement (Note 27) (2013: the gain is included in 'Other income and gains' in income statement (Note 26)). The following table analyses the investment properties carried at fair value, by valuation method.

For the investment properties, the valuation was determined using discounted cash flow ("DCF") projections based on significant unobservable inputs. These inputs include:

| | |
|---|---|
| Prevailing market rents per unit per month | Based on the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties; |
| Discount rates | Reflecting current market assessments of the uncertainty in the amount and timing of cash flows. |

| | | Range of significant unobservable inputs | |
|---|---|---|---|
| | **Fair value at 31 December 2014 RMB'000** | Prevailing market rents per unit per month RMB | Discount rates |
| Commercial Properties | **72,000** | 45 to 113 | 7.5% to 8% |
| Car park under commercial properties | **167,000** | 12 | 4% |

## 8 Investment properties *(continued)*

### VALUATION TECHNIQUES *(continued)*

Discount rate is assessed by DTZ based on the risk profile of the properties being valued.

The following tables show the sensitivity of the fair value of the investment properties to the key assumption of discount rate that should the director's estimates to increase or decrease by 10%. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

| | Year ended 31 December 2014 | |
|---|---|---|
| | **Favourable change by 10% RMB'000** | **Unfavourable change by 10% RMB'000** |
| Fair value | **17,000** | **(14,000)** |

## 9 Intangible assets

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| Goodwill (Note (a)) | **147,985** | 233,694 |
| Others | **920** | 540 |
| | **148,905** | 234,234 |

### (A) GOODWILL

| | **2014 RMB'000** | 2013 RMB'000 |
|---|---|---|
| At beginning of the year | **233,694** | 301,805 |
| Acquisition of new subsidiaries | **—** | 56,134 |
| Impairment charges (Note 27) | **(85,709)** | (124,245) |
| At end of the year | **147,985** | 233,694 |

Goodwill was generated from business combination and allocated to each project or a group of projects, which is expected to benefit from the synergies of the combination. Each project or a group of projects is identified as a CGU. Management reviews the business performance and monitors the goodwill on individual CGU basis. The recoverable amount of a CGU is determined based on fair value less costs of disposal calculations. A post-tax discount rate of 15% was used for the analysis of each CGU in the operating entities as at 31 December 2014 (31 December 2013: 15%).

There is no individual CGU, for which the carrying amount of goodwill is significant in comparison with the total carrying amount of goodwill. The goodwill mainly attributed to the segment of property development and investment.

## 10 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Joint ventures | **7,927,863** | 4,925,337 |
| Associates | **4,120,926** | 2,983,527 |
| | **12,048,789** | 7,908,864 |

The share of profits/(losses) from investment recognised in the income statement were as follows:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| Joint ventures | **1,043,884** | (118,558) |
| Associates | **1,137,399** | 190,789 |
| | **2,181,283** | 72,231 |

### 10.1 INVESTMENT IN JOINT VENTURES

An analysis of the movement of equity investments in joint ventures is as follows:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| At beginning of year | **4,925,337** | 1,081,184 |
| Investments in joint ventures | **1,985,309** | 3,307,086 |
| Dividend from a joint venture | **(26,667)** | (26,667) |
| Share of profit/(loss) of joint ventures, net | **1,043,884** | (118,558) |
| An associate becoming a joint venture upon additional equity interest acquisition | — | 706,482 |
| Increase in investment in an existing joint venture | — | 181,300 |
| A joint venture becoming a subsidiary upon additional equity interest acquisition | — | (205,490) |
| At end of year | **7,927,863** | 4,925,337 |

## 10 Investments accounted for using the equity method *(continued)*

### 10.1 INVESTMENT IN JOINT VENTURES *(continued)*

As at 31 December 2014, the Group had interests in the following principal joint ventures:

Except for Summer Sky Investments Limited, which is incorporated in Hong Kong, the remaining joint ventures of the Group are incorporated in the PRC. All joint ventures are non-listed companies.

| Name of Joint ventures | Registered capital | Equity interest attributable to the Group | Principal Activities |
|---|---|---|---|
| Beijing Sunac Hengyu Real Estate Co., Ltd. | RMB 2,500 million | 51% | Real estate development |
| Shanghai Poly Hongrong Real Estate Co., Ltd. | RMB 2,000 million | 24.5% | Real estate development |
| Beijing Franshion Sunac Real Estate Development Co., Ltd. | RMB 100 million | 49% | Real estate development |
| Tianjin TEDA City Development Co., Ltd. | RMB 340 million | 47% | Real estate development |
| Hangzhou Shirong Huiying Real Estate Co. Ltd. | RMB 927 million | 49% | Real estate development |
| Shanghai Ronglv Qiwei Real Estate Co., Ltd. | RMB 410 million | 25.5% | Real estate development |
| * Beijing Zhuzong Zhongbang Real Estate Co., Ltd. | RMB 1,000 million | 48% | Real estate development |
| * Beijing Xianghe Da Dao Industrial Co., Ltd. | RMB 167 million | 40% | Real estate development |
| Shanghai Haochuan Property Co., Ltd. | RMB 50 million | 50% | Real estate development |
| * China Energy Conservation Lvjian (Hangzhou) Technology Development Co., Ltd. | RMB 600 million | 65% | Real estate development |

* These entities are new joint ventures of the Group in 2014.

The above table lists the principal joint ventures of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

The Group's control over decisions about the relevant activities requires unanimous consent with other joint venture partners in accordance with joint venture agreements and/or the companies' Articles, and accordingly, these companies have been accounted for as joint ventures.

## 10 Investments accounted for using the equity method *(continued)*

### 10.1 INVESTMENT IN JOINT VENTURES *(continued)*

**(a) Summarised financial information of material joint venture**

Set out below is the summarised financial information for a major joint venture.

**Summarised balance sheet**

| | Joint venture Company A | |
|---|---|---|
| | **2014** | 2013 |
| | **RMB'000** | RMB'000 |
| **Summarised assets and liabilities** | | |
| Current assets | **4,840,497** | 6,468,986 |
| Non-current assets | **76,146** | 30,856 |
| Current liabilities | **3,290,683** | 5,839,658 |
| Non-current liabilities | — | 651,504 |
| Net assets | **1,625,960** | 8,680 |
| Included in the above assets and liabilities: | | |
| Cash and cash equivalents | **775,893** | 206,233 |
| Current financial liabilities (excluding trade and other payables and provisions) | — | — |
| Non-current financial liabilities (excluding trade and other payables and provisions) | — | 651,504 |
| **Summarised profit or loss and other comprehensive income** | | |
| Revenue | **7,431,265** | — |
| Profit/(loss) from continuing operations | **1,617,279** | (51,178) |
| Total comprehensive income | **1,617,279** | (51,178) |
| Included in the above profit or loss: | | |
| Depreciation and amortisation | **395** | 381 |
| Interest income | **14,208** | 13,111 |
| Interest expense | — | — |
| Income tax expense | **997,128** | (16,796) |

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture, and not the Company's share of those amounts.

## 10 Investments accounted for using the equity method *(continued)*

### 10.1 INVESTMENT IN JOINT VENTURES *(continued)*

**(b) Reconciliation of summarised financial information**

Reconciliation of the above financial information presented to the carrying amount of the Group's interests in the joint venture:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| Net assets of Joint venture Company A | **1,625,960** | 8,680 |
| Proportion of the Group's ownership interest | **49%** | 49% |
| Interests in the joint venture | **796,720** | 4,253 |
| Carrying amount | **796,720** | 4,253 |

Aggregate information of joint ventures that are not individually material:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| Aggregate carrying amount of the Group's interests in these joint ventures | **7,131,143** | 4,921,084 |
| The Group's share of post-tax profits/(losses) from continuing operations | **251,417** | (93,481) |
| The Group's shares of total comprehensive income | **251,417** | (93,481) |

There are no contingent liabilities relating to the Group's interests in joint ventures (2013: nil).

### 10.2 INVESTMENT IN ASSOCIATES

An analysis of the movement of equity investments in associates is as follows:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| At beginning of year | **2,983,527** | 3,123,480 |
| Share of profit of associates, net | **1,137,399** | 190,789 |
| Investments in associates | — | 22,500 |
| An associate becoming a joint venture | — | (353,242) |
| At end of year | **4,120,926** | 2,983,527 |

All associates of the Group are incorporated in the PRC and are non-listed companies.

## 10 Investments accounted for using the equity method *(continued)*

### 10.2 INVESTMENT IN ASSOCIATES *(continued)*

As at 31 December 2014, the Group had interests in the following associates:

| Name of associates | Registered capital | Equity interest attributable to the Group | Principal activities |
|---|---|---|---|
| Beijing Poly Sunac Real Estate Development Co.,Ltd | RMB 2,000 million | 49.5% | Real estate development |
| Tianjin Poly Sunac Investment Co., Ltd. | RMB 2,000 million | 49% | Real estate development |
| * Wuxi Taihu Greentown Real Estate Co., Ltd. | RMB 300 million | 19.5% | Real estate development |
| * Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. | RMB 100 million | 24.5% | Real estate development |
| Shanghai Greentown Woods Golf Villas Development Co., Ltd. | RMB 196 million | 50% | Real estate development |

* The equity interests of these associates are owned by the company through a 50% owned subsidiary, Shanghai Sunac Greentown Investment Holdings Limited.

#### (a) Summarised financial information of material associate

Set out below is the summarised financial information for a major associate which is accounted for using the equity method.

**Summarised balance sheet**

| | Associate Company A | |
|---|---|---|
| | **2014** | 2013 |
| | **RMB'000** | RMB'000 |
| **Summarised assets and liabilities** | | |
| Current assets | **5,582,692** | 6,295,213 |
| Non-current assets | **27,693** | 16,976 |
| Current liabilities | **2,020,694** | 2,821,715 |
| Non-current liabilities | **776,000** | 1,541,000 |
| Net assets | **2,813,691** | 1,949,474 |
| **Summarised profit or loss and other comprehensive income** | | |
| Revenue | **3,635,210** | — |
| Profit/(loss) from continuing operations | **864,217** | (31,671) |
| Total comprehensive income | **864,217** | (31,671) |

The information above reflects the amounts presented in the financial statements of the associate, adjusted for differences in accounting policies between the Group and the associate, and not the Company's share of those amounts.

## 10 Investments accounted for using the equity method *(continued)*

### 10.2 INVESTMENT IN ASSOCIATES *(continued)*

#### (b) Reconciliation of summarised financial information

Reconciliation of the above financial information presented to the carrying amount of the Group's interests in associate:

| | **2014** | 2013 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Net assets of Associate Company A | **2,813,691** | 1,949,474 |
| Proportion of the Group's ownership interest | **49%** | 49% |
| Interests in the associate | **1,378,709** | 955,242 |
| Carrying amount | **1,378,709** | 955,242 |

Aggregate information of associates that are not individually material:

| | **2014** | 2013 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Aggregate carrying amount of the Group's interests in these associates | **2,742,217** | 2,028,285 |
| The Group's share of post-tax profits from continuing operations | **713,934** | 206,307 |
| The Group's shares of total comprehensive income | **713,934** | 206,307 |

There are no contingent liabilities relating to the Group's interests in associates (2013: nil).

## 11 Deferred income tax

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Deferred tax assets: | | |
| – to be recovered within 12 months | **971,309** | 895,927 |
| – to be recovered after more than 12 months | **480,644** | 408,627 |
| | **1,451,953** | 1,304,554 |
| Deferred tax liabilities: | | |
| – to be settled within 12 months | **521,655** | 796,124 |
| – to be settled after more than 12 months | **5,365,096** | 5,686,901 |
| | **5,886,751** | 6,483,025 |
| Deferred tax liabilities (net) | **4,434,798** | 5,178,471 |

Deferred income tax arose as a result of differences in timing of recognising certain revenue, costs and expenses between the tax based financial statements and the HKFRS financial statements. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases in accordance with HKAS 12.

The movements in deferred income tax assets and liabilities are as follows:

### (A) DEFERRED INCOME TAX ASSETS

| | Payments and accruals pending receipt of sufficient tax documents RMB'000 | Deferred corporate income tax resulted from unpaid LAT RMB'000 | Deductible tax loss RMB'000 | Impairment for development properties RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| At 1 January 2013 | 62,135 | 629,055 | 138,853 | 55,092 | 885,135 |
| Credited/(charged) to income statement, net | (6,376) | 262,756 | 39,150 | 25,780 | 321,310 |
| Acquisition of subsidiaries | 3,954 | 44,586 | 49,569 | — | 98,109 |
| At 31 December 2013 | 59,713 | 936,397 | 227,572 | 80,872 | 1,304,554 |
| Credited/(charged) to income statement, net | **(4,829)** | **55,409** | **62,120** | **50,844** | **163,544** |
| Disposal of subsidiaries | **(2,386)** | — | **(13,759)** | — | **(16,145)** |
| At 31 December 2014 | **52,498** | **991,806** | **275,933** | **131,716** | **1,451,953** |

## 11 Deferred income tax (continued)

### (A) DEFERRED INCOME TAX ASSETS *(continued)*

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB127 million (2013: RMB 35 million) in respect of accumulated losses amounting to RMB510 million (2013: RMB141 million) that can be carried forward against future taxable income. Accumulated losses amounting to RMB11 million, RMB24 million, RMB55 million, RMB35 million and RMB385 million, as at 31 December 2014 will expire in 2015, 2016, 2017, 2018 and 2019 respectively.

At the end of the reporting period, the Group has deductible temporary differences of RMB437 million (2013: RMB175 million) in respect of which no deferred tax asset has been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

### (B) DEFERRED INCOME TAX LIABILITIES

| | Deferred corporate income tax | | | | | |
|---|---|---|---|---|---|---|
| | LAT on acquisition of new subsidiaries RMB'000 | Fair value gains on acquisitions RMB'000 | Fair value gains of investment properties RMB'000 | Prepaid LAT RMB'000 | Withholding tax for the distributable profits of PRC subsidiaries RMB'000 | Total RMB'000 |
| At 1 January 2013 | 3,318,652 | 1,008,502 | 7,468 | — | 202,221 | 4,536,843 |
| (Credited)/charged to income statement | — | (448,018) | (785) | 70,923 | 55,404 | (322,476) |
| Acquisition of subsidiaries | 1,473,856 | 1,596,237 | — | — | — | 3,070,093 |
| Transfer to land appreciation tax payable | (801,435) | — | — | — | — | (801,435) |
| At 31 December 2013 | 3,991,073 | 2,156,721 | 6,683 | 70,923 | 257,625 | 6,483,025 |
| (Credited)/charged to income statement | **—** | **(283,086)** | **(3,250)** | **29,651** | **94,907** | **(161,778)** |
| Transfer to land appreciation tax payable | **(434,496)** | **—** | **—** | **—** | **—** | **(434,496)** |
| At 31 December 2014 | **3,556,577** | **1,873,635** | **3,433** | **100,574** | **352,532** | **5,886,751** |

## 12 Properties under development

| | | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|---|
| Comprising: | | | |
| Land use rights costs | | **24,735,044** | 29,024,905 |
| Construction costs | | **7,433,155** | 8,901,818 |
| Capitalised finance costs | | **3,637,130** | 2,794,874 |
| Less: Provision for loss on realisable value (Note (i)) | | **(104,784)** | (27,000) |
| | | **35,700,545** | 40,694,597 |
| Including: | To be completed within 12 months | **12,157,060** | 11,269,582 |
| | To be completed after 12 months | **23,543,485** | 29,425,015 |
| | | **35,700,545** | 40,694,597 |

The properties under developments ("PUD") are all located in the PRC.

As at 31 December 2014, certain PUD amounting to RMB23,879 million were pledged as collateral for the Group's borrowings (31 December 2013: RMB32,189 million) (Note 22).

(i) The Group made the assessment on the realizable value of properties based on the latest market status and the estimated selling prices.

## 13 Completed properties held for sale

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Completed properties held for sale, gross | **14,406,993** | 17,708,198 |
| Less: Provision for loss on realisable value (Note (i)) | **(724,542)** | (296,486) |
| Completed properties held for sale, net | **13,682,451** | 17,411,712 |

The completed properties held for sale are all located in the PRC.

As at 31 December 2014, certain completed properties held for sale with balances totalling RMB8,303 million were pledged as collaterals for the Group's borrowings (as at 31 December 2013: RMB10,959 million) (Note 22).

(i) The Group made the assessment on the realizable value of properties based on the latest market status and the estimated selling prices.

## 14 Trade and other receivables – Group and Company

| | Group | | Company | |
|---|---|---|---|---|
| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
| Amount due from non-controlling interests | **1,392,778** | — | — | — |
| Trade receivables (Note (c)) | **368,868** | 50,876 | — | — |
| Receivables from disposal of PUD (Note (d)) | **335,000** | 840,788 | — | — |
| Notes receivables | **4,110** | 2,400 | — | — |
| Other receivables | | | | |
| – Deposits | **166,587** | 200,367 | — | — |
| – On behalf of clients | **140,171** | 60,984 | — | — |
| – Others | **94,973** | 58,348 | **1,905** | 739 |
| Provision of other receivables | **(27,678)** | — | | |
| | **2,474,809** | 1,213,763 | **1,905** | 739 |

## 14 Trade and other receivables – Group and Company *(continued)*

Note:

(a) As at 31 December 2014 and 2013, the carrying amounts of trade receivables and other receivables approximated their fair value.

(b) The carrying amounts of the Group's receivables are all denominated in RMB.

(c) Trade receivables mainly arise from sales of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables at respective balance sheet dates is as follows:

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| Within 90 days | **243,987** | 50,876 |
| 90 - 180 days | **52,477** | — |
| 181 - 365 days | **72,404** | — |
| | **368,868** | 50,876 |

Trade receivables are analysed as follows:

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| Fully performing under credit terms | **351,422** | 50,876 |
| Past due but not impaired | **17,446** | — |
| | **368,868** | 50,876 |

During the year ended 31 December 2014, the Group allows a credit period of 90-365 days to certain customers with good credit standing.

As the Group normally holds collateral of the properties before collection of the outstanding balances and passing the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2014.

(d) In 2013, the Group disposed of a land use right under development in a project in Shanghai to the local government at the consideration of RMB800 million, of which RMB465 million was received in 2014. The remaining balance was received in January 2015.

## 15 Prepayments

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Non-current | | |
| Prepayments for equity investment (Note (a)) | **944,991** | — |
| Current | | |
| Prepaid taxes | | |
| – LAT | **985,483** | 754,616 |
| – Business tax and surcharge | **699,397** | 736,866 |
| – Current income tax | **499,671** | 482,034 |
| Prepayments for land use rights acquisition | **342,109** | 480,165 |
| Prepayments for project development costs | **41,534** | 52,130 |
| | **2,568,194** | 2,505,811 |

The carrying amounts of the Group's prepayments are all denominated in RMB.

(a) Shanghai Ronglv Ruijiang Real Estate Co., Ltd. ("Shanghai Ronglv Ruijiang"), a 75.5% owned subsidiary of the Group, entered into an equity transfer agreement with an independent third party (the "Seller"), pursuant to which Shanghai Ronglv Ruijiang has agreed to acquire the 47% equity interests in Shanghai Fuyuan Binjiang development Co., Ltd. ("Shanghai Fuyuan Binjiang"), a company established in the PRC engaged in property development and hotel management, at a total consideration of RMB1,575 million, comprising of (i) a transfer price of RMB977 milllion in relation to the 47% equity interest in Shanghai Fuyuan Binjiang; and (ii) a debt amount of RMB598 million owning by Shanghai Fuyuan Binjiang to the Seller.

As at 31 December 2014, an aggregate payment of RMB945 million, representing 60% of the total consideration was paid by Shanghai Ronglv Ruijiang. This transaction has been completed in February 2015 and Shanghai Fuyuan Binjiang became an associate of the Group.

## 16 Restricted cash

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Guarantee deposits for bank loans | **3,038,476** | 1,156,000 |
| Restricted cash from pre-sale of properties | **1,276,274** | 1,279,891 |
| Others | **69,395** | 158,775 |
| | **4,384,145** | 2,594,666 |

## 17 Cash and cash equivalents – Group and Company

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
| Cash at bank and in hand | | | | |
| – Denominated in RMB | **17,448,359** | 11,984,326 | **33** | 10 |
| – Denominated in USD | **3,195,901** | 1,214,265 | **16,816** | 1,214,251 |
| – Denominated in HKD | **13,025** | 215,426 | **11,879** | 212,343 |
| | **20,657,285** | 13,414,017 | **28,728** | 1,426,604 |

The conversion of RMB denominated balances into foreign currencies, and the remittance of foreign currencies-denominated bank balances and cash out of the PRC are subject to restrictive foreign exchange control rules and regulations.

The Group earns interest on cash at bank, at floating bank deposit rates and there was no bank overdraft in the Group.

## 18 Ordinary shares – Group and Company

| | | Ordinary shares | |
|---|---|---|---|
| | **Number of shares (thousands)** | **HK$'000** | **Equivalent to RMB'000** |
| **Authorised:** | | | |
| Ordinary shares of HK$0.1 each | | | |
| As at 1 January 2013, 31 December 2013 and 31 December 2014 | 10,000,000 | 1,000,000 | — |
| **Issued:** | | | |
| Ordinary shares of HK$0.1 each | | | |
| As at 31 December 2012 | 3,015,076 | 301,508 | 260,341 |
| Placing ordinary shares | 300,000 | 30,000 | 24,294 |
| Proceeds from shares issued upon exercise of employees' share options | 5,235 | 524 | 420 |
| As at 31 December 2013 | 3,320,311 | 332,032 | 285,055 |
| Proceeds from shares issued upon exercise of employees' share options | 61,885 | 6,188 | 4,908 |
| **As at 31 December 2014** | **3,382,196** | **338,220** | **289,963** |

## 19 Share option schemes – Group and Company

### (I) PRE-IPO SHARE OPTION SCHEME

The Company has adopted the Pre-IPO Share Option Scheme on 9 September 2010 ("Pre-IPO Option Scheme Adoption Date"). Under the Pre-IPO Share Option Scheme, the Company has conditionally granted options to subscribe for up to 51,080,000 shares, representing approximately 1.51% of the total number of ordinary shares in issue on fully diluted basis (assuming the options pursuant to the scheme have been exercised in full). As at 31 December 2014, all the share options have been vested within the Pre-IPO Share Option Scheme. A grantee may exercise any vested portion of his or her options prior to the end of a period of four years from the Pre-IPO Adoption Date, as a subscription price per share equal to 80% of the offer price of the Company's shares in the initial public offering (i.e. 80% of HK$3.48). As at 31 December 2014, the unexercised portion is expired.

### (II) POST-IPO SHARE OPTION SCHEME

A Post-IPO Share Option Scheme was approved and adopted by all shareholders of the Company on the annual general meeting held on 29 April 2011 (the "Post-IPO Option Scheme Adoption Date"). The maximum number of shares in respect of which options ("Options") may be granted should not exceed 99,900,000 shares, representing 3.33% of the total number of shares in issue as at the Post-IPO Scheme Adoption Date. The options are to be granted during a grant period of three years from the Post-IPO Option Scheme Adoption Date. As at 31 December 2014, all the share options have been granted within the Post-IPO Share Option Scheme. The options are not conditional on the employees' performance target before an option can be exercised. The Post-IPO Share Options, once vested, shall be exercisable within a period of six years from the Post-IPO Scheme Adoption Date or the most recent anniversary of the Post-IPO Scheme Adoption Date.

### (III) NEW SHARE OPTION SCHEME

The New Share Option was approved and adopted by the shareholders of the Company at the annual general meeting held on 19 May 2014 (the "New Share Option Scheme Adoption Date").

The maximum number of shares in respect of which options ("Options") may be granted should not exceed 166,374,246 shares, representing 5% of the total number of shares in issue as at the New Share Option Scheme Adoption Date. The options are to be granted during a grant period of three years from the New Share Option Scheme Adoption Date. Such options will vest in accordance with the following schedule: 30% upon the grant, an additional 30% upon the first anniversary of the New Share Option Scheme Adoption Date and additional 40% upon the second anniversary. The options are not conditional on the employees' performance target before an option can be exercised. The subscription price for each grant should be at least the higher of (1) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on the grant dates, (2) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date, and (3) the nominal value of the shares of the Company. The New Share Options, once vested, shall be exercisable within a period of five years from the New Share Option Scheme Adoption Date or the most recent anniversary of the New Share Option Scheme Adoption Date.

## 19 Share option schemes – Group and Company *(continued)*

### (III) NEW SHARE OPTION SCHEME *(continued)*

The weighted average fair value of options granted during the period determined using the Binomial valuation model was HK$1.36 per option. The significant inputs into the model were weighted average share price of HK$4.07 at the grant date, exercise price of HK$4.07, volatility of 44.53%, dividend yield of 1.66%, an expected option life of five years, and an annual risk-free interest rate of 1.272%. The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group. See Note 25 for the total expense recognised in the income statement for share options granted to directors and employees.

The Group has no legal or constructive obligation to repurchase or settle all above mentioned options in cash.

Movement in the number of share options and their related weighted-average exercise prices are as follows:

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **Average price in HK$ per share** | **Options (thousand)** | Average price in HK$ per share | Options (thousand) |
| At beginning of year | **3.23** | **130,669** | 2.28 | 105,004 |
| Granted in the year | **4.07** | **33,267** | 6.32 | 30,900 |
| Exercised in the year | **2.56** | **(61,885)** | 2.30 | (5,235) |
| Expired in the year | **2.78** | **(2,457)** | — | — |
| Abandoned in the year | **2.33** | **(160)** | — | — |
| At end of year | **3.95** | **99,434** | 3.23 | 130,669 |

As at 31 December 2014, Pre-IPO share option scheme is expired and no options can be exercised henceforth, 55,004 thousand shares in Post-IPO share option scheme and 8,782 thousand shares in New share option scheme were exercisable (2013: 44,413 thousand shares in Pre-IPO Share Option Scheme and 53,085 thousand shares in Post-IPO Share Option Scheme).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| **Expiry date** | **Exercise price in HK$ per share option** | **Number of share options (thousands)** | |
|---|---|---|---|
| | | **2014** | 2013 |
| 9 September 2014 | 2.78 | — | 44,314 |
| 30 September 2017 | 1.48 | **18,785** | 29,712 |
| 21 May 2018 | 2.33 | **18,326** | 25,743 |
| 2 May 2019 | 6.32 | **30,254** | 30,900 |
| 19 May 2019 | 4.07 | **32,069** | — |
| | | **99,434** | 130,669 |

## 20 Reserves – Group and Company

| | Note | Group<br>Share premium RMB'000 | Other reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **Year ended 31 December 2013** | | | | | |
| At 1 January 2013 | | 1,727,298 | 483,445 | 7,017,928 | 9,228,671 |
| **Total comprehensive income** | | — | — | 3,178,403 | 3,178,403 |
| Placing ordinary shares | | 1,594,257 | — | — | 1,594,257 |
| Transaction of non-controlling interests | | — | (260,430) | — | (260,430) |
| Disposal of a subsidiary | | — | (207,836) | — | (207,836) |
| Employees share option scheme: | | | | | |
| – Value of employee services | 25 | — | 38,680 | — | 38,680 |
| – Proceeds from shares issued | | 9,233 | — | — | 9,233 |
| Dividend relating to 2012 | | (260,730) | — | — | (260,730) |
| Deregistration of a subsidiary | | — | (10,000) | 10,000 | — |
| At 31 December 2013 | | 3,070,058 | 43,859 | 10,206,331 | 13,320,248 |
| **Year ended 31 December 2014** | | | | | |
| At 1 January 2014 | | **3,070,058** | **43,859** | **10,206,331** | **13,320,248** |
| **Total comprehensive income** | | — | — | **3,222,070** | **3,222,070** |
| Employees share option scheme: | | | | | |
| – Value of employee services | 25 | — | **35,456** | — | **35,456** |
| – Proceeds from shares issued | | **120,882** | — | — | **120,882** |
| Dividend relating to 2013 | 38 | **(635,681)** | — | — | **(635,681)** |
| Statutory reserve | | — | **568,427** | **(568,427)** | — |
| At 31 December 2014 | | **2,555,259** | **647,742** | **12,859,974** | **16,062,975** |

## 20 Reserves – Group and Company *(continued)*

| | | Company | | | |
|---|---|---|---|---|---|
| | Note | Share premium RMB'000 | Other reserves RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
| **Year ended 31 December 2013** | | | | | |
| At 1 January 2013 | | 1,727,298 | 1,496,492 | (66,347) | 3,157,443 |
| Loss for the year | | — | — | (534,173) | (534,173) |
| Placing ordinary shares | | 1,594,257 | — | — | 1,594,257 |
| Employees share option scheme: | | | | | |
| – Value of employee services | 25 | — | 38,680 | — | 38,680 |
| – Proceeds from shares issued | | 9,233 | — | — | 9,233 |
| Dividends relating to 2012 | | (260,730) | — | — | (260,730) |
| At 31 December 2013 | | 3,070,058 | 1,535,172 | (600,520) | 4,004,710 |
| **Year ended 31 December 2014** | | | | | |
| At 1 January 2014 | | **3,070,058** | **1,535,172** | **(600,520)** | **4,004,710** |
| Loss for the year | | — | — | **(708,829)** | **(708,829)** |
| Employees share option scheme: | | | | | |
| – Value of employee services | 25 | — | **35,456** | — | **35,456** |
| – Proceeds from shares issued | | **120,882** | — | — | **120,882** |
| Dividends relating to 2013 | 38 | **(635,681)** | — | — | **(635,681)** |
| At 31 December 2014 | | **2,555,259** | **1,570,628** | **(1,309,349)** | **2,816,538** |

Note:

(a) Statutory reserves

In accordance with the relevant government regulations in the PRC and the provisions of the articles of association of the PRC companies now comprising the Group, 10% of its net profit as shown in the accounts prepared under PRC accounting regulations is required to be appropriated to statutory common reserve, until the reserve reaches 50% of the registered capital. Appropriation of statutory reserve must be made before distribution of dividends to equity holders.

This reserve shall only be used to make up losses; to expand the Company's production operation; or to increase the capital of the Company.

Upon approval by a resolution of an equity holders' general meeting, the Company may convert this reserve into share capital, provided that the unconverted remaining amount of reserve is not less than 25% of the registered capital.

The PRC entities of the Group directly owned by the Group's entities outside the PRC are required, in accordance with relevant rules and regulations concerning foreign investment enterprise established in the PRC and the revised Articles of Association of these companies, to make appropriations from net profit to the reserve fund and staff and workers' bonus and welfare fund, after offsetting accumulated losses from prior year, and before profit distributions are made to investors. The percentage of profits to be appropriated to the above funds is solely determined by the board of directors of the PRC entities now comprising the Group. For those which are wholly foreign owned enterprises in the PRC, no less than 10% of the profit of each year to the reserve fund is mandatory. The appropriation of the statutory reserve ceases when the accumulated statutory reserve balance reaches 50% of their registered capital.

## 21 Trade and other payables – Group and Company

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
| Trade payables (Note (a)) | **6,258,615** | 9,498,028 | — | — |
| Amount due to non-controlling interests (Note (b)) | **3,217,086** | 4,498,333 | | |
| Notes payables | **765,284** | 305,185 | — | — |
| Interests payable | **307,188** | 244,120 | **152,566** | 130,029 |
| Advanced deed tax from customers | **284,214** | 242,576 | — | — |
| Other taxes payable | **312,936** | 469,115 | — | — |
| Payroll and welfare payables | **186,778** | 153,987 | — | — |
| Payables for acquisition consideration | **48,026** | 1,234,867 | — | — |
| Deposits from construction companies for tendering | **34,754** | 68,304 | — | — |
| Others | **200,842** | 185,832 | **3,869** | 1,658 |
| | **11,615,723** | 16,900,347 | **156,435** | 131,687 |

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

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| Within 90 days | **3,382,318** | 5,863,430 |
| 90-180 days | **285,542** | 648,115 |
| 181-365 days | **744,725** | 1,957,057 |
| Over 365 days | **1,846,030** | 1,029,426 |
| | **6,258,615** | 9,498,028 |

(b) The amount due to non-controlling interests was mainly due to the Group and the non-controlling interests provided funds to certain related property development subsidiaries through shareholders' loan according to the respective equity interests share. As at 31 December 2014 and 2013, the amounts due to non-controlling interests were non-interest bearing, unsecured and had no fixed terms of repayment.

## 22 Borrowings – Group and Company

| | Group | | Company | |
|---|---|---|---|---|
| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
| **Non-current** | | | | |
| Secured, | | | | |
| – Bank borrowings | **16,608,622** | 14,397,410 | **1,552,988** | — |
| – Other borrowings | **5,150,000** | 7,736,084 | — | — |
| – Senior notes (Note (a)) | **7,869,165** | 5,408,889 | **7,869,165** | 5,408,889 |
| | **29,627,787** | 27,542,383 | **9,422,153** | 5,408,889 |
| Less: Current portion of long-term borrowings (Note (b)(i)) | **(9,083,674)** | (6,670,814) | **(159,197)** | — |
| | **20,544,113** | 20,871,569 | **9,262,956** | 5,408,889 |
| **Current** | | | | |
| Secured, | | | | |
| – Bank borrowings | **1,514,708** | 45,000 | **1,219,708** | — |
| – Other borrowings | **3,195,300** | 1,000,100 | — | — |
| | **4,710,008** | 1,045,100 | **1,219,708** | — |
| Unsecured, borrowed from: | | | | |
| – Other borrowings | **46,000** | 118,807 | — | — |
| Current portion of long-term borrowings (Note (b)(i)) | **9,083,674** | 6,670,814 | **159,197** | — |
| | **13,839,682** | 7,834,721 | **1,378,905** | — |
| Total borrowings | **34,383,795** | 28,706,290 | **10,641,861** | 5,408,889 |

## 22 Borrowings – Group and Company *(continued)*

### (A) SENIOR NOTES

The Company issued senior notes ("Senior Notes") on the Singapore Exchange Securities Trading Limited, payable semi-annually in arrears. The issued dates, principals and interest rates are shown as below:

| Issued dates | Principal USD million | Interest rate |
|---|---|---|
| 19 October 2012 | 400 | 12.5% |
| 5 April 2013 | 500 | 9.375% |
| 5 December 2014 | 400 | 8.75% |
| | 1,300 | |

According to the terms of the Senior Notes, at any time and from time to time on or after 16 October 2015, 5 April 2016 and 5 December 2017 respectively, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interests, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 16 October, 5 April and 5 December of each of the years indicated below respectively.

## 22 Borrowings – Group and Company *(continued)*

### (A) SENIOR NOTES *(continued)*

The redemption prices are shown as below:

| **Redemption time** | **Redemption prices** |
|---|---|
| USD400 million: | |
| Prior to 16 October 2015 | 112.5% |
| 16 October 2015 to 15 October 2016 | 106.3% |
| 16 October 2016 and thereafter | 103.1% |
| USD500 million: | |
| Prior to 5 April 2016 | |
| – Redemption up to 35% | 109.4% |
| – Redemption in whole but not in part (Note (i)) | 100% + applicable premium |
| 5 April 2016 to 31 December 2016 | 104.7% |
| 2017 and thereafter | 102.3% |
| USD400 million: | |
| Prior to 5 December 2017 | |
| – Redemption up to 35% | 108.75% |
| – Redemption in whole but not in part (Note (ii)) | 100% + customary make-whole premium |
| 5 December 2017 to 31 December 2017 | 104.4% |
| 2018 and thereafter | 102.2% |

Note (i): The applicable premium is the greater of (1) 1% of the principal amount and (2) the excess of the present value of 104.7% of the principal plus the scheduled interest cost amount for the period from the redemption date to 5 April 2016 over the principal amount at the redemption date and the fair value of the above early redemption option is not material on initial recognition and as at 31 December 2014.

Note (ii): The customary make-whole premium is the greater of (1) 1% of the principle amount and (2) the excess of the present value of 104.4% of the principal plus the accrued and unpaid interest amount for the period from the redemption date to 5 December 2017 over the principal amount at the redemption date and the fair value of the above early redemption option is not material on initial recognition and as at 31 December 2014.

These early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors are of the view that the Group has no plan of any early redemption and the fair value of the above early redemption option is not material on initial recognition and as at 31 December 2014.

## 22 Borrowings – Group and Company *(continued)*

### (B) LONG-TERM BORROWINGS

(i) As at 31 December 2014, included in long-term borrowing, RMB7,081 million (2013: RMB4,459 million) of borrowings for property development projects will be due for repayment upon an aggregated 20%-80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB1,756 million (2013: RMB1,616 million) of borrowings will be due for repayment in the year ending 31 December 2015 and are included in current liabilities.

(ii) The Group's long-term borrowings as at 31 December 2014 were repayable as follows:

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| Between 1 and 2 years | **4,683,192** | 11,211,104 |
| Between 2 and 5 years | **15,860,921** | 9,660,465 |
| | **20,544,113** | 20,871,569 |

(iii) Fair value of financial liabilities is not measured at fair value on a recurring basis (but fair value disclosures are required).

The carrying amounts of bank borrowings, borrowings from other financial institution are approximate their fair values. The fair values of senior notes as at 31 December 2014 amounted to RMB8,187 million, which were calculated based on the market price of the traded Senior Notes at the balance sheet date. The fair values of Senior Notes are within level 2 of the fair value hierarchy.

**(C)** The exposure of the Group's borrowings with variable interest rates to interest-rate changes and the contractual re-pricing dates are as follows:

| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
|---|---|---|
| 6 months or less | **11,248,010** | 8,187,170 |
| 6 -12 months | **3,096,336** | 2,640,000 |
| Over 12 months | **320,000** | 160,000 |
| | **14,664,346** | 10,987,170 |

## 22 Borrowings – Group and Company *(continued)*

**(D)** As at 31 December 2014, the Group's borrowings of RMB34,338 million (as at 31 December 2013: RMB28,587 million) were secured or joint secured by certain Group's properties under development, completed properties held for sale, investment properties totalling RMB32,182 million (as at 31 December 2013: RMB43,148 million), and the Group's equity interests of certain subsidiaries.

**(E)** The carrying amounts of the Group's borrowings are denominated in the following currencies:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 | **31 December 2014 RMB'000** | 31 December 2013 RMB'000 |
| RMB | **21,326,151** | 20,915,170 | — | — |
| HKD | **1,599,828** | 1,410,497 | **184,596** | — |
| USD | **11,457,816** | 6,380,623 | **10,457,265** | 5,408,889 |
| | **34,383,795** | 28,706,290 | **10,641,861** | 5,408,889 |

**(F)** The weighted-average effective interest rates for the year ended 31 December 2014 was 9.12% (2013: 10.00%).

## 23 Expenses by nature

| | **2014 RMB'000** | 2013 RMB'000 |
|---|---|---|
| Costs of completed properties sold | **18,495,001** | 21,313,761 |
| Business tax and related surcharges | **1,389,572** | 1,657,791 |
| Staff costs (Note 25) | **625,892** | 467,026 |
| Impairment charges (Note (a)) | **533,518** | 103,117 |
| Advertisement and promotion costs | **333,366** | 345,461 |
| Consulting expenses | **81,613** | 64,270 |
| Depreciation and amortisation | **24,684** | 23,921 |
| Auditors' remuneration | | |
| – Audit services | **5,100** | 4,800 |
| – Non-audit services | **300** | — |

(a): The impairment charges attributed to the segment of property development and investment.

## 24 Business tax and related surcharges

The PRC companies now comprising the Group are subject to business tax on their revenues at the following rates:

| Type | | Tax rate | | Tax base |
|---|---|---|---|---|
| a) | Business tax | 5% | - | Sales of properties |
| | | 5% | - | Rental income |
| | | 5% | - | Property management services revenue |
| b) | Urban construction and maintenance tax | 7% | - | Business tax paid |
| c) | Education surcharge | 3% | - | Business tax paid |
| d) | Local education surcharge | 0%-2% | - | Business tax paid |
| e) | Anti-flood fund | 0%-2% | - | Business tax paid |

## 25 Employee benefit expenses

| | **2014** | 2013 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Wages and salaries | **486,033** | 342,434 |
| Pension costs | **52,199** | 45,410 |
| Staff welfare | **52,204** | 40,502 |
| Share options granted to directors and employees | **35,456** | 38,680 |
| | **625,892** | 467,026 |

## 26 Other income and gains

| | **2014** | 2013 |
|---|---|---|
| | **RMB'000** | RMB'000 |
| Interest income (Note (a)) | **974,683** | — |
| Government grants | **17,631** | 32,327 |
| Gain from acquisition of joint ventures and associates | **2,833** | 7,272 |
| Gain from disposals and valuation of investment properties | — | 65,730 |
| Gain from business combination | — | 7,833 |
| Gain from disposal of subsidiaries | **1,496** | 59,403 |
| Others | **23,808** | 49,957 |
| | **1,020,451** | 222,522 |

## 26 Other income and gains *(continued)*

(a) Details of interest income are as follows:

| | 2014<br>RMB'000 | 2013<br>RMB'000 |
|---|---|---|
| Interest income from related companies | **784,350** | — |
| Other interest income (Note (i)) | **190,333** | — |
| | **974,683** | — |

(i) On 22 May 2014, a wholly owned subsidiary of the Group, Lead Sunny Investments Limited ("Lead Sunny"), entered into the sale and purchase agreement with certain shareholders of Greentown China Holdings Limited (the "Vendors"), who were independent third parties of the Group. Pursuant to the agreement the Group would acquire approximately 24.313% of the total issued shares of Greentown China Holdings Limited (the "Target Company"). On 18 December 2014, in view of the considerable differences between the Group and the Vendors on the Target Company's business philosophy, Lead Sunny, the Company, the Vendors and the Vendors' guarantors entered into a termination agreement, pursuant to which the parities had mutually agreed to terminate the sale and purchase agreement and all obligations and duties of the parties thereunder; and the Vendors should repay the entire consideration prepaid by Lead Sunny together with interests accrued thereon to Lead Sunny. By 31 December 2014, the consideration prepaid and interests accrued thereon under the terminal agreement had been fully repaid by the Vendors to the Lead Sunny.

## 27 Other expenses and losses

| | 2014<br>RMB'000 | 2013<br>RMB'000 |
|---|---|---|
| Impairment provision for goodwill (Note 9) | **85,709** | 124,245 |
| Loss of valuation of investment properties (Note 8) | **13,000** | — |
| Others | **21,108** | 21,228 |
| | **119,817** | 145,473 |

## 28 Directors' and senior management's emoluments

### (A) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The Directors' and senior management's emoluments are set out below:

| Name of Director | Fees RMB'000 | Salary RMB'000 | Discretionary bonuses RMB'000 | Share options expenses RMB'000 | Other benefits including pension RMB'000 | Compensation for loss of office as director RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|
| Year ended 31 December 2014: | | | | | | | |
| Directors: | | | | | | | |
| Sun Hongbin | — | **1,838** | — | **847** | — | — | **2,685** |
| Wang Mengde | — | **1,483** | — | **1,494** | **89** | — | **3,066** |
| Li Shaozhong | — | **909** | — | **1,299** | **46** | — | **2,254** |
| Chi Xun | — | **1,288** | — | **1,299** | **79** | — | **2,666** |
| Shang Yu | — | **1,250** | — | **1,299** | **89** | — | **2,638** |
| Jing Hong | — | **1,620** | — | **1,299** | **88** | — | **3,007** |
| Zhu Jia | — | — | — | — | — | — | — |
| Hu Xiaoling | — | — | — | — | — | — | — |
| Poon Chiu Kwoh | **237** | — | — | — | — | — | **237** |
| Li Qin | **237** | — | — | — | — | — | **237** |
| Ma Lishan | **237** | — | — | — | — | — | **237** |
| Tse Chi Wai | **237** | — | — | — | — | — | **237** |
| Year ended 31 December 2013: | | | | | | | |
| Directors: | | | | | | | |
| Sun Hongbin | — | 1,648 | — | 592 | — | — | 2,240 |
| Wang Mengde | — | 1,288 | — | 2,061 | 70 | — | 3,419 |
| Li Shaozhong | — | 1,209 | — | 1,827 | 70 | — | 3,106 |
| Chi Xun | — | 1,151 | — | 1,834 | 70 | — | 3,055 |
| Shang Yu | — | 1,171 | — | 1,788 | 70 | — | 3,029 |
| Jing Hong | — | 1,600 | — | 1,834 | 81 | — | 3,515 |
| Zhu Jia | — | — | — | — | — | — | — |
| Hu Xiaoling | — | — | — | — | — | — | — |
| Poon Chiu Kwoh | 236 | — | — | — | — | — | 236 |
| Li Qin | 236 | — | — | — | — | — | 236 |
| Ma Lishan | 236 | — | — | — | — | — | 236 |
| Tse Chi Wai | 236 | — | — | — | — | — | 236 |

**(B)** The five individuals whose emoluments were the highest in the Group included five directors (2013: five) for the year ended 31 December 2014, whose emoluments are reflected in the analysis presented in Note 28(a) above.

## 29 Finance income and costs

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| Interest expenses | **3,035,959** | 2,559,880 |
| Other finance costs | **—** | 8,709 |
| | **3,035,959** | 2,568,589 |
| Less: capitalised finance costs | **(1,776,914)** | (1,947,641) |
| | **1,259,045** | 620,948 |
| Exchange loss/(gain) | **8,335** | (40,671) |
| | **1,267,380** | 580,277 |
| Finance income: | | |
| – Interest income on bank deposits | **(123,422)** | (74,529) |
| Net finance costs | **1,143,958** | 505,748 |

The capitalisation rate used to determine the amount of the interest incurred eligible for capitalisation in 2014 was 9.12% (2013: 10.00%).

## 30 Income tax expenses

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| Corporate Income Tax ("CIT") | | |
| – Current income tax | **1,158,896** | 1,933,751 |
| – Deferred income tax | **(325,322)** | (643,786) |
| | **833,574** | 1,289,965 |
| LAT | **835,594** | 900,657 |
| | **1,669,168** | 2,190,622 |

## 30 Income tax expenses *(continued)*

### (A) CIT

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

| | 2014<br>RMB'000 | 2013<br>RMB'000 |
|---|---|---|
| Profit before income tax | **4,901,797** | 5,684,449 |
| Income tax calculated at the domestic tax rates applicable to profits in the respective countries or regions | **1,277,790** | 1,421,112 |
| LAT | **(208,898)** | (225,164) |
| Share of profits of investments accounted for using equity method, net | **(524,350)** | (18,058) |
| Income not subject to tax | **(1,471)** | (22,511) |
| Tax losses for which no deferred income tax assets was recognised | **96,127** | 79,846 |
| Tax timing differences for which no deferred income tax assets was recognised | **82,536** | — |
| Utilisation of tax losses which no deferred income tax was recognised | **(4,085)** | (3,971) |
| Write-back of timing differences which no deferred income tax was recognised | **(17,056)** | (24,864) |
| Non-deductible expenses | **38,074** | 28,171 |
| Withholding tax for distributable profits of PRC subsidiaries, joint ventures and associates | **94,907** | 55,404 |
| | **833,574** | 1,289,965 |

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the group operates.

Pursuant to the applicable rules and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Company and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

### (B) LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures. LAT is included in the consolidated income statements as income tax expense.

## 31 Earnings per share

### (A) BASIC

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year.

| | **2014** | 2013 |
|---|---|---|
| Profit attributable to owners of the parent company (RMB'000) | **3,222,070** | 3,178,403 |
| Weighted-average number of ordinary shares in issue (thousand) | **3,350,372** | 3,301,899 |

### (B) DILUTED

Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| | **2014** | 2013 |
|---|---|---|
| Profit attributable to owners of the parent company (RMB'000) | **3,222,070** | 3,178,403 |
| Weighted-average number of ordinary shares in issue (thousand) | **3,350,372** | 3,301,899 |
| Adjusted for share options (thousand) | **34,455** | 59,757 |
| Weighted-average number of ordinary shares for diluted earnings per share (thousand) | **3,384,827** | 3,361,656 |

## 32 Cash used in operations

| | Note | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|---|
| Profit before income taxes | | **4,901,797** | 5,684,449 |
| Adjustments for: | | | |
| – Finance costs | 29 | **1,267,380** | 580,277 |
| – Gain from disposal of subsidiaries | 26 | **(1,496)** | (59,403) |
| – Gain from business combination | | — | (7,833) |
| – Gain from acquisition of joint ventures and associates | 26 | **(2,833)** | (7,272) |
| – Gain on disposal of PP&E | | **(379)** | (32) |
| – Loss/(gain) on fair value change of investment properties | 27 | **13,000** | (4,000) |
| – Provision for goodwill | 27 | **85,709** | 124,245 |
| – Amortisation of intangible assets | | **17** | 6,155 |
| – Depreciation | | **24,666** | 17,817 |
| – Share of profits from associates and joint ventures | 10 | **(2,181,283)** | (72,231) |
| – Interest income received from non-controlling interest | 26 | **(190,333)** | — |
| – Interest income received from joint ventures and associates | 26 | **(784,350)** | — |
| – Value of employee services | 25 | **35,456** | 38,680 |
| Changes in working capital | | | |
| – Restricted cash from pre-sale of properties | 16 | **92,997** | 572,492 |
| – Properties under development and completed properties held for sale, net | | **5,951,656** | 1,909,128 |
| – Trade and other receivables and prepayments | | **(1,029,139)** | (175,981) |
| – Advanced proceeds from customers | | **328,687** | (1,840,443) |
| – Trade and other payables | | **(1,709,915)** | 4,347,959 |
| – Amount due from/to related companies | | **12,650,703** | — |
| Cash generated from operations | | **19,452,340** | 11,114,007 |

## 33 Commitments

### (A) PROPERTY DEVELOPMENT EXPENDITURES AT THE BALANCE SHEET DATE BUT NOT YET INCURRED IS AS FOLLOWS:

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Property development expenditure | | |
| – Contracted but not provided for | **4,673,875** | 3,169,223 |
| – Authorised but not contracted | **30,217,687** | 42,331,899 |
| | **34,891,562** | 45,501,122 |

## 33 Commitments *(continued)*

### (B) INVESTMENT

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Investment in new associates | | |
| – Contracted but not provided for | **1,547,994** | — |
| – Authorised but not contracted | **—** | 3,177,830 |
| | **1,547,994** | 3,177,830 |
| | **36,439,556** | 48,678,952 |

### (C) OPERATING LEASE COMMITMENTS

The future aggregate minimum lease rental expense in respect of certain office buildings under non-cancellable operating leases contracts are payable in the following periods:

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| No later than 1 year | **6,310** | 10,407 |
| Later than 1 year and no later than 5 years | **15,201** | 31,910 |
| Later than 5 years | **5,198** | 8,243 |
| | **26,709** | 50,560 |

## 34 Contingent liabilities

### (A) GUARANTEE ON MORTGAGE FACILITIES

The Group and the Company had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

| | The Group | |
|---|---|---|
| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
| Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units | **5,090,815** | 7,241,924 |

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

## 34 Contingent liabilities *(continued)*

### (A) GUARANTEE ON MORTGAGE FACILITIES *(continued)*

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest 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 date of grant of the mortgage. The directors consider that the likelihood of default of payments by purchasers is minimal.

**(B)** The Company used its equity investment in one of its subsidiary to provide the guarantee in respect of bank borrowings of USD170 million and HKD1,794 million of the subsidiary (2013: USD170 million and HKD1,794 million). The directors consider the subsidiaries to be sufficiently financially resourced to settle their obligations.

## 35 Related party transactions

### (A) NAME AND RELATIONSHIP WITH RELATED PARTIES

| Name | Relationship |
|---|---|
| Sunac International | Largest shareholder of the Company |
| Mr. Sun Hongbin | The controlling shareholder of Sunac International and the chairman of the Board of Directors of the Company |

### (B) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

| | **2014 RMB'000** | 2013 RMB'000 |
|---|---|---|
| Cash paid to joint ventures and associates | **(8,538,358)** | (10,126,323) |
| Cash received from joint ventures and associates | **16,430,529** | 12,583,454 |
| | **7,892,171** | 2,457,131 |

## 35 Related party transactions

### (C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

| | 2014 RMB'000 | 2013 RMB'000 |
|---|---|---|
| Salaries and other short-term benefits | **21,528** | 23,471 |
| Share-based payments | **35,456** | 38,680 |
| | **56,984** | 62,151 |

### (D) RELATED PARTY BALANCES

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Amounts due from joint ventures | **16,505,154** | 8,269,897 |
| Amounts due from associates | **1,494,264** | 1,485,466 |
| | **17,999,418** | 9,755,363 |
| Amounts due to joint ventures | **14,070,108** | 3,087,794 |
| Amounts due to associates | **6,643,811** | 3,806,929 |
| | **20,713,919** | 6,894,723 |

The amounts due from joint ventures and associates have no fixed repayment date. As at 31 December 2014, RMB7,338 million (as at 31 December 2013: RMB2,579 million) were interest bearing at 6.35% to 12% per annum and the remaining balance was interest-free. During 2014, interests charged from joint ventures and associates amounted to RMB784 million (for 2013: RMB160 million).

The amounts due to joint ventures and associates are unsecured, interest-free and repayable on demand.

## 36 Investments in subsidiaries – Company

| | 31 December 2014 RMB'000 | 31 December 2013 RMB'000 |
|---|---|---|
| Investments, at cost | **153,679** | 118,223 |
| Quasi-equity loans | **8,265,942** | 8,265,942 |
| | **8,419,621** | 8,384,165 |

Quasi-equity loans are made by the Company to its immediate subsidiaries for their further equity investments in the PRC operating entities.

All subsidiaries of the Group are non-listed companies.

### MATERIAL NON-CONTROLLING INTERESTS

**Summarised financial information on subsidiaries with material non-controlling interests**

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

| | Sunac Greentown Investment Holdings Limited | |
|---|---|---|
| | 2014 RMB'000 | 2013 RMB'000 |
| **Summarised balance sheet** | | |
| Current | | |
| Assets | **18,313,250** | 15,856,787 |
| Liabilities | **9,978,088** | 4,224,635 |
| Total current net assets | **8,335,162** | 11,632,152 |
| Non-current | | |
| Assets | **187,171** | 105,057 |
| Liabilities | **5,253,733** | 8,230,979 |
| Total non-current net assets | **(5,066,562)** | (8,125,922) |
| Net assets | **3,268,600** | 3,506,230 |
| **Summarised income statement** | | |
| Revenue | **3,646,713** | 2,599,856 |
| Profit before income tax | **142,580** | 629,802 |
| Income tax expense | **(380,210)** | (177,703) |
| Post-tax (loss)/profit from continuing operations | **(237,630)** | 452,099 |
| Total comprehensive income | **(237,630)** | 452,099 |
| Total comprehensive income allocated to non – controlling interests | **(118,815)** | 226,049 |

## 36 Investments in subsidiaries – Company *(continued)*

There is no discontinued operation or other comprehensive income for the above subsidiary. During 2014 and 2013, no dividend was paid to non-controlling interests.

| | | |
|---|---|---|
| **Summarised cash flows** | | |
| Net cash generated from operating activities | **1,053,701** | 662,388 |
| Net cash used in investing activities | **(2,063)** | (7,781,014) |
| Net cash used in financing activities | **(664,039)** | 7,923,963 |
| Net increase in cash and cash equivalents | **387,599** | 805,377 |

The following is a list of the principal subsidiaries at 31 December 2014:

| Name | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ registered capital | Equity interests held | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 31 December 2013 | | **31 December 2014** | | |
| | | | Directly | Indirectly | **Directly** | **Indirectly** | |
| **Incorporated in the British Virgin Islands** | | | | | | | |
| Sunac Real Estate Investment Holdings Ltd. | 2 January 2007 | USD10,000 | 100% | — | **100%** | — | Investment holding |
| Qiwei Real Estate Investment Holdings Ltd. | 6 June 2007 | USD1 | 100% | — | **100%** | — | Investment holding |
| Yingzi Real Estate Investment Holdings Ltd. | 31 August 2007 | USD1 | 100% | — | **100%** | — | Investment holding |
| Jujin Real Estate Investment Holdings Ltd. | 6 September 2007 | USD1 | 100% | — | **100%** | — | Investment holding |
| Zhuoyue Real Estate Investment Holdings Ltd. | 13 September 2007 | USD1 | 100% | — | **100%** | — | Investment holding |
| Dingsheng Real Estate Investment Holdings Ltd. | 6 September 2007 | USD1 | 100% | — | **100%** | — | Investment holding |
| * Elegant Trend Limited | 17 July 2013 | USD2 | — | 50% | — | **50%** | Investment holding |
| * Sunac Greentown Investment Holdings Limited ("Sunac Greentown") | 25 April 2013 | USD2 | 50% | — | **50%** | — | Investment holding |
| Ease Success Holdings Limited | 2 January 2013 | USD50,000 | 100% | — | **100%** | — | Investment holding |
| Lead Sunny Investments Limited | 27 February 2013 | USD50,000 | 100% | — | **100%** | — | Investment holding |

## 36 Investments in subsidiaries – Company *(continued)*

| Name | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ registered capital | Equity interests held | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 31 December 2013 | | **31 December 2014** | | |
| | | | Directly | Indirectly | **Directly** | **Indirectly** | |
| **Incorporated in Hong Kong** | | | | | | | |
| Jujin Property Investment Holdings Ltd. | 14 September 2007 | HKD1 | — | 100% | — | **100%** | Investment holding |
| Dingsheng Property Investment Holdings Ltd. | 14 September 2007 | HKD1 | — | 100% | — | **100%** | Investment holding |
| Zhuoyue Property Investment Holdings Ltd. | 20 September 2007 | HKD1 | — | 100% | — | **100%** | Investment holding |
| **Incorporated in the PRC:** | | | | | | | |
| Tianjin Sunac Real Estate Investment Management Co Ltd. | 6 February 2007 | RMB460 million | — | 100% | — | **100%** | Investment holding |
| Tianjin Qiwei Real Estate Investment Management Co Ltd. | 20 July 2007 | RMB225 million | — | 100% | — | **100%** | Investment holding |
| Tianjin Yingzihuijin Property Management Ltd. | 26 September 2007 | RMB220 million | — | 100% | — | **100%** | Investment holding |
| Tianjin Jujin Property Management Ltd. | 31 October 2007 | RMB200 million | — | 100% | — | **100%** | Investment holding |
| Tianjin Dingsheng Juxian Property Management Ltd. | 31 October 2007 | RMB200 million | — | 100% | — | **100%** | Investment holding |
| Tianjin Zhuoyue Property Management Ltd. | 31 October 2007 | USD15 million | — | 100% | — | **100%** | Investment holding |
| Tianjin Sunac Zhidi Co., Ltd. | 31 January 2003 | RMB900 million | — | 100% | — | **100%** | Real estate development |
| Tianjin Sunac Ao Cheng Investment Co., Ltd. ("Tianjin Ao cheng") | 25 February 2003 | RMB222 million | — | 100% | — | **100%** | Real estate development |
| Tianjin Sunac Mingxiang Investment Development Co., Ltd. | 6 April 2010 | RMB1,421 million | — | 100% | — | **100%** | Real estate development |
| Tianjin Xiangchi Investment Co., Ltd. | 25 September 2006 | RMB160 million | — | 100% | — | **100%** | Real estate development |
| Tianjin Sunac Dingsheng Zhidi Co., Ltd. | 4 January 2011 | HKD1,700 million | — | 100% | — | **100%** | Real estate development |
| Tianjin Sunac Huijie Zhidi Co., Ltd. | 21 January 2011 | HKD700 million | — | 100% | — | **100%** | Real estate development |

## 36 Investments in subsidiaries – Company *(continued)*

| Name | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ registered capital | Equity interests held | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 31 December 2013 | | **31 December 2014** | | |
| | | | Directly | Indirectly | **Directly** | **Indirectly** | |
| **Incorporated in the PRC (continued):** | | | | | | | |
| Tianjin Sunac Property Management Co. Ltd. | 21 March 2010 | RMB10 million | — | 100% | — | **100%** | Property management |
| Sunac Zhidi (Tianjin) Business Operation Management Co., Ltd. | 21 March 2010 | RMB5 million | — | 100% | — | **100%** | Property management |
| Tianjin Rongxing Investment Limited | 7 February 2013 | RMB100 million | — | 90% | — | **90%** | Real estate development |
| * Tianjin Rongyao Investment limited | 7 March 2013 | RMB500 million | — | 54% | — | **54%** | Real estate development |
| Tianjin Sunac Huikai Real Estate Co., Ltd. | 30 August 2013 | RMB50 million | — | 100% | — | **100%** | Real estate development |
| Tianjin Rongzheng Investment Limited | 12 July 2013 | RMB504 million | — | 100% | — | **100%** | Real estate development |
| * Tianjin Yijun Investment Co., Ltd. | 1 July 2012 | RMB30 million | — | 40% | — | **40%** | Real estate development |
| Wuxi Sunac Real Estate Co., Ltd. | 27 February 2004 | RMB204million | — | 100% | — | **100%** | Real estate development |
| Wuxi Sunac City Construction Co., Ltd. | 11 May 2005 | RMB448 million | — | 100% | — | **100%** | Real estate development |
| Suzhou Chunshen Lake Property Development Co., Ltd. | 8 February 2005 | RMB140 million | — | 100% | — | **100%** | Real estate development |
| Yixing Sunac Dongjiu Real Estate Co.,Ltd. | 9 March 2010 | RMB1,100 million | — | 100% | — | **100%** | Real estate development |
| * Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. | 5 January 2012 | RMB100 million | — | 51% | — | **51%** | Real estate development |
| * Wuxi Greentown Real Estate Development Co., Ltd. | 1 July 2012 | RMB175 million | — | 42.5% | — | **42.5%** | Real estate development |
| Chongqing Sunac Jiye Real Estate Limited | 24 April 2004 | RMB180 million | — | 100% | — | **100%** | Real estate development |
| Chongqing Yatai Shiye Real Estate Co., Ltd. | 2 January 2011 | RMB280 million | — | 100% | — | **100%** | Real estate development |
| Chongqing Sunac Shangfeng Real Estate Co., Ltd. | 21 February 2011 | RMB1,200 million | — | 100% | — | **100%** | Real estate development |
| Chongqing Sunac Shijin Real Estate Co., Ltd. | 12 December 2012 | HKD1,229 million | — | 100% | — | **100%** | Real estate development |

## 36 Investments in subsidiaries – Company *(continued)*

| Name | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ registered capital | Equity interests held | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 31 December 2013 | | **31 December 2014** | | |
| | | | Directly | Indirectly | **Directly** | **Indirectly** | |
| **Incorporated in the PRC (continued):** | | | | | | | |
| Chongqing Sunac Property Management Co., Ltd. | 21 March 2010 | RMB5 million | — | 100% | — | **100%** | Property management |
| Chongqing APEV Property Management Co., Ltd. | 30 September 2012 | RMB0.5 million | — | 100% | — | **100%** | Property management |
| Chongqing Sunac Business Operation Management Co., Ltd. | 21 March 2010 | RMB0.5 million | — | 100% | — | **100%** | Property management |
| Chongqing Sunac Qiyang Real Estate Co., Ltd. | 18 September 2013 | HKD2,280 million | — | 100% | — | **100%** | Real estate development |
| Chongqing Jiandao Culture Media Co., Ltd. | 29 September 2014 | RMB5 million | — | 100% | — | **100%** | Media |
| Beijing Sunac Hengji Real Estate Co., Ltd. | 27 September 2011 | RMB100 million | — | 100% | — | **100%** | Real estate development |
| Beijing Sunac Construction Investment Real Estate Co., Ltd. | 16 August 2010 | RMB10 million | — | 100% | — | **100%** | Real estate development |
| Beijing Sunac Jiye Real estate Co., Ltd. | 1 June 2011 | RMB400 million | — | 100% | — | **100%** | Real estate development |
| Hangzhou Sunac Greentown Real Estate Development Co., Ltd. | 20 December 2012 | USD102 million | — | 75% | — | **75%** | Real estate development |
| Hangzhou Yingzi Investment Limited | 27 August 2013 | RMB10 million | — | 100% | — | **100%** | Real estate development |
| Hangzhou Guorong Zhidi Co., Ltd. | 9 August 2013 | RMB460 million | — | 60% | — | **60%** | Real estate development |
| Hangzhou Fuyang Sunac Real Estate Co., Ltd. | 7 March 2014 | RMB630 million | — | — | — | **100%** | Real estate development |
| * Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. | 1 July 2012 | RMB250 million | — | 50% | — | **50%** | Real estate development |

## 36 Investments in subsidiaries – Company *(continued)*

| Name | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ registered capital | Equity interests held | | | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | 31 December 2013 | | **31 December 2014** | | |
| | | | Directly | Indirectly | **Directly** | **Indirectly** | |
| **Incorporated in the PRC (continued):** | | | | | | | |
| * Suzhou Rongding Real Estate Co., Ltd. | 26 December 2014 | RMB8million | — | — | — | **100%** | Real estate development |
| * Changzhou Greentown Real Estate Co., Ltd. | 15 January 2013 | RMB838 million | — | 48.5% | — | **48.5%** | Real estate development |
| * New Richport Property Development Shanghai Co., Ltd. | 17 July 2013 | RMB765 million | — | 50% | — | **50%** | Real estate development |
| * Everbright Property Development Shanghai Co., Ltd. | 17 July 2013 | RMB135 million | — | 50% | — | **50%** | Real estate development |
| * Fung Seng Estate Development (Shanghai) Co., Ltd. | 17 July 2013 | RMB85 million | — | 50% | — | **50%** | Real estate development |
| * Shanghai Sunac Greentown Investment Holdings Limited ("Shanghai Sunac Greentown") | 9 August 2012 | RMB2,000 million | — | 50% | — | **50%** | Investment holding |
| * Shanghai Huazhe Bund Real Estate Co., Ltd. | 1 July 2012 | RMB50 million | — | 25.5% | — | **25.5%** | Real estate development |
| * Shanghai Lvshun Real Estate Development Co., Ltd. | 1 July 2012 | RMB1,000 million | — | 50% | — | **50%** | Real estate development |
| Shanghai Ronglv Ruijiang Real Estate Co.,Ltd. | 28 August 2014 | RMB50 million | — | — | — | **75.5%** | Real estate development |

Note

* The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

## 37 Financial instruments by category – Group and Company

### (A) GROUP

| | Loans and receivables | |
|---|---|---|
| | **31 December 2014 RMB '000** | 31 December 2013 RMB '000 |
| **Loans and receivables** | | |
| **Assets as per balance sheet** | | |
| Trade and other receivables | **2,474,809** | 1,213,763 |
| Restricted cash | **4,384,145** | 2,594,666 |
| Cash and cash equivalents | **20,657,285** | 13,414,017 |
| Amounts due from related companies | **17,999,418** | 9,755,363 |
| | **45,515,657** | 26,977,809 |

| | Financial liabilities at amortised costs | |
|---|---|---|
| | **31 December 2014 RMB '000** | 31 December 2013 RMB '000 |
| **Financial liabilities at amortized costs** | | |
| **Liabilities as per balance sheet** | | |
| Borrowings | **34,383,795** | 28,706,290 |
| Amounts due to related companies | **20,713,919** | 6,894,723 |
| Trade and other payables | **11,116,009** | 16,277,245 |
| | **66,213,723** | 51,878,258 |

Note: Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

### (B) COMPANY

| | Loans and receivables | |
|---|---|---|
| | **31 December 2014 RMB '000** | 31 December 2013 RMB '000 |
| **Loans and receivables** | | |
| **Assets as per balance sheet** | | |
| Amounts due from subsidiaries | **5,463,734** | 28,005 |
| Other receivables | **1,905** | 739 |
| Cash and cash equivalents | **28,728** | 1,426,604 |
| | **5,494,367** | 1,455,348 |

## 37 Financial instruments by category – Group and Company

### (B) COMPANY *(continued)*

| | Financial liabilities at amortised costs | |
|---|---|---|
| | **31 December 2014 RMB '000** | 31 December 2013 RMB '000 |
| **Financial liabilities at amortized costs** | | |
| **Liabilities as per balance sheet** | | |
| Borrowings | **10,641,861** | 5,408,889 |
| Other payables | **156,435** | 131,687 |
| Amounts due to subsidiaries | **9,191** | 9,172 |
| | **10,807,487** | 5,549,748 |

## 38 Dividends

The dividends paid in 2014 and 2013 were RMB635.7 million (RMB0.191 per share) and RMB260.7 million (RMB0.079 per share) respectively. A dividend in respect of the year ended 31 December 2014 of RMB0.190 per share, amounting to a total dividend of RMB644.4 million, is to be proposed at the annual general meeting on 19 May 2015. These financial statements do not reflect this dividend payable.

| | Year ended 31 December | |
|---|---|---|
| | **2014 RMB '000** | 2013 RMB '000 |
| Interim dividend paid of RMB 0 (2013:nil) per ordinary share | **—** | — |
| Proposed final dividend of RMB0.190 (2013:RMB0.191) per ordinary share | **644,414** | 635,681 |

## 39 Events after the balance sheet date

### (1) ACQUISITION OF EQUITY INTERESTS AND DEBTS IN TARGET COMPANIES FROM KAISA GROUP HOLDINGS LIMITED ("KAISA")

On 30 January 2015, Tianjin Tengyao Property Company Limited ("Tianjin Tengyao"), a wholly-owned subsidiary of the Company as the purchaser and Shanghai Xinwan Investment Development Company Limited ("Shanghai Xinwan"), a wholly-owned subsidiary of Kaisa as the vendor have respectively entered into acquisition agreements with respect to the acquisition of 51% equity interests and debt in Shanghai Chengwan Zhaoye Property Development Company Limited, 51% equity interests and debt in Shanghai Yingwan Zhaoye Property Development Company Limited, 100% equity interests and debt in Shanghai Qingwan Zhaoye Property Development Company Limited and 100% equity interests and debt in Shanghai Rongwan Zhaoye Property Development Company Limited (together, "Target Companies") from the Kaisa at a total consideration of RMB2,374.9 million (the "Consideration"), including RMB2,289.4 million for acquiring the outstanding shareholder's loan owing by the Target Companies to Shanghai Xinwan.

## 39 Events after the balance sheet date *(continued)*

### (1) ACQUISITION OF EQUITY INTERESTS AND DEBTS IN TARGET COMPANIES FROM KAISA GROUP HOLDINGS LIMITED ("KAISA") *(continued)*

Pursuant to the term of the acquisition agreements, subject to there being no change in control of Shanghai Xinwan, Shanghai Xinwan has an option to, within 12 months from the date of the acquisition agreements, repurchase the equity interests and debts acquired by Tianjin Tengyao. The option to repurchase is subject to, among other things, (a) written approval of creditors, partner (if any) and other stakeholders required for the consummation of such option to repurchase; and (b) a repurchase price of not less than the sum of: (i) the Consideration and all other reasonable related costs; (ii) the amount of capital injected by Tianjin Tengyao and its associates into the Target Companies since the date of the acquisition agreements; and (iii) 10% of the sum of (i) and (ii).

For details, please refer to the announcement of the Company dated 1 February 2015.

The acquisition has yet to be completed up to the date of approval of this consolidated financial statement.

### (2) PROPOSED ACQUISITION OF 49.25% ISSUED SHARE IN CAPITAL OF KAISA (THE "FIRST SHARE OFFER") AND POSSIBLE CONDITIONAL MANDATORY CASH OFFERS TO ACQUIRE ALL THE ISSUED SHARES IN CAPITAL OF KAISA

On 30 January 2015, Ease Success Holdings Limited ("Ease Success"), a wholly owned subsidiary of the Group, entered into a share purchase agreement (the "Share Purchase Agreement") with certain shareholders of Kaisa, who are independent third parties of the Group. Pursuant to the agreement, the Group will acquire an aggregate of 2,529,196,133 shares, approximately 49.25% of the issued share capital of Kaisa at the purchase price of HK$1.80 per share, for a total consideration of HK$4,552.6 million (equivalent to RMB3,604 million). Completion of the Share Purchase Agreement shall take place subject to certain conditions precedent (the "Conditions") as set out in the Share Purchase Agreement, details of which were summarised in the joint announcement (the "Joint Announcement") by the Company and Kaisa published on 6 February 2015. Either party may exercise their discretionary power to terminate the Share Purchase Agreement if the Conditions are not satisfied or otherwise waived (as applicable) by 31 July 2015 or such other time as agreed between the parties to the Share Purchase Agreement. Payment of the consideration was in accordance with the term set out in the Joint Announcement.

Pursuant to Rule 26.1 of the Takeovers Code, Ease Success, upon completion of the Share Purchase Agreement, the Group will then make the share offer in cash for all the issued shares ("General Share Offer") at HK$1.80 per share in cash, which excluding (i) shares already owned by or agreed to be acquired by the Ease Success and its concert parties at the time when the share offer is made; and (ii) the 1,537,696,106 shares representing approximately 29.94% of the total issued share capital of Kaisa held by a beneficial owner, who undertook that not accept the General Share Offer. There will be an aggregate 1,068,535,671 shares in the issued capital of Kaisa subject to the General Share Offer. Pursuant to Rule 13.5 of the Takeovers Code, Ease Success will also make the possible conditional mandatory conditional cash offer by Ease Success to Kaisa option holders for the cancellation of all outstanding share options (the "Option Offer"), and the possible conditional cash offer to be made by Ease Success to Kaisa convertible bonds holders (the "CB Offer"). Details of the Option Offer and CB Offer are set out in the Joint Announcement.

For details, please refer to the Joint Announcement of the Company and Kaisa dated 6 February 2015.

The above proposed transactions will be subjected to the Company's shareholders' approval, at a special general meeting which will be held after the date of approval of this consolidated statement.

## 39 Events after the balance sheet date *(continued)*

### (3) ACQUISITION OF 37.855% EQUITY INTERESTS AND DEBTS IN SHANGHAI FENGDAN LISHE REAL ESTATE DEVELOPMENT CO., LTD. ("SHANGHAI FENGDAN")

On 16 February 2015, Shanghai Sunac Ruifeng Investment Co., Ltd. ("Shanghai Sunac Ruifeng"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with four independent third parties (the "Four Independent Third Parties"), pursuant to which, Shanghai Sunac Ruifeng agreed to acquire 37.855% equity interests and debt in Shanghai Fengdan at a total consideration of RMB1,324.9 million, including RMB151 million for acquiring the outstanding shareholder's loan owing by Shanghai Fengdan to the Four Independent Third Parties. Shanghai Fengdan is a company established in the PRC engaged in property development and investment. Upon completion of the acquisition, Shanghai Fengdan will become a joint venture of the Group.

For details, please refer to the announcements of the Company dated 17 February 2015. The acquisition was completed in February 2015.

## 40 Other significant matter

Sunac Greentown is an investment holding company jointly incorporated by the Company and Greentown China Holdings Limited ("Greentown China") in the BVI. Shanghai Sunac Greentown is a company jointly established by the Company and Greentown China, principally engaged in property development business in the PRC.

Sunac Greentown and Shanghai Sunac Greentown are both 50% owned subsidiaries of the Company.

On 31 December 2014, the Company announced that its wholly owned subsidiary Lead Sunny entered into equity sale and purchase framework agreement with Sunac Greentown, pursuant to which Lead Sunny conditionally agreed to acquire the entire equity interest and debt of a wholly owned subsidiary of Sunac Greentown, Elegant Trend Limited. Meanwhile, Tianjin Ao Cheng, a wholly owned subsidiary of the Company, and Shanghai Sunac Greentown entered into the equity sale and purchase framework agreement and debt undertaking framework agreement, pursuant to which Shanghai Sunac Greentown agreed to transfer the equity interests in certain 15 onshore companies ("Onshore Target Companies") to Tianjin Ao cheng and Tianjin Ao cheng agreed to take up an assignment of debt owned by the Onshore Target Companies to Shanghai Suanc Greentown.

The total consideration of the aquisition is around RMB15,546 million.

For details of the transactions and the background of Onshore Target Companies, please refer to the announcements of the Company dated 31 December 2014 and 6 January 2015.

Up to the date of this report, the transaction mentioned above has yet to be approved by the shareholders of the Company.

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