JINMAO INVESTMENTS

(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED

(Registered in the Cayman Islands with limited liability)

Stock Code : 06139

EXPAND FOR FUTURE

ANNUAL REPORT 2014

投資

OUR VISION:

China's leading operator in the high-end real estate industry.

OUR MISSION:

We are committed to the ideology of "Innovation, Consolidation and Cooperation" to build the brand value and affiliated organisations, and through providing sustainable products, services and continuous system innovation, we would be able to build our brand value and create a mutually beneficial platform for the benefit of Holders of Share Stapled Units and the community as a whole.

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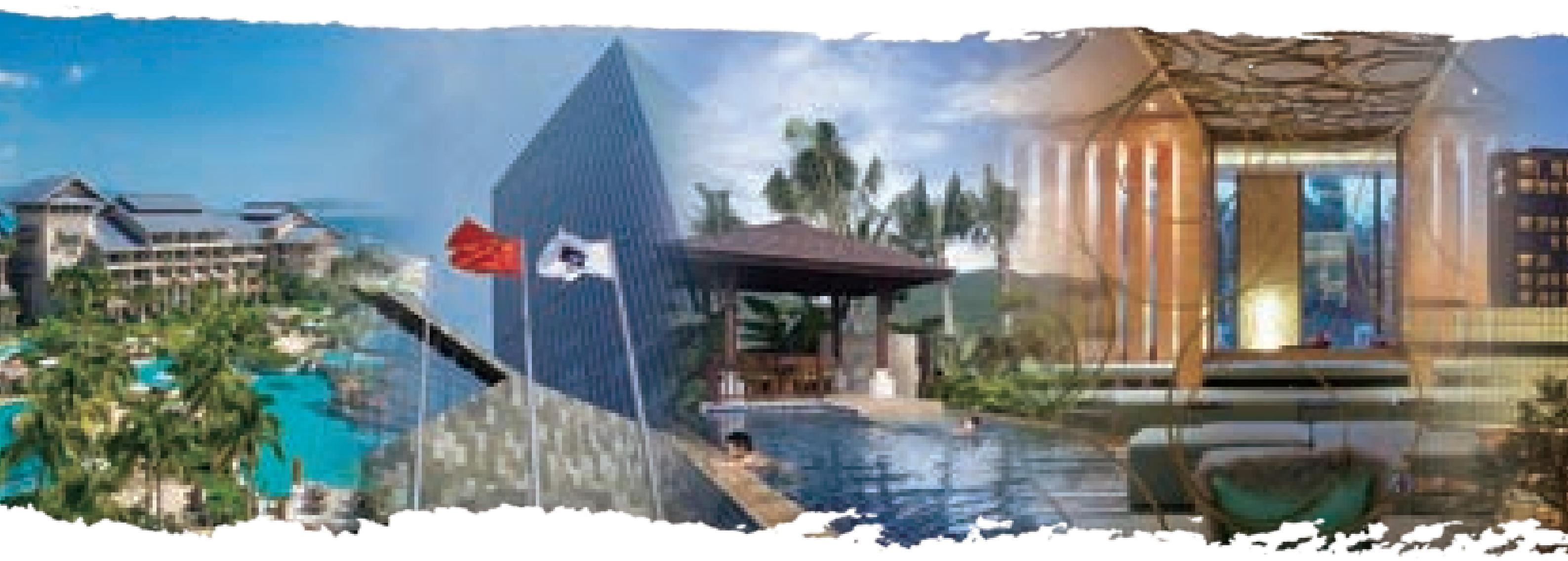


ABOUT JINMAO INVESTMENTS

Jinmao Investments and Jinmao (China) Investments Holdings Limited (stock code: 06139) is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Group primarily own and invest in a portfolio of hotels with diversified income sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising 11 hotels and Jin Mao Tower, a mixed-use development. The properties are all located in prime, strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property.

Adhering to the high-end and boutique positioning, the Group has been investing and operating hotels in Shanghai, Beijing, Sanya and other regions with strong brand recognition and a market leading position, and will continue to improve the operational efficiency of its properties and seek for asset enhancement opportunities for further development.

- Jin Mao Tower (Level 53-87 being Grand Hyatt Shanghai)
- Hilton Sanya Resort and Spa
- The Ritz-Carlton, Sanya
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- Hyatt Regency Chongming
- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

MILESTONES IN 2014

January 2014

Logo trademarks registered and used in the area of "real estate leasing and real estate service and management" by Jinmao Group were recognised as "China's Well-known Trademarks" by the State Administration for Industry and Commerce.

29 March 2014

Hyatt Regency Chongming held its grand opening.

May 2014

Mr. Hun Sen, Prime Minister of Cambodia, together with his wife and over 40 members of the royal family were guests of Hyatt Regency Chongming.

2 July 2014

The Share Stapled Units of Jinmao Investments and the Company were officially listed and traded on the Main Board of the Stock Exchange, which marked Jinmao's official entry into the international capital market and opened a new chapter in its development history.

28 August 2014

Jin Mao Tower had been in full operation for 15 years.

29 August 2014

Renaissance Beijing Wangfujing Hotel held its grand opening upon completion of renovation.

28 September 2014

Grand Hyatt Lijiang held its grand opening.

September 2014

Mr. Mariano Rajoy, Prime Minister of Spain, was a guest of Grand Hyatt Shanghai during his visit to China.

Ms. Helle Thorning-Schmidt, Prime Minister of Denmark, was a guest of The Westin Beijing Chaoyang during her visit to China.

The opening ceremony of 2014 China's Stamp Collection Quarter "Love Over Gold" – Jin Mao Tower Love Post Office (2014年中國集郵文化季"情比金堅"– 金茂大廈愛情郵局), currently the highest post office of the kind.

October 2014

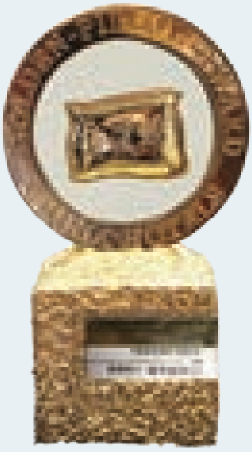
Jin Mao Tower won the "Shanghai Green Building" Award.

November 2014

Mr. Barack Obama, President of the United States of America, together with a White House delegation, were guests of The Westin Beijing Chaoyang during their trip to the Asia-Pacific Economic Cooperation Summit (APEC Summit) in Beijing.

Renaissance Beijing Wangfujing Hotel served a total of 254 guests in the delegations of the United States and Indonesia for the APEC Summit.

The Group received the "Best Hotel Owner of China 2014" award in "Golden-Pillow Award" of China Hotels.



CORPORATE INFORMATION

TRUST

Jinmao Investments
(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

LISTING

The Share Stapled Units of Jinmao Investments and Jinmao (China) Investments Holdings Limited were listed on the Main Board of the Stock Exchange on 2 July 2014

CORPORATE INFORMATION OF THE TRUSTEE – MANAGER

Trustee-Manager

Jinmao (China) Investments Manager Limited

Board of Directors

Non-executive Directors

Mr. HE Cao (Chairman)
Mr. LI Congrui
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. ZHANG Rungang

Registered Office

Rooms 4702-03, 47th Floor,
Office Tower,
Convention Plaza,
No. 1 Harbour Road,
Wanchai, Hong Kong

Company Secretary

Ms. HO Wing Tsz Wendy
(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan
Ms. HO Wing Tsz Wendy

Trustee-Manager Audit Committee

Dr. CHEN Jieping (Chairman)
Dr. ZHANG Rungang
Mr. JIANG Nan

Share Stapled Units Registrar

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

CORPORATE INFORMATION OF THE COMPANY

Company

Jinmao (China) Investments Holdings Limited
(Registered in the Cayman Islands with limited liability)

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

Rooms 4702-03, 47th Floor,
Office Tower,
Convention Plaza,
No. 1 Harbour Road,
Wanchai, Hong Kong

Non-executive Directors

Mr. HE Cao (Chairman)
Mr. LI Congrui
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. ZHANG Rungang

Head of Finance

Ms. ZHANG Runhong

Company Secretary

Ms. HO Wing Tsz Wendy (Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan
Ms. HO Wing Tsz Wendy

Legal Advisers

As to Hong Kong laws:

Freshfields Bruckhaus Deringer
11th Floor,
Two Exchange Square,
Central, Hong Kong

As to PRC laws:

Shen Da Law Firm
32/F, World Plaza,
855 Pudong Nan Road,
Shanghai, the PRC

As to Cayman Islands laws:

Conyers Dill & Pearman (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Compliance Adviser

First Shanghai Capital Limited
19th Floor, Wing On House,
71 Des Voeux Road Central,
Hong Kong

Company Audit Committee

Dr. CHEN Jieping (Chairman)
Dr. ZHANG Rungang
Mr. JIANG Nan

Company Remuneration and Nomination Committee

Dr. CHUNG Shui Ming Timpson (Chairman)
Mr. LI Congrui
Dr. CHEN Jieping

Auditor

Ernst & Young
22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

CORPORATE INFORMATION

Address Where the Principal Register of Members is Kept

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

Address Where the Hong Kong Register of Members is Kept

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

Share Stapled Units Registrar

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

Investor Enquiries

Tel : +852 2829 9521
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Website

www.jinmao88.com

Stock Code

06139

FINANCIAL HIGHLIGHTS

This report is the first annual report of Jinmao Investments (which is a fixed single investment trust with an initial focus on the hospitality industry in the PRC) and the Group. The Share Stapled Units jointly issued by Jinmao Investments and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. This report covers the financial period from 1 January 2014 to 31 December 2014.

Unit: HK$ million

	2014	2013	Change (%)
Total revenue	2,761.1	2,634.2	5
Profit attributable to Holders of Share Stapled Units	907.1	1,013.4	-10
Basic earnings per Share Stapled Unit (HK cents)	53.3	72.4	-26
Total assets	22,640.4	20,510.6	10
Total equity	9,106.8	11,930.7	-24
Net debt-to-adjusted capital ratio (%)	66	36	N/A

Note: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances and pledged deposits)/(total equity + amount due to related parties)

CHAIRMAN'S STATEMENT

In 2015, the Group will continue to adhere to our customer-orientated principle. We will consolidate our resources to focus on our core hotel business. We will continue to foster service innovation, business innovation and management innovation. We will continue to strengthen our brand image of possessing high-end hotels, quality assets, appropriate business scale, and efficient operation.

Dear all

On behalf of the Boards of the Trustee-Manager and the Company, I am pleased to present the annual report of Jinmao Investments and the Group for the year ended 31 December 2014 for review by the Holders of Share Stapled Units.

During the Review Period, profit attributable to Holders of Share Stapled Units of the Company amounted to HK$907 million and basic earnings per Share Stapled Unit amounted to HK53 cents. The Boards have recommended a distribution of HK$481 million, which will be subject to the approval at the 2014 AGM.

In 2014, China's national economy grew at a slower rate, the economic development had entered a new normal. The supply of high-end hotels in major cities in China continued to increase, which further increased competition in the industry. Domestic tourism revenue was RMB3.1 trillion with a year on year increase of 16.3%. Market demand, occupancy rate and RevPAR were slightly higher or relatively stable compared to the same period last year in the high-end hotel market of top tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen and tourist hot spots such as Sanya.

The Group views improving the operational performance as a top priority in 2014. The Group has endeavoured to continually enhance our operational performance through achieving cost efficiency, implementing quality control and performance incentives. The Group's revenue amounted to HK$2,761 million for 2014. Our share price has showed a steady rise. Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang of the Group held their grand opening in 2014 and gained market recognition.

In relation to hotel operations, the Group expanded its revenue source, improved its cost efficiency, increased marketing incentives for sales teams of the hotels and expanded the marketing into the second-tier and third-tier cities. We increased productivity in each niche market by strengthening cooperation with online travel agencies ("OTA"), developing corporate clients, improving featured food and beverage services and explored operating resources. Revenue from the hotels amounted to HK$2,023 million. The Group's hotels are located at prime locations in the top tier cities and tourist hot spots in China. Grand Hyatt Shanghai and The Westin Beijing Chaoyang were both ranked No.1 among their respective competitors in Shanghai and Beijing. The Ritz-Carlton, Sanya and Hilton Sanya Resort and Spa were ranked No.1 and No.2 respectively among their competitors in Yalong Bay, Sanya. JW Marriott Hotel Shenzhen ranked No.4 among its competitors in Shenzhen.

In relation to the leasing of commercial properties, we made plans in advance to maintain and expand our customer base and minimise room vacancies, and achieved a consistently high occupancy rate of the office portion of Jin Mao Tower. At the same time, we proceeded with plans to upgrade the hardware, raised our quality of customer service, and substantially increased our rental income through constantly adjusting the tenant mix. Shanghai J • LIFE and Sanya J • LIFE had a steady increase in rental income and a consistently high occupancy rate through constantly enhancing the quality of their tenant base and adjusting their tenant mix. Occupancy rate remained steadily high. In 2014, revenue from property leasing amounted to HK$568 million.

To face the forthcoming competition from Shanghai Tower, we have enhanced the sightseeing experience at the Observation Deck on the 88th floor of Jin Mao Tower, effectively expanded the individual customer base and dynamically adjusted the travel agency incentive policies. Shanghai Property Management strived to explore the service model of wireless terminal and new network technology to increase customer satisfaction. In addition, Shanghai Jin Mao Jin Jiang Automobile Service Company Limited, a joint venture entity of the Group, endeavoured to broaden income sources, achieve cost efficiency, promote the cooperation with online car calling platforms, ensure safety and utilise existing resources to operate our business operations to maintain our leading position in the industry.

Looking forward, China will be one of the world's most powerful engines for economic growth, while China's tourism industry is rapidly growing with plenty of room for growth in the high-end hotel sector. The high-end and luxury hotel market in Shanghai and Shenzhen continues to prosper. With respect to the leasing of commercial properties, overall average rent is showing a modest rise in Shanghai, and Pudong continued to enjoy higher rent growth than Puxi. Customer demand and customer base for high-end hotels are undergoing revolutionary changes and are increasingly characterised by non-official consumption, leisure experience preference and diverse booking channels. More importantly, mobile internet device is having a significant impact on traditional industries. Extensive application of new technologies to hotel customer service is becoming an industry consensus.

The future competition in the hotel industry will be based on product, service and operating capability. In 2015, the Group will adhere to our customer-orientated principle based on the overall deployment for our Year of Customer Service to deepen our innovation. We will consolidate our resources in focusing on our core hotel business. We shall seize the opportunities brought by the new normal to seek changes amid stability, and foster service innovation.

In relation to service innovation, the Group will achieve cross servicing based on our customer-orientated principle. We will explore business opportunities from the five-star hotel sector, business sector, exhibitions and conventions, travel agencies, car rental, airport, high-speed rail and other sectors. We shall transition from solely providing hotel services to providing comprehensive services such as travel and car rental. Value-added services will be provided in businesses such as day trips to the surrounding regions, leisure, entertainment, sports, city travel and virtual office.

In relation to business innovation, we will accelerate the integration of the mobile internet into our traditional businesses. We shall integrate advanced, reliable and appropriate internet platforms to innovatively establish and make use of a smart hotel platform, thus providing convenient, fast and considerate service to improve customer experience. We are committed to increasing sources of income through "Community-based Hotel Food and Beverage Service Transformation", "Idle and Inefficient Operating Resources Business Model Transformation" and "Product Upgrade and Differentiation" to continuously improve our operating results.

In relation to management innovation, we will continue to strengthen our control over energy saving, purchase, food and beverage and labour costs to establish our cost control system. The cost management culture and awareness will be integrated into our hotel management and operation to continuously enhance operating efficiency and cost efficiency.

The Group will seize the opportunity brought by our successful Listing to further deepen our creative potential and to foster an innovative mindset. Innovative ideas will be integrated into all aspects of the Company during our development. The Group will endeavour to further professionalise its hotel operations. We will focus on cultivating two core capabilities of product development and operation and continue to strengthen the brand image of high-end hotels, quality assets, appropriate business scale and efficient operation.

On behalf of the Boards, I would like to take this opportunity to express my sincere gratitude to all customers, business partners, Holders of Share Stapled Units and employees of the Group. All the employees of the Group will continue to strive for excellence to achieve even more remarkable results in the future in order to maximise the returns for all Holders of Share Stapled Units.

Chairman
HE Cao

Hong Kong
25 March 2015

HONOURS AND AWARDS IN 2014

CHINA JIN MAO GROUP CO., LTD.

- Awarded "Best Hotel Owner of China 2014" in "Golden-Pillow Award" of China Hotels in November.

JIN MAO TOWER

- Awarded the "Performance Award Finalist" by the Council on Tall Buildings and Urban Habitat in August.
- Awarded the honorship of "2014 China Property Management Star Project" (2014年中國物業管理明星項目) by the China Property Management Association in September.
- Won the Shanghai Green Building Award in October.

GRAND HYATT SHANGHAI

- Awarded the "Forbes Travel Guide Four-Star Rating" by *Forbes Travel Guide* in February.
- Awarded the "Best Hotel by City" by *Institutional Investor* in March.
- Awarded the "2013 Top 100 Hotels and Resorts – Best Wedding" by *World Traveller* in April.
- Received the "Best of the Best 2014" award by *Gafencu* in June.
- Ranked among "2014 Top 100 Hotels in China" (2014年中國百佳酒店) by *Travel+Leisure* in November.

HYATT REGENCY CHONGMING

- Won the "Best Travel Award – Best New Opening Resort Hotel Award" at "Weekend On The Go" jointly by *The City Traveler* and International Channel Shanghai in May.
- Won the "2014 Best Travel in China Award – Best New Opening Hotel Award" (2014中國旅行獎 – 最佳新開業酒店) by *Travel+* in November.
- Won the "2014 Best New Opening Hotel Award" (2014年最佳開業酒店) by *TimeOut Shanghai* in November.
- Won the "2014 New Opening Hotel in China Award" (2014中國新開酒店) by *Travel+Leisure* in November.
- Won the "Best New Opening Resort Hotel Award" (最佳新開度假酒店) in "2014 Gold List Award of China Tourism" in December.

THE WESTIN BEIJING CHAOYANG

- Seasonal Tastes won the "Best Brunch Award" by *The Beijinger* in March.
- Mai was named as the "2014 Best Restaurant in Beijing and Shanghai" by Tatler in May.
- Seasonal Tastes received the "Best Buffet Award" by *City Weekend* in July.
- Grange Grill won the "Best Contemporary European and American Restaurant" (最佳當代歐美餐廳) by *TimeOut* in October.

RENAISSANCE BEIJING WANGFUJING HOTEL

- Food Studio won the "Best Buffet" award by *That's Beijing* magazine in December.

HONOURS AND AWARDS IN 2014

THE RITZ-CARLTON, SANYA

- Awarded "Excellent Member" (優秀會員單位) by Sanya Tourism Association in March.
- Won the "Consumer Most Preferred Hotel Award" by *Hurun Report* in April.
- Awarded the "Best Resort in China (Beach)" by *TTG* in April.
- Honoured as the "2014 World Luxury SPA Awards Country Winners" by *World Luxury SPA Web* in June.
- Won the "2014 China's Leading Hotel" (2014年度中國領軍酒店) in World Travel Awards in October.

HILTON SANYA RESORT AND SPA

- Elected as the "Hainan Hotel of Romance 2013" at the 2013 Hainan Feature Wedding Banquet Hotel Election jointly organised by Hainan Tourism Association, *Hainan Industrial Association of Hotels and Restaurants* and *sunflower.com.hk* in January.
- Won the "Best Leisure Travel Award" at "Weekend On The Go" jointly organised by *The City Traveler* and International Channel Shanghai in April.
- Awarded the "Sanya Wedding Travel Service Provider: Quality Brand" by *Sanya Tourism Association* in May.
- China Harvest won the "Ctrip Reputation Poll – 2014 Sanya Must Go Restaurant" by *ctrip.com* in June.
- Won the "2014 Excellence Award" presented by *daodao.com* (Official Chinese website of TripAdvisor) in August.

JW MARRIOTT HOTEL SHENZHEN

- Man Ho Chinese Restaurant was awarded as the "Best Banquet Restaurant" at the Shenzhen Food Awards organised by *Shenzhen TV* in March.

- Café Chinois was awarded as the "Best Hotel Restaurant" at the Shenzhen Food Awards organised by *Shenzhen TV* in March.

- Awarded the "Best Luxury Travel Destination" jointly by "International Channel Shanghai" and *The City Traveler* in April.

- Honoured as the "Best Business Hotel in Shenzhen" by *TTG China* in April.

- Won the "2014 Excellence Award" presented by *daodao.com* (Official Chinese website of TripAdvisor) in August.

GRAND HYATT LIJIANG

- Awarded "Top 10 Most Popular New Opening Hotels" (十大最受歡迎新開酒店獎) in "Golden-Pillow Award" of China Hotels in November.

- Awarded "2014 Best Travel in China Award – Most Anticipated New Hotel" (2014中國旅行獎最值得期待新開酒店) by *Travel+* in November.

JIN MAO (SHANGHAI) PROPERTY MANAGEMENT CO., LTD.

- Won the "Shanghai Quality Award" (上海質量獎) by Shanghai Association for Quality in February.

MANAGEMENT DISCUSSION AND ANALYSIS

This report is the first annual report of Jinmao Investments and the Group. The Share Stapled Units jointly issued by Jinmao Investments and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. The objectives of Jinmao Investments and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which arise from the enhancement in the value of the Group's portfolio of properties.

DISTRIBUTIONS

The Trust Deed and the Company's Articles state that, except with the prior approval of an ordinary resolution of registered holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute:

(a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015; and

(b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter.

The first distribution payable to Holders of Share Stapled Units will be based on the Group Distributable Income for the period from the Listing Date to 31 December 2014, and accordingly, Holders of Share Stapled Units do not receive any distributions for any period before the Listing Date.

As disclosed in the Prospectus, Franshion has agreed to provide a guarantee to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 will be an amount which is not less than HK$481 million.

OVERVIEW OF ASSET PORTFOLIO

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising eight hotels and Jin Mao Tower, a mixed-use development.

The initial property portfolio of the Group as at the date of this report comprises the following Properties, all of which are located in the PRC:

JINMAO INVESTMENTS ASSET PORTFOLIO (BY CATEGORY)

Category	Property	City	Total GFA (sq.m.)	Number of rooms
1. Hotel	Grand Hyatt Shanghai	Shanghai	76,013	555
	The Westin Beijing Chaoyang	Beijing	77,945	550
	JW Marriott Hotel Shenzhen	Shenzhen	51,730	411
	The Ritz-Carlton, Sanya	Sanya	83,772	450
	Hilton Sanya Resort and Spa	Sanya	75,208	501
	Hyatt Regency Chongming	Shanghai	48,992	235
	Renaissance Beijing Wangfujing Hotel	Beijing	44,435	329
	Grand Hyatt Lijiang (Expected)	Lijiang	85,686	430
Subtotal			543,781	3,461
2. Office	Jin Mao Tower office (including the evacuation floors on the 15th floor and the 30th floor)	Shanghai	137,121	N/A
3. Retail	Shanghai J • LIFE	Shanghai	35,659	N/A
	Sanya J • LIFE	Sanya	N/A	N/A
4. Tourist	Observation Deck on the 88th floor of Jin Mao Tower	Shanghai	1,885	N/A
5. Property Management	Jin Mao (Shanghai) Property Management Co., Ltd.	N/A	N/A	N/A
6. Car Services	Shanghai Jin Mao Jin Jiang Automobile Service Company Limited	N/A	N/A	N/A

Note: Accommodation buildings of Grand Hyatt Lijiang in the urban area opened on 28 September 2014 with 312 rooms, while those in the scenic area are expected to open by the end of 2015 with 118 rooms. Sanya J • LIFE has a leasable area of 667 sq.m. and its GFA is included in The Ritz-Carlton, Sanya.

All of the Properties are located in prime and strategic locations in top tier cities or tourist hot spots in the PRC. All of the Properties (other than Jin Mao Tower) are standalone hotels. All of the hotels are managed by globally renowned hotel manager (being Hyatt Hotels Corporation, Starwood Hotels & Resorts Worldwide, Inc., Marriott International, Inc. and Hilton Worldwide Holdings Inc.). Jin Mao Tower is an 88-storey landmark building in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building.

The Properties quality has been actively enhanced by consistent renovation and upgrade with a view to maintaining their marketability to continuously bring in new tenants and customers. In order to facilitate such consistent enhancements, we have developed and implemented certain asset enhancement programmes to increase the value and returns of the Properties.

BUSINESS REVIEW

The Group specialises in the investment, operation of high-end hotels in core cities and tourist hot spots in China and the leasing of commercial properties in Jin Mao Tower. Accordingly, the Group has accumulated extensive management experience, especially through the cooperation with globally renowned hotel managers, we have adopted a well-established management model to build a leading hotel portfolio.

The Group derives its revenue primarily from hotel operations and leasing of commercial properties.

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services is primarily revenue other than the revenue from guest rooms and food and beverage businesses, such as revenue from laundry, telephone charges, spa services, hotel car services and other services.

Gross rental income is mainly derived from leasing the office and retail areas in Jin Mao Tower and the retail areas in The Ritz-Carlton, Sanya.

In addition, the Group's revenue includes revenue from operating the Observation Deck in Jin Mao Tower and providing property management services.

In 2014, the supply of high-end hotels in major cities in China continued to increase, while the average room rate continued to fall across the country, which further increased competition in the industry. The high-end hotel market in top tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen and tourist hot spots such as Sanya performed slightly better when compared to last year. Market demand, occupancy rate and RevPAR were slighter better or relatively stable, but the average room rate declined across the board. By consistently enhancing operational service and proactively expanding in the market, the Group's hotels continued to maintain their leading market positions within the regions they operate.

In 2014, revenue and gross profit of the Group amounted to HK$2,761 million and HK$1,553 million respectively, representing a respective increase of 5% and 2% as compared to last year.

Hotel	Occupancy Rate		Average Room Rate (RMB)		RevPAR (RMB)	
	2014	2013	2014	2013	2014	2013
Grand Hyatt Shanghai	63.7%	58.6%	1,572	1,640	1,001	961
The Westin Beijing Chaoyang	77.9%	71.7%	1,215	1,365	946	979
JW Marriott Hotel Shenzhen	77.0%	75.0%	1,060	1,039	817	779
The Ritz-Carlton, Sanya	70.0%	69.1%	2,661	2,773	1,864	1,916
Hilton Sanya Resort and Spa	70.7%	65.8%	1,529	1,666	1,081	1,096
Hyatt Regency Chongming(1)	42.4%	N/A	892	N/A	378	N/A
Renaissance Beijing Wangfujing Hotel(1)	34.7%	N/A	668	N/A	232	N/A
Grand Hyatt Lijiang(1)	15.8%	N/A	875	N/A	139	N/A

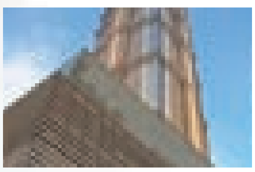
Note: (1) These hotels were newly opened in 2014.

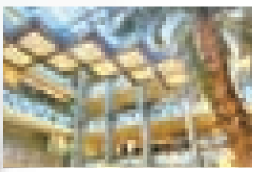
順勢而為

COMING WITH THE TIDE

Masterpiece by nature

Being the pioneer project of the Group, Jin Mao Tower is built along the river. The building is designed like a Chinese brush, while the podium is designed like an opening scroll. Such design symbolises writing a long development chapter with the water of Huangpu River. Since the establishment of the Group, we have based our business in Pudong of Shanghai but have always been holding a global perspective. We are also keeping pace with the times and are dedicated to excellent quality. We will continue to set a model for the industry, leading in contemporary hospitality in commerce, tourism, leisure and entertainment.





Jin Mao Tower, built along the river, is located in the heart of Lujiazui Central Financial District, a major financial centre in Shanghai. The construction started in 1994 and completed in 1999. The 420.5-metre-high 88-storey tower has a total GFA of 292,475 sq.m., with 130 lifts and 555 rooms. The tower comprises of modern offices, a five-star hotel, entertainment and retail space and other facilities. As a combination of Chinese pagoda form and Western architectural technologies, this intelligent high class building is designed by SOM Chicago, the largest American architectural firm. The iconic tower has become Shanghai's famous landmark, winning numerous awards at home and abroad including Best Structure Award Structural Engineers Association of Illinois, the First Prize of New China 50th Anniversary Shanghai Top 10 Classic Architecture Gold Awards and 20th International Union of Architects Creative Achievement Award.

The first two floors of Jin Mao Tower serve as the lobby, while the 3rd-50th floors are modern office space (including emergency shelters at the 15th and 30th floors which contain non-rental areas). The 51st and 52nd floors are occupied by mechanical and electrical services, while the 53rd-87th floors are occupied by Grand Hyatt Shanghai. The observation deck at the 88th floor is a hot tourist attraction. Retail space of Jin Mao Tower includes a shopping complex Shanghai J • LIFE located inside the six-level podium which has a lobby and retail shops at the lower ground level.

As a pioneer project of the Group, enhancing functional capabilities and operational efficiency have always been the primary tasks of Jin Mao Tower. The Group's principal business has sustained organic growth through nurturing and strengthening its organisational capabilities for functionality and brand extension. The economic value of Jin Mao Tower has been established, and by realising its strategy of "Taking Root at and Reaching out from Jin Mao", it has further expanded the value of Jin Mao.

As at the date of this report, the Group owns 100% interest of Jin Mao Tower.

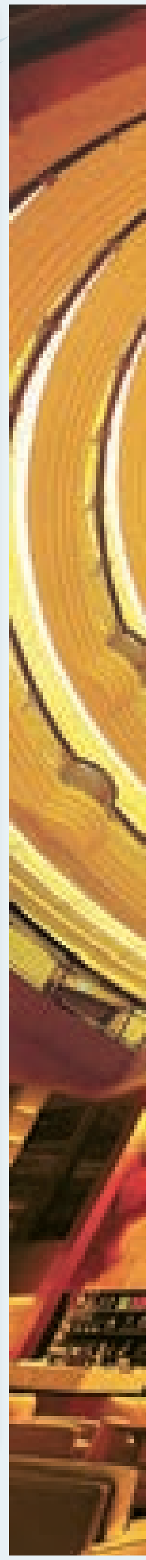
GRAND HYATT SHANGHAI

Grand Hyatt Shanghai, located on the 53rd-87th of Jin Mao Tower, commenced operation in 1999. The hotel has been included in the Guinness World Records: Millennium edition as the world's highest hotel. In the 15 years since its opening, the hotel has received over 100 hotel industry awards in China and worldwide. The hotel has successfully hosted a number of major events, such as Fortune Global Forum, APEC Summit, Asian Bank Annual Meeting, Forbes Global CEO Conference and Shanghai World Expo.

Grand Hyatt Shanghai has 555 rooms, multifunctional ballrooms, various restaurants and supporting facilities. As at the end of 2014, renovation of all rooms other than suites has been completed, which resulted in significantly higher satisfaction of guests and substantially increased RevPAR for the fourth quarter as compared to the same period last year.

In 2014, supply of high-end hotels in major cities in China continued to increase, while the average room rate continued to fall across the country, which further increased competition in the industry. During the Review Period, Grand Hyatt Shanghai made positive response to the impact brought from the increased supply of five-star hotels in Shanghai by pricing adjustments. Its occupancy rate increased by 5 percentage points compared to the same period last year. Dragged down by the market trend, coupled with the impact of room renovation, its average room rate decreased compared to the same period last year, but still maintained a competitive advantage as a result of its prime location and excellent services. As of 31 December 2014, Grand Hyatt Shanghai recorded an average occupancy rate of 63.7% and average room rate of RMB1,572 (31 December 2013: 58.6% and RMB1,640).

Grand Hyatt Shanghai	2014	2013
Average occupancy rate	63.7%	58.6%
Average room rate (RMB)	1,572	1,640
RevPAR (RMB)	1,001	961
Total basic management fees paid to the hotel manager (RMB million)	7.8	7.9
Total incentive management fees paid to the hotel manager (RMB million)	10.6	6.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	11.8	11.8

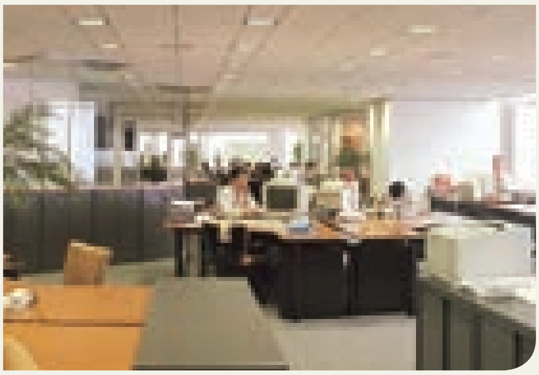


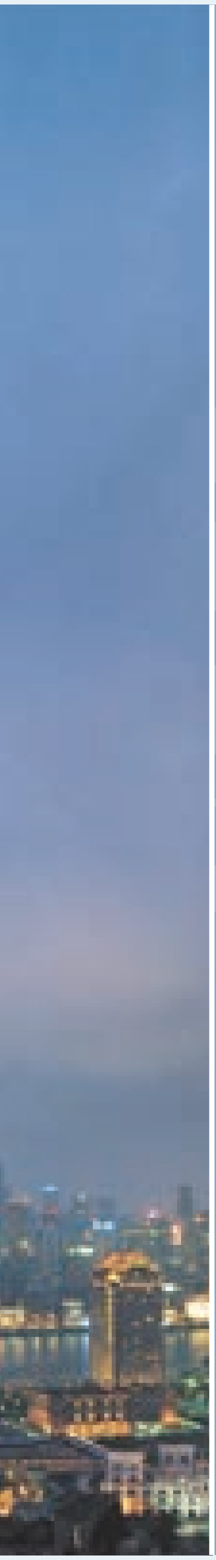
Jin Mao Tower, the first skyscraper in China, is a high-end intellectual building which comprises of modern offices, a five-star hotel, entertainment facilities and retail shops. It is one of the landmark buildings in Shanghai. Various business segments within Jin Mao Tower operate independently and in harmony, and have been providing customers with excellent, professional services since operation.

JIN MAO TOWER OFFICE

The 3rd-50th floors of Jin Mao Tower provide Grade A office spaces with a total GFA of approximately 137,121 sq.m. and a leasable area of 112,752 sq.m. There are five groups of 26 high-speed lifts, exclusively serving the office floors, can comfortably transport guests in speed to their offices directly without the need to change lift. The design of 5-6 lifts for every ten floors ensures that the waiting time for guests during the rush hour will not be more than 35 seconds, providing convenient vertical transportation. Benefiting from its prime location and excellent services, Jin Mao Tower has become one of the most favored venues to well-known domestic enterprises, multinational corporations and international organisations for setting up their offices in Shanghai, including 27 Fortune 500 companies. Major tenants include finance and trading companies, law firms, consultancy firms and affiliated companies of the Group.

During the Review Period, seizing the favourable market conditions of a limited supply of new offices in Lujiazui Central Financial District in 2014, Jin Mao Tower Office maintained a steady occupancy rate. We captured the opportunity arising from occupants replacing their offices, the average rent was substantially increased, resulting in a strong rental growth. In 2014, newly leased area amounted to 16,093 sq.m., and the rental rates in newly signed contracts were at a relatively high level, the average office rental increased by 10% during the Review Period. As of 31 December 2014, the occupancy rate was 97.9% (31 December 2013: 98.7%).



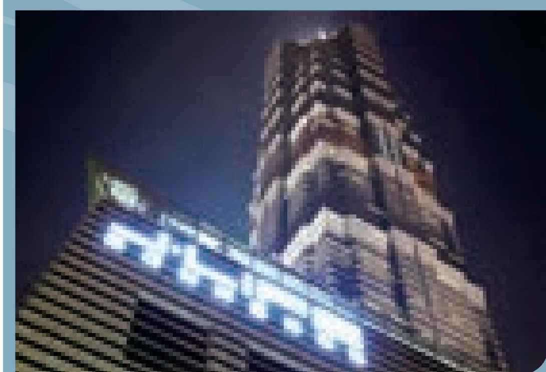


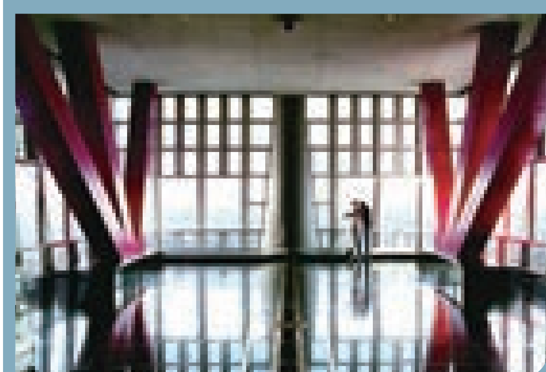
SHANGHAI J • LIFE

Shanghai J • LIFE, located on the six-level podium of Jin Mao Tower, occupies a GFA of 35,659 sq.m. and has a leasable area of 10,405 sq.m.. Tenants include retail stores, clinics, financial service providers as well as Chinese and western restaurants. The mall has become one of the lifestyle service centres in Pudong New Area of Shanghai. During the Review Period, Shanghai J • LIFE actively adjusted its business layout, optimised its tenant structure and maintained a stable occupancy rate, continuing to lead in the rental market.

OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER

The observation deck on the 88th floor of Jin Mao Tower, stands at a height of 340.1 metres. With an area of 1,885 sq.m., it is one of the first 4A tourist attractions in China. Standing atop and looking afar, visitors can enjoy a breathtaking cityscape view of the Huangpu River and panoramic view of the mouth of the Yangtze River. Visitors can also enjoy an upside down view of the atrium of Grand Hyatt Shanghai below, described by architects, scientists and writers as “Shared Space”, “Golden Ring” and “Time Tunnel”. Two high-speed express lifts, travelling at 9.1 metres per second, take visitors from the basement to the observation deck on the 88th floor in just 45 seconds. During the Review Period, the observation deck attracted over 930,000 domestic and foreign visitors.





OTHER BUSINESS

Our businesses also include property management services as well as hotel limousine and car chauffeur services provided by our joint venture partners.

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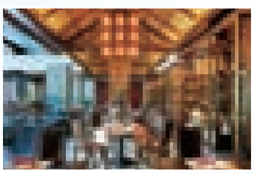
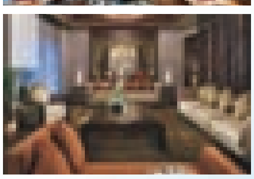
OUTSTANDING

World-class experience

From Shanghai to Sanya and from Beijing to Shenzhen, the Group has been “reaching out from Jin Mao”. Following on the initial success, the Group always adheres to the principle of “Respect to customers and Attention to detail”, upholding the quality of Jin Mao and focusing on customer experience. Through continuous innovation in products, services and business models, we have built our brand value. We have built a mutually beneficial platform that meets and exceeds customer expectations. We built our value through guest experience, winning the market through our excellent customer services and will continue to set the industry benchmark.





After Jin Mao Tower sustained a stable operation, the Group has seized the historical opportunity by expanding its investments in hotel operations, using Jin Mao as its foothold. The Group has cooperated with top international hotel management groups such as Marriott, Hilton and Starwood in our hotel projects in prime locations of first-tier cities or national 5A-class resort destinations such as Sanya, Beijing and Shenzhen. Our high-end boutique hotels provide customers with services of "elegant, noble, unique taste". After more than ten years' efforts in improving our hotel operation in scale and strength, we have successfully established our branding and leadership in the hospitality industry, winning the "Best Hotel Owner" awards several times. In November 2014, Jin Mao Group was again awarded the "2014 Best Hotel Owner" by the Golden-Pillow Award of China Hotels.

In 2014, the supply of high-end hotels in major cities across China continued to increase. With the influence of policies and market supply, demand in the Chinese hotel market slowed down. Average room rate continued to fall across the country, which further increased competition in the industry. Hotels under the Group proactively responded to the unfavourable market conditions by adopting flexible marketing strategies, optimising customer structure and improving service quality, and therefore continued to maintain a leading position in their respective regions.

HILTON SANYA RESORT AND SPA

Situated at the enchanting Yalong Bay in Hainan Province, Hilton Sanya Resort and Spa offers 501 guest rooms, suites and villas as well as a 400-metre stretch of white sandy beach. This hotel is designed and built with unique features and services to provide a "unique resort experience", a concept embodying strong southern China's characteristics.

During the Review Period, faced with intensifying market competition, Hilton Sanya Resort and Spa proactively adjusted its marketing strategies and the occupancy rate was effectively increased. The hotel continued to maintain a leading position among its peers in the same region. As at 31 December 2014, Hilton Sanya Resort and Spa recorded an average occupancy rate of 70.7% and an average room rate of RMB1,529 (31 December 2013: 65.8% and RMB1,666 respectively). As at the date of this report, Hilton Sanya Resort and Spa is 100% owned by the Group.

Hilton Sanya Resort and Spa	2014	2013
Average occupancy rate	70.7%	65.8%
Average room rate (RMB)	1,529	1,666
RevPAR (RMB)	1,081	1,096
Total basic management fees paid to the hotel manager (RMB million)	3.8	3.8
Total incentive management fees paid to the hotel manager (RMB million)	7.7	8.4
Contributions to furniture, fixtures and equipment reserve (RMB million)	7.5	7.7

Hilton Sanya Resort and Spa is Hilton International's very first global resort built in China. Situated at the Yalong Bay, the most enchanting gulf within South China Sea, Hilton Sanya Resort and Spa proudly presents eight outdoor swimming pools with various sizes, shapes and functions surrounded by the tropical landscape.

THE RITZ-CARLTON, SANYA

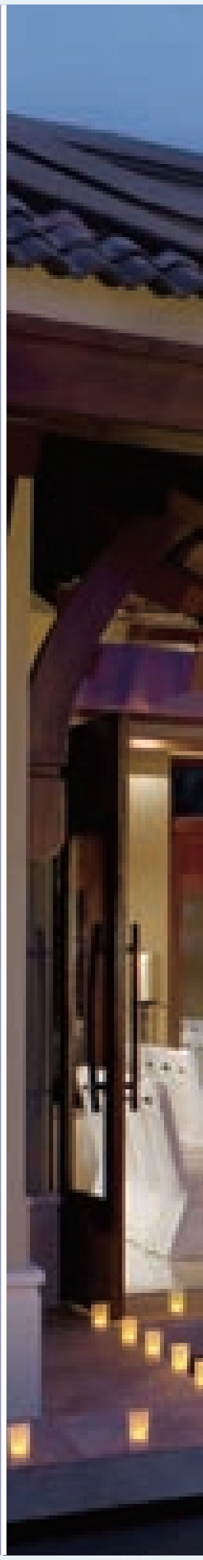
Situated at the enchanting Yalong Bay in Hainan Province, The Ritz-Carlton, Sanya offers 450 guest rooms, suites and villas with each guest room occupying a floor area of more than 60 square metres. There are 21 luxury suites and 33 private villas with private butler service and independent swimming pools, all of which are situated among the peaceful white beaches and red mangrove forest conservation zone of the Yalong Bay. It also has the first outdoor wedding chapel in Sanya and the reputable Ritz Kids Club exclusively for children guests of the resort.

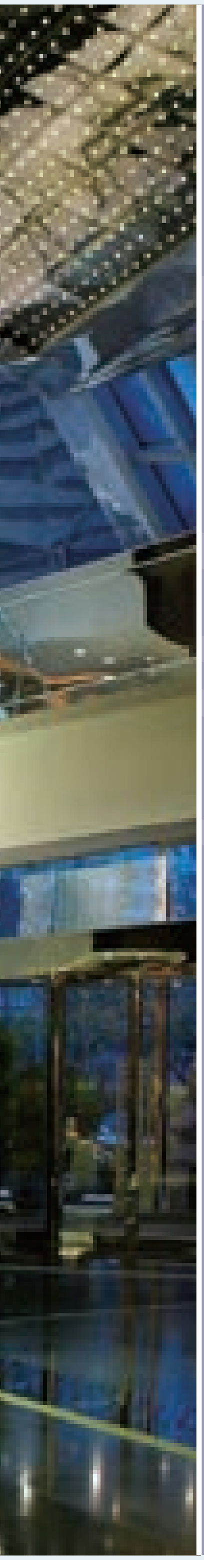
Sanya J • LIFE is situated in The Ritz-Carlton, Sanya, has a leasable area of approximately 667 sq.m., housing a number of flagship stores of famous brands, including Louis Vuitton, Zegna and TOD'S. It greatly contributes to enhancing the overall quality and image of The Ritz-Carlton, Sanya.

During the Review Period, faced with the unfavourable conditions of increasing market supply and the increasingly intense market competition in Hainan, The Ritz-Carlton, Sanya employed proactive marketing strategies and flexible pricing policies and maintained its price advantage and leading position in Yalong Bay amid the declining pricing environment. As at 31 December 2014, The Ritz-Carlton, Sanya recorded an average occupancy rate of 70.0% and an average room rate of RMB2,661 (31 December 2013: 69.1% and RMB2,773 respectively). As at the date of this report, The Ritz-Carlton, Sanya is 100% owned by the Group.

The Ritz-Carlton, Sanya	2014	2013
Average occupancy rate	70.0%	69.1%
Average room rate (RMB)	2,661	2,773
RevPAR (RMB)	1,864	1,916
Total basic management fees paid to the hotel manager (RMB million)	10.7	10.8
Total incentive management fees paid to the hotel manager (RMB million)	11.5	12.4
Contributions to furniture, fixtures and equipment reserve (RMB million)	17.1	15.5

Situated at the scenery Yalong Bay, the magnificent Ritz-Carlton, Sanya, is inspired by the Summer Palace in Beijing. The hotel also provides a pleasant resort experience to its guests through tailored tours on the tropical island which features with different cultures all over the world.





The Westin Beijing Chaoyang is located at the prime area of Chaoyang District, Beijing, adjacent to the reowned Yansha Business Circle and embassies. There is only a 25-minute driving distance from the Beijing Capital International Airport. With its modern design and the provision of perfect service, the hotel has been the first choice of accommodation by foreign and local politicians and celebrities, as well as business travellers and those who pursue a quality lifestyle.

THE WESTIN BEIJING CHAOYANG

The Westin Beijing Chaoyang is a 34-storey luxury hotel located near Sanlitun, the central business district of Beijing and embassies, corporate headquarters and retail shopping malls. The Westin Beijing Chaoyang offers 550 rooms (including 53 suites), each offering luxurious accommodation and amenities. Since its opening, the hotel has served numerous foreign heads of states, sports elites and business elites, including former US president George W. Bush, first lady of the United States Michelle Obama and president of Singapore S.R. Nathan, as well as the member of the Executive Board of the International Olympic Committee Sam Ramsamy, which represents the high-end brand image of the hotel.

Situated at Yansha Business Circle, Chaoyang District in Beijing, The Westin Beijing Chaoyang proactively coped with the unfavourable market environment and fully capitalised on its product strengths and geographical location to actively adjust its marketing strategies. During the Review Period, as a result of the unfavourable market environment, the average room rate decreased as compared to last year. Its occupancy rate increased by 6 percentage points compared to the same period last year. While RevPAR fell by 3% as compared to last year, the hotel maintained its leading position compared with its competitors. As at 31 December 2014, The Westin Beijing Chaoyang recorded an average occupancy rate of 77.9% and an average room rate of RMB1,215 (31 December 2013: 71.7% and RMB1,365 respectively). As at the date of this report, The Westin Beijing Chaoyang is 100% owned by the Group.

The Westin Beijing Chaoyang	2014	2013
Average occupancy rate	77.9%	71.7%
Average room rate (RMB)	1,215	1,365
RevPAR (RMB)	946	979
Total basic management fees paid to the hotel manager (RMB million)	7.6	8.1
Total incentive management fees paid to the hotel manager (RMB million)	11.0	11.4
Contributions to furniture, fixtures and equipment reserve (RMB million)	12.2	12.9

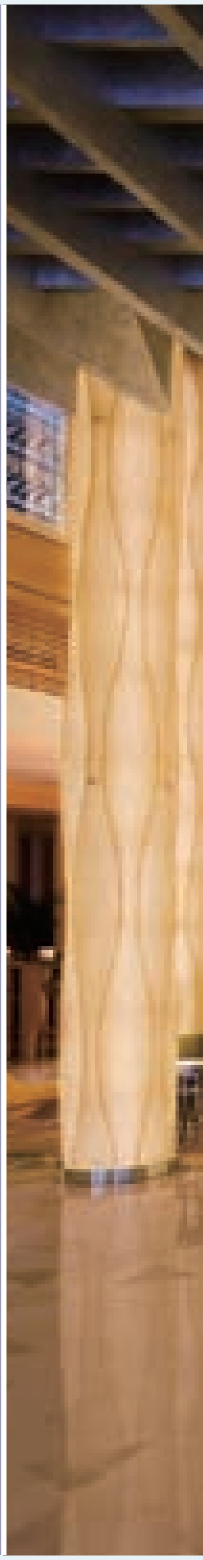
JW MARRIOTT HOTEL SHENZHEN

JW Marriott Hotel Shenzhen is an international luxury hotel located at the centre of the Futian Business District in Shenzhen adjacent to Shenzhen SDG Golf Club. JW Marriott Hotel Shenzhen offers 411 rooms (including 20 suites), each offering luxurious and contemporary accommodations and amenities.

During the Review Period, JW Marriott Hotel Shenzhen captured the market opportunities by endeavouring to optimise the customer mix and actively exploring the markets of corporate accounts and wedding events. RevPAR increased despite adverse market conditions, whereas the market position and market share of the hotel significantly increased. As at 31 December 2014, JW Marriott Hotel Shenzhen recorded an average occupancy rate of 77.0% and average room rate of RMB1,060 (31 December 2013: 75.0% and RMB1,039 respectively). As at the date of this report, JW Marriott Hotel Shenzhen is 100% owned by the Group.

JW Marriott Hotel Shenzhen	2014	2013
Average occupancy rate	77.0%	75.0%
Average room rate (RMB)	1,060	1,039
RevPAR (RMB)	817	779
Total basic management fees paid to the hotel manager (RMB million)	4.7	4.6
Total incentive management fees paid to the hotel manager (RMB million)	3.2	3.2
Contributions to furniture, fixtures and equipment reserve (RMB million)	7.2	5.6

JW Marriott Hotel Shenzhen is located at the centre of the Futian Business District in Shenzhen and adjacent to Shenzhen Convention & Exhibition Centre and Shenzhen SDG Golf Club. With its magnificent design, incredible amenities, first-class services and excellent event organizing and catering, the hotel commits to provide a perfect and unforgettable experience for its guests.



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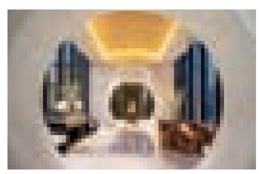
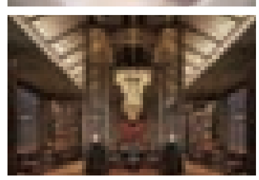
HEADING

Recasting glory

Through 15 years of professional management and operation, we have launched our strategic blueprint based on the domestic market and with a global outlook. Leveraging our capital, branding, management and human resources, we will further increase our pace of business expansion. We are actively enhancing our strength in strategic innovation, continuously seeking improvement in operations, accelerating our acquisition of projects, and enhancing our core competence. Our objective is to create a professional hotel asset management platform that leads in the domestic market and has an international standing. We will strive to discover and create new value in the industry.





The Group adheres to its "customer-oriented" philosophy, providing the guests with "elegant, distinguished, and unique" experience. On the occasion of the fifteenth anniversary of Jin Mao Tower and Grand Hyatt Shanghai, three new hotels were opened, namely Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang, further enhancing the size and strength of our hotel operation. All three Newly Opened Hotels are located in the prime area of first-tier cities or 5A resort areas. Hyatt Regency Chongming is located in Chongming Island of Shanghai, China's third largest island. Renaissance Beijing Wangfujing Hotel is located in the northern section of Wangfujing, Beijing's main business and shopping district. Grand Hyatt Lijiang is located in Lijiang, Yunnan, China's famous tourist destination.

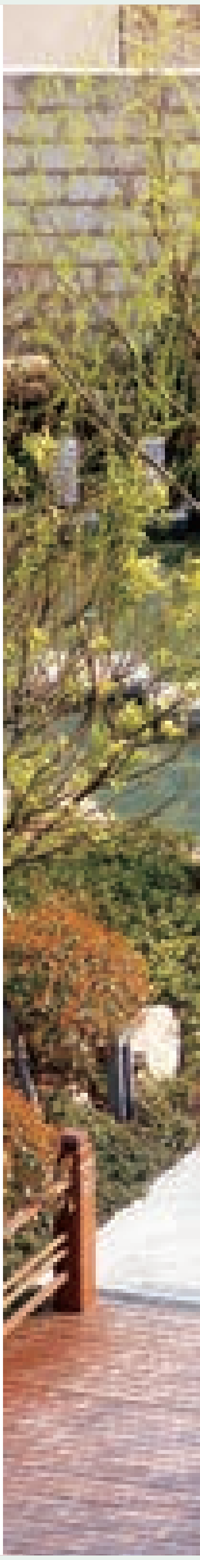
The Group will actively and cautiously seek for development opportunities, leveraging Jin Mao Tower as its core flagship property in actively looking for high-end commercial and hotel properties in China's first-tier cities and tourist hot spots. We will further our cooperation with internationally renowned hotel management groups and continue to introduce prestigious international hotel brands into China. We will continue to enhance the quality and size of our portfolio, to increase the value of our assets, and optimise our business resources, and to capture the opportunities for market growth and asset value growth of our hotel properties, creating a hotel portfolio that is of the highest quality in the industry.

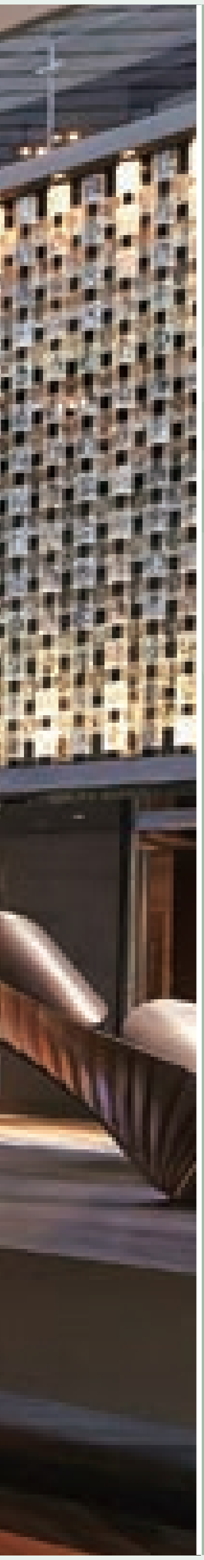
HYATT REGENCY CHONGMING

Hyatt Regency Chongming is located in the east of Chongming Island, the third largest island in the PRC. Chongming Island is located 46 kilometres from Shanghai and is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge. Hyatt Regency Chongming is located near Dongtan Wetland Park, the only wetland park in the PRC, and a migratory bird reserve. Hyatt Regency Chongming received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land. Hyatt Regency Chongming, which commenced operations on 29 March 2014, is the first five-star resort hotel in Chongming Island. The hotel offers 235 rooms (including 21 suites), which includes a combination of accommodation, dining, conferencing, entertainment and sports and fitness services. From its opening date to 31 December 2014, Hyatt Regency Chongming recorded an average occupancy rate of 42.4% and an average room rate of RMB892. As at the date of this report, Hyatt Regency Chongmingi is 100% owned by the Group.

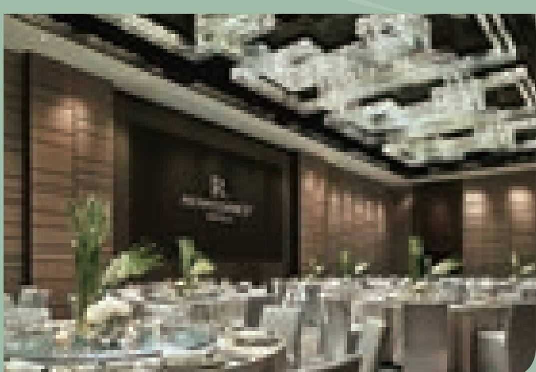
Hyatt Regency Chongming	2014	2013
Average occupancy rate	42.4%	N/A
Average room rate (RMB)	892	N/A
RevPAR (RMB)	378	N/A
Total basic management fees paid to the hotel manager (RMB million)	0.9	N/A
Total incentive management fees paid to the hotel manager (RMB million)	0	N/A
Contributions to furniture, fixtures and equipment reserve (RMB million)	0	N/A

Hyatt Regency Chongming is favourably located in the east of Chongming Island, the third largest island in the PRC, and is surrounded by a beautiful natural environment. It offers fresh organic delicacy, "Hyatt Campus" conference experience and unique pet dogs' guest rooms, and is an ideal venue for relaxation, holidays and meetings.





Situated on the Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel is uniquely designed with two wings spreading out like an open book. Almost half of its rooms enjoy the marvellous view of The Forbidden City. Its pillarless ballroom with an area of near 1,000 sq. m. and classic courtyard restaurant Hutong Place will allow guests to experience an incredible journey from the past to the present.



RENAISSANCE BEIJING WANGFUJING HOTEL

Situated on the northern section of Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel enjoys superior geographical location with access to a cluster of historical sites and facilities. It is within a short distance to The Forbidden City, Tiananmen Square and Beihai Park, and also offers a bird's eye view of The Forbidden City. Renaissance Beijing Wangfujing Hotel is a 14-storey luxury hotel and its predecessor is Wangfujing Grand Hotel which opened in 1995. The hotel offers 329 rooms and a number of meeting rooms, catering and other facilities. The hotel completed its renovation and commenced operation on 29 August 2014. From its opening date to 31 December 2014, Renaissance Beijing Wangfujing Hotel recorded an average occupancy rate of 34.7% and an average room rate of RMB668. As at the date of this report, Renaissance Beijing Wangfujing Hotel is 100% owned by the Group.

Renaissance Beijing Wangfujing Hotel	2014	2013
Average occupancy rate	34.7%	N/A
Average room rate (RMB)	668	N/A
RevPAR (RMB)	232	N/A
Total basic management fees paid to the hotel manager (RMB million)	0.3	N/A
Total incentive management fees paid to the hotel manager (RMB million)	0	N/A
Contributions to furniture, fixtures and equipment reserve (RMB million)	0.2	N/A

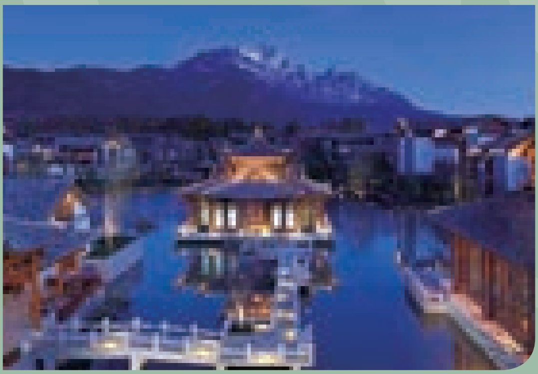
GRAND HYATT LIJIANG

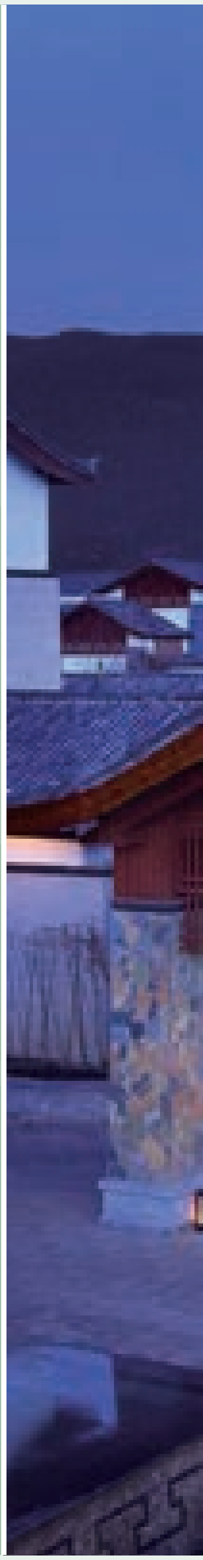
Lijiang is known as a popular tourist destination in China and there are three world heritage sites in Lijiang, namely the Ancient Town of Lijiang, the Three Parallel Rivers of Yunnan Protected Areas and the Dongba Culture. Grand Hyatt Lijiang is currently being developed on three plots of land at Ganhaizi in Yulong County, Lijiang, which are located on the Yulong Snow Mountain, next to the Yulong Golf Course and Xiangjiang Road, respectively. The hotel in the urban area is situated at the plot of land at Xiangjiang Road and the hotel in the scenic area is situated at the two plots of land on the Yulong Snow Mountain and next to the Yulong Golf Course respectively.

Grand Hyatt Lijiang is expected to be the only hotel within the scenic area of Yulong Snow Mountain and the design of the guest rooms guarantees that more than 80% of the rooms would enjoy the magnificent view of Yulong Snow Mountain from different angles. Grand Hyatt Lijiang is expected to be developed into the highest altitude luxury resort hotel in China. The estimated GFA of Grand Hyatt Lijiang is 85,686 sq.m., with approximately 430 hotel rooms. On 28 September 2014, 312 rooms of Grand Hyatt Lijiang in the urban area commenced operation. 118 rooms in the scenic area are expected to commence operation by the end of 2015. From its opening date to 31 December 2014, Grand Hyatt Lijiang recorded an average occupancy rate of 15.8% and an average room rate of RMB875. As at the date of this report, Grand Hyatt Lijiang is 100% owned by the Group.

Grand Hyatt Lijiang	2014	2013
Average occupancy rate	15.8%	N/A
Average room rate (RMB)	875	N/A
RevPAR (RMB)	139	N/A
Total basic management fees paid to the hotel manager (RMB million)	0.1	N/A
Total incentive management fees paid to the hotel manager (RMB million)	0	N/A
Contributions to furniture, fixtures and equipment reserve (RMB million)	0	N/A

Grand Hyatt Lijiang is located at the heart of the Ancient Town of Lijiang and on the Yulong Snow Mountain with picturesque scenery and profound culture, and its design combines local Naxi ethnic architecture and the contemporary style. Guests will embrace the ever changing view of the snow mountain by the window, experience the sense of eternity and inner peace, and enjoy high quality holiday.





FUTURE PROSPECTS

In 2014, the hospitality industry proactively responded to the slowdown in domestic economic growth and the "Eight-Point" code and entered a new normal of "transformation", "adjustment" and "innovation". Looking ahead to the future, China will be one of the world's most powerful engines for economic growth, while China's tourism industry will rapidly grow. The demand for leisure and resort hotels will also have significant room for growth and China's hospitality industry promises bright prospects. Against the backdrop of economic transformation and consumption upgrade in China, the next few years will still be the prime time for the hospitality industry.

The Group will leverage the Hotel Arrangements as described in the Prospectus. At the same time, the Group will actively identify high-end hotel properties in first-tier cities and tourist hot spots in China to further

enhance the quality and size of its asset portfolio and fully capitalise on the market growth and asset value appreciation of its hotel properties.

The Group still devote ourselves to enhancing our service and management standards and reducing labour and energy costs. As the mobile internet continues to development and smart phones becoming ever more popular, we will accelerate the integration of the mobile internet into our traditional business. We will follow the customer consumption trends on a timely basis to provide convenient, fast and considerate service to satisfy consumer demand, win more guests and achieve higher customer satisfaction, with the aim of building the most superior and leading hotel portfolio among its peers.

OVERALL FINANCIAL REVIEW

For the year ended 31 December 2014, profit attributable to Holders of Share Stapled Units amounted to HK$907.1 million, representing a decrease of 10% from HK$1,013.4 million for last year.

I. Revenue

For the year ended 31 December 2014, revenue of the Group amounted to HK$2,761.1 million, representing an increase of 5% from HK$2,634.2 million for last year, which was mainly attributable to the increase in revenue from property leasing and the revenue from the Newly Opened Hotels.

In 2014, the Group's revenue from property leasing was approximately HK$568.4 million, representing an increase of 9% as compared to last year, which was mainly attributable to the increase in the operating efficiency of the leased properties. Revenue from hotel operations increased by 3% which was mainly attributable to the opening of the Newly Opened Hotels. Revenue from others, primarily including the Observation Deck on the 88th floor of Jin Mao Tower and property management, increased by 10% as compared to last year, which was mainly attributable to the increase in revenue from property management.

	For the year ended 31 December				
	2014		2013		Annualised percentage change (%)
	HK$ million	Percentage of revenue (%)	HK$ million	Percentage of revenue (%)	
Property leasing	568.4	21	519.2	20	9
Hotel operations	2,023.4	73	1,961.7	74	3
Others	169.3	6	153.3	6	10
Total	2,761.1	100	2,634.2	100	5

II. Cost of sales and gross profit margin

For the year ended 31 December 2014, cost of sales of the Group was approximately HK$1,207.8 million (2013: HK$1,107.0 million). The overall gross profit margin of the Group in 2014 was 56%, which was a slight decrease from 58% in 2013. During the Review Period, the occupancy rate of the property leasing segment remained stable and the rental level increased, and gross profit margin remained at a high level of 92% (2013: 92%). The gross profit margin of hotel operations was 50%, which was a slight decrease from 51% in 2013.

III. Fair value gains on investment properties

For the year ended 31 December 2014, fair value gains on investment properties of the Group amounted to HK$1,339.9 million, mainly representing the fair value gains of the office and retail portions of Jin Mao Tower.

IV. Other income and gains

For the year ended 31 December 2014, other income and gains of the Group was approximately HK$42.4 million, representing a decrease of 48% from HK$80.8 million for last year, which was mainly attributable to the decrease of interest income.

V. Selling and marketing expenses

For the year ended 31 December 2014, selling and marketing expenses of the Group increased by 68% to HK$266.8 million from HK$158.8 million in last year, which was mainly due to related pre-opening expenses of approximately HK$92.8 million incurred in the opening of the three Newly Opened Hotels and the selling and marketing expenses incurred after the commencement of operations of such Newly Opened Hotels. Selling and marketing expenses (excluding pre-opening expenses of hotels) comprise primarily the advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations.

VI. Administrative expenses

For the year ended 31 December 2014, administrative expenses of the Group amounted to HK$896.9 million, representing an increase of 52% from HK$591.0 million in last year, which was mainly attributable to the listing expenses of approximately HK$72.7 million, pre-opening expenses in relation to the opening of the three Newly Opened Hotels of approximately HK$114.5 million and the administrative expenses incurred after the commencement of operations of such Newly Opened Hotels. As disclosed in the Prospectus, without taking into consideration of the impact of the fair value change on investment properties for FY2014, the profit for FY2014 decreased significantly as a result of the impact of the pre-opening expenses of the Newly Opened Hotels and interest expenses incurred on the Loan Facility. However, such pre-opening expenses are non-recurring and will be added back to determine the Group Distributable Income. Based on the Group's existing hotel portfolio, the Group does not expect to incur any significant amount of pre-opening expenses for hotels after 2014.

VII. Finance costs

For the year ended 31 December 2014, finance costs of the Group were HK$374.4 million, representing an increase of 12% from HK$333.8 million in the last year, which was mainly attributable to the increase in bank loans.

VIII. Income tax expense

For the year ended 31 December 2014, the Group had an income tax expense of HK$493.7 million, representing an increase of 39% from HK$354.2 million in last year, which was primarily due to the increase in deferred tax expense resulted from the increase in fair value gains on investment properties.

IX. Profit attributable to Holders of Share Stapled Units

For the year ended 31 December 2014, profit attributable to Holders of Share Stapled Units amounted to HK$907.1 million, representing a decrease of 10% as compared to HK$1,013.4 million in last year, which was mainly attributable to the pre-opening expenses of the Newly Opened Hotels for the year and the one-off listing expenses. For the year ended 31 December 2014, net profit after tax attributable to Holders of Share Stapled Units arising from fair value changes of investment properties of the Group amounted to approximately HK$1,004.9 million.

X. Property, plant and equipment

As at 31 December 2014, property, plant and equipment amounted to HK$9,210.3 million, representing an increase of 17% from HK$7,858.1 million as at 31 December 2013, which was primarily due to the addition of the Newly Opened Hotels.

XI. Investment properties

As at 31 December 2014, investment properties primarily comprise Jin Mao Tower (the leasable portion). Investment properties increased from HK$8,934.7 million as at 31 December 2013 to HK$10,257.3 million as at 31 December 2014, which was primarily due to the appreciation of the investment properties resulted from the revaluation.

XII. Trade receivables

As at 31 December 2014, trade receivables amounted to HK$52.2 million, representing a decrease of 5% from HK$54.8 million as at 31 December 2013, which was primarily due to the decrease in rental receivables from leasing properties.

XIII. Trade payables

As at 31 December 2014, trade payables amounted to HK$125.8 million, representing an increase of 30% from HK$96.9 million as at 31 December 2013, which was primarily due to the increase in trade payables from hotel operations.

XIV. Other payables and accruals

As at 31 December 2014, other payables and accruals were HK$1,326.7 million, representing an increase of 20% from HK$1,101.4 million as at 31 December 2013, which was primarily due to the increase in receipts in advance from hotel operations, taxes payable and interest payables.

XV. Interest-bearing bank and other borrowings

As at 31 December 2014, interest-bearing bank and other borrowings (including current and non-current) were HK$8,322.1 million, representing an increase of 49% as compared to HK$5,568.5 million as at 31 December 2013, which was primarily due to increase in bank loans.

XVI. Gearing ratio

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances, pledged deposits and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2014 and 31 December 2013 were as follows:

	As at 31 December 2014 (HK$ million)	As at 31 December 2013 (HK$ million)
Interest-bearing bank and other borrowings (current and non-current)	8,322.1	5,568.5
Less: cash and cash equivalents	(1,105.6)	(1,183.3)
restricted bank balances and pledged deposits	(23.4)	–
Net debt	7,193.1	4,385.2
Total equity	9,106.8	11,930.7
Add: amount due to related parties	1,784.4	190.4
Adjusted capital	10,891.2	12,121.1
Net debt-to-adjusted capital ratio	66%	36%

XVII. Liquidity and capital resources

The Group primarily uses its cash to fund working capital and daily recurring expenses of the property leasing and hotel operations, and the repayment of the Group's indebtedness. The Group has financed its liquidity requirements primarily through internal resources, bank and other loans, issue of mid-term notes and issue of new securities.

As at 31 December 2014, the Group had cash and cash equivalents of HK$1,105.6 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2013: HK$1,183.3 million).

As at 31 December 2014, the Group had total interest-bearing bank and other borrowings of HK$8,322.1 million (as at 31 December 2013: HK$5,568.5 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2014 (HK$ million)	2013 (HK$ million)
Within one year	2,183.0	3,469.9
In the second year	44.3	231.5
In the third to fifth years, inclusive	5,346.9	885.2
Beyond five years	747.9	981.9
Total	8,322.1	5,568.5

Interest-bearing bank and other borrowings of approximately HK$2,183.0 million were repayable within one year shown under current liabilities. The Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2014, save as interest-bearing bank and other borrowings of approximately HK$1,521.1 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings of the Group bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2014, the Group had banking facilities of up to HK$11,334.3 million, which were all denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was HK$8,322.1 million.

The Group's net cash outflow of HK$57.5 million for the year ended 31 December 2014 mainly consisted of:

1. A net cash inflow of HK$2,312.7 million from operating activities, which was mainly attributable to property rental income, revenue from hotel operations and the increase in amounts due to related parties.

2. A net cash outflow of HK$1,175.5 million from investing activities, which was mainly attributable to the renovation expenditure for Renaissance Beijing Wangfujing Hotel and expenditure on Grand Hyatt Lijiang.

3. A net cash outflow of HK$1,194.8 million from financing activities, which was mainly attributable to the payment of special dividends, the repayment of bank loans and payment of loan interest.

XVIII. Pledge of assets

As at 31 December 2014, the Group's interest-bearing bank loans which were secured by hotel properties of the Group amounted to approximately HK$564.4 million.

XIX. Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2014 are set out in note 32 to the consolidated financial statements of the Trust Group.

XX. Capital commitments

Details of the Group's capital commitments as at 31 December 2014 are set out in note 34 to the consolidated financial statements of the Trust Group.

XXI. Market risk

The Group's assets are predominantly in the form of investment properties and hotel assets. Our business and operating results are subject to global and PRC economic conditions, the regulatory environment affecting the hospitality industry in the PRC and customer demand in the cities where we operate.

XXII. Interest rate risk

The Group is exposed to interest rate risk resulted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. An increase in interest rates will increase the interest expense relating to the Group's outstanding floating interest rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

XXIII. Foreign currency exchange risk

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in HK dollar. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its foreign currency exchange risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

XXIV. Employees and remuneration policies

As at 31 December 2014, the Group employed 4,218 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are regularly reviewed against market standards.

XXV. Share option scheme

During the Review Period, the Group had no share option scheme.

XXVI. Material acquisitions and disposals

During the Review Period, no material acquisition or disposal was carried out by the Group.

INVESTOR RELATIONS REPORT

INVESTOR RELATIONS ACTIVITIES IN 2014

July
— The share stapled units jointly issued by Jinmao Investments and the Company were officially listed on the Main Board of the Stock Exchange

August
— Announcement of 2014 interim results and results presentation
— Participation in non-deal roadshows in Hong Kong and Singapore

October
— Reverse roadshow in Shanghai

November
— Participation in the investors meeting held by Citibank in Macau

COMMUNICATION WITH HOLDERS OF SHARE STAPLED UNITS

The Boards and senior management of the Company recognise their responsibility to represent the interests of all Holders of Share Stapled Units. Communication with Holders of Share Stapled Units and accountability to Holders of Share Stapled Units is a high priority of the Company.

To enhance its transparency, the Company is committed to communicating its information to investors and other stakeholders through various channels in a timely and accurate manner to enable investment decision-making by existing and prospective investors. Furthermore, the Company believes that effective and adequate communication would allow us to receive suggestions from investors including our strategic positioning, project development which would enable the Company to adequately consider the potential impact of the market in the decision-making process.

Since the Listing Date, the Company has preliminarily established diversified communication channels with its investors so as to update the investors with the latest information concerning the Company in a convenient and expeditious manner:

- The Company held its first interim results presentation to announce its interim results and outlook and respond to investors and the media's inquiries.

- It maintained good communication and exchanges with investors through investor hotlines, email and results presentation. It handled queries from investors conscientiously and kept relevant records to convey investors' concerns and views to its management in a timely manner.

- The Directors and the management of the Company had attended regular meetings with securities analysts and investors, securities analyst briefings, investor group briefings, overseas roadshows, reverse roadshows and investor conferences.

- It set up an online investor relations data management platform to gather information relating to investor relations management from within the PRC and from overseas in a methodologically, effective and timely manner, including archives relating to receiving and communicating with investors, analysts and media.

FEEDBACK FROM INVESTORS

As Jinmao Investments and the Company were jointly listed by way of a business trust, which was regarded as a relatively new method of listing, investors were generally interested in key issues such as the Distribution Guarantee and the stability of the results of the Company. The Company addressed such queries from investors based on the disclosure in the Prospectus.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

As 2014 is the first year since the Listing, the Company will further build and enhance the preliminary investor relations management platform it has built, to improve the efficiency and increase the transparency of its information disclosure to ensure that all investors will be able to promptly and fairly obtain relevant information of the Company, while complying with the Listing Rules and the applicable laws.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Adhering to our core values of “Creating Value and Striving for Excellence”, the Group is devoted to fulfil its economic responsibilities, environmental responsibilities and social responsibilities to deliver quality service and products to the community, thus achieving the growth of shareholder value, corporate value, staff value and social value. The Group makes every effort to achieve sustainable development in corporate, economical, environmental and social aspects through improvement in its product and service quality, strengthening of the capabilities and quality of the staff team, improvement in its risk management and safety line for asset and equipment, implementation of its energy saving strategies and environmental protection measures, and devoting continuous efforts in charity work.

CORPORATE SOCIAL RESPONSIBILITY REPORT

QUALITY REFLECTING BRAND VALUE

Our Group's mission is to "Establish a brand economy and organisation". We commit ourselves to continuously enhancing our three core services, namely high-end hotels and hotel assets management, high-end properties operation and facilities management, and high-end tourism and leisure products operation. Adopting a care for people, respect for customer, and a prudent and practical approach, we focus on providing leading service consumption experience and facilities and equipment management standards in full lifecycle. Our objective is to provide excellent hotel services, tourism and leisure products to the community, and to build and upgrade more environmental friendly and energy-saving green buildings.

We always keep in mind the Group's philosophy of "Respect for customers and Attention to details". We own and will continue to develop high-end hotels, office buildings, urban complexes and architectural landmarks in tourist spots. We aim at promoting a healthy, fashionable and harmonious concept for upscale business and leisure consumption that meets and exceeds the expectations of the community. The Group has launched Hyatt Regency Chongming, the first five-star low-density resort hotel in Chongming Island of Shanghai, which is the third largest island in China. We are promoting a leisure and business consumption concept that embraces the nature, environmental protection and lifestyle. The opening of the hotel promotes the development of Chongming Eco-Island, and significantly inspires the creation of a world-class living environment. The Group's newly opened Renaissance Beijing Wangfujing Hotel is a five-star hotel which is located at a superb geographic location, within walkable distance from Tiananmen Square, Forbidden City, Beihai, Jingshan and other historical landmarks. The hotel provides a bright and welcoming environment, at the same time, it is fully expressive and functional, illustrating a perfect blending of style with practical facilities. Grand Hyatt Lijiang is the first resort hotel in China constructed under the joint efforts of the Group and Hyatt Hotels Corporation. Committed to providing a peaceful environment away from the hustle and bustle of city life, the hotel is targeting leisure and business travellers who are seeking for a peace of mind with lifestyle and would like to appreciate the natural beauty and culture of Naxi. The motto of the Group is to strive for excellence, guests may enjoy a quality holiday experience, enjoying purification of body and soul, and exploring the peaceful, beautiful and mysterious Naxi in Yunnan.

EMPLOYEES AND CORPORATION COMPLEMENTING EACH OTHER

The Group regards its employees as the corporation's most valuable asset and our employees adhere to the principle of "Honesty, teamwork and good at learning; be serious at work, innovative, and strive for excellence". The Group's main objective is to serve the society as a whole, the Group enhanced in both of its corporate value and employee value through systematic management and standardised services. Therefore, we create a good environment for our employees and provide competitive salaries and other benefits, such as retirement plan, health insurance, accident insurance, professional insurance and housing provident fund.

Adhering to the principle of mutual development and personal responsibility, the Group has enacted its "Education and Training Management Standards", establishing a comprehensive employee training and development system in accordance to our strategic development and job requirements. Enhancement in corporate value and employee value is achieved through training, on the job training, job rotation and other measures. The Group also provides e-learning, internal training, secondment, self-education and training, job rotation, special training and other programs, ensuring that all employees have the right to enjoy education and training opportunities. In 2014, we organised a total of 85 corporate level trainings and 1,124 trainees participated in 9,000 hours of training. The annual average training time per employee was nearly 50 hours. Eight employees attended job rotation training.

The Group attaches great importance to the career development of employees, and implement continuous training and self-development programs covering general training (induction and the concepts of our services), skills training on their duties and responsibilities and leadership training. The company encourages employees to participate in work-related meetings, provides internal training courses to improve their skills, and also provides personalised training courses for key positions, core management members and young professionals for their career development.

The Group always attach great importance to the recruitment of outstanding personnel. In accordance to our corporate policies, we have strengthened the evaluation and the extended application of organisation performance assessment and individual employee performance assessment. While striving to maintain a highly efficient workforce, we continue our human resource needs assessment so as to improve the productivity of our workforce.

As of the end of 2014, there were no strikes, work stoppages, labour disputes or other incidents which caused material adverse effects on the Group's business or operations. Our employment contract execution rate was 100%, and we were awarded the "Model Organisation in Harmonious Labour Relations" of the Pudong New Area, Shanghai.

SAFETY IS THE PRIORITY IN DEVELOPMENT

The Group has always put great emphasis on safety management. We established a safety system and an employee safety system. There is a good learning atmosphere across the Group in regards to safety training. We have established a Safety Committee, led by the General Manager as the committee chairman. The Safety Committee is responsible for researching, deploying, co-ordinating and guiding safety works. We have established a HSE Management Department responsible for the supervision, inspection, coordination

and management of safe production, occupational health and environmental protection. The HSE Management Department implements national and local laws and regulations on safe production, occupational health and environmental protection and the Group's requirements on work safety, receiving guidance from government authorities and higher level safety management institutions. In combining our operation characteristics, the Group develops relevant safety education and training programs each year covering three levels (corporate, department and job level) of safety education, and organises Work Safety Month and Fire Safety Week activities every year.

The Group has established an emergency management system, which announces the results of regular inspection on employee safety operation. In full consideration of personal safety and health factors that may exist in service industries, the Group has developed the "Jin Mao Tower Emergency Contingency Plan" in relation to relevant national laws and regulations. The Group holds tabletop exercises, special exercises and comprehensive training on a regular basis to further strengthen the capabilities of our commanding officers in response to emergency situations and the operability of our emergency plans, as well as the comprehensiveness and effectiveness of our emergency management systems. The HSE Management Department regularly conducts random safety checks, seasonal inspections and comprehensive inspections in relevant business units and announces inspection results after identifying any problems for rectification to ensure safe operation of the Group.

In 2014, there were no major or above safety accidents, major equipment accidents or general equipment accidents.

GREEN CARBON HARMONY

The Group promotes the establishment of and is determined to implement green and low-carbon environmental protection concepts in response to the nation's call for "Energy Saving" and building a "Beautiful China". We will further promote the rapid development of green buildings, and proactively conduct relevant energy-saving work for our various hotels and properties in a well planned manner.

Jin Mao Tower was equipped with advanced energy-saving concepts and facilities from the time its was designed, and is the highest building in China awarded with the gold LEED-EB and with the longest operation time.

In 2014, the enhancement of the energy-saving for the lighting and air-conditioning systems of Grand Hyatt Shanghai commenced. When the project is completed, it is expected to achieve 20% reduction in overall energy consumption, with an annual cost saving of over RMB3.10 million. The Westin Beijing Chaoyang completed comprehensive energy-saving enhancement projects, including lighting source upgrades, refrigeration stations intelligence control, air conditioning water pump variable flow control, lift energy feedback, optimised air conditioning unit fan control, and water recycling. The overall saving effect is obvious. From June 2014 to the end of 2014, there was a saving of 1.65 million KWH in electricity, 190,000 m^3 in water, and 1,582 GJ in heat. It is estimated that annual savings of standard coal reach 950 tons, amounting to saving of over RMB1.80 million. The Ritz-Carlton, Sanya's contract energy management project started, reducing the power consumption of lighting terminals through switching to LED light source. Solar hot water systems were installed to take advantage of the excellent local sunlight. The installation of central air-conditioning energy management systems further enhances energy management. Our property energy management team holds energy analysis meetings every month, making great efforts in seeking energy saving possibilities. Through performing routine equipment maintenance, operation control of the equipment system is strengthened. Depending to the change of weather and characteristics of seasonal energy consumption, the capacities of the equipment is reasonably adjusted. Equipment efficiency is improved through operation management enhancement, reducing energy consumption.

The Group has played an effective role in organising, communicating and coordinating in the preparatory work of the Green Hotel Study Group. We have successfully obtained the qualification for formation and preparation of the Green Hotel Study Group has further strengthened the Group's industry leader position in the field of green hotel. The Group proactively promotes green property management and Jin Mao Tower LEED certification, highlighting the Group's future development strategy.

The Group has obtained the ISO14000 certification in workplace environment. The Group has also obtained the "three-in-one" certification of ISO9001 Quality Management System, ISO14001 Environmental Management System and GBT28001 Occupational Health and Safety Management System in workplace environment.

CHARITY WORK ILLUSTRATING LOVE AND CARE

The Group highly recognise the potential impact brought to the environment and the community by their businesses, products and services. Therefore, the Company always adheres to the ideology of responsible property management by making efforts to protect the community and the environment for the benefit of future generations. The Company adheres to the principle of "Simultaneous development of business and society", and proactively participated in community building, poverty relief, professional services and volunteer services, making its modest efforts for the harmonious development of society. Through professional service and employee charity work, the Group has won awards and recognition from the government, the industry and various organisations.

The Group has participated in charity donation activities which are jointly organised by local government departments or agencies for many years, for example "Helping the Needy Students" campaign in Pudong New Area, Shanghai for the 10th consecutive year. The Group headquarters, Grand Hyatt Shanghai and Shanghai Property Management maintain partnership in their respective local communities and elderly homes for many years. The Ritz-Carlton, Sanya cooperates with Bright Connection Children Care Center in "Community Footprint" social services, organising staff to visit mentally disabled children of the centre each month. Hotels of the Group organise "Care for Children, Celebrate the New Year" activities, enjoying the Spring Festival with children from social welfare centres. Visits to nursing homes and disabled centres are organised, sending our regards to special groups in passing social care. Other public service activities include "Blue Ribbon" beach cleaning campaign and "Protect the Environment, Fighting Smog" functions.

PROFILE
OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HE Cao

DIRECTOR

Mr. HE Cao

Chairman and non-executive Director

Mr. HE Cao, aged 59, was appointed to the Company Board and the Trustee-Manager Board on 30 November 2009 and 20 March 2014, respectively. He was designated as the Chairman and the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. He is responsible for the management of the Board, leading the Board in deciding strategic directions and the overseeing of the management and operations of the Group. Mr. HE joined Sinochem Group in 1979 and held a number of senior positions in relation to financial management, corporate management and corporate investment before he was appointed as the Assistant President in 2002. He has been the President, Vice Chairman and Chairman of the board of directors of China Jin Mao (Group) Company Limited, since 2002. He joined Franshion (stock code: 00817) in January 2009 and served as the Chairman and non-executive director from February 2009 to September 2009. He was the Vice Chairman, executive director and Chief Executive Officer of Franshion from September 2009 to January 2013, and has been the Chairman and executive director since 16 January 2013. He also holds positions in a number of subsidiaries of Franshion. During his tenure at China Jin Mao (Group) Company Limited, Mr. HE successfully organised and operated Shanghai Jin Mao Tower and seized the development opportunities in the industry. Mr. HE has led the investment, acquisition and construction of luxurious five-star hotels and properties in a number of first-tier cities and premium resorts. Through strategic partnership with internationally-renowned hotel management agencies, Mr. HE has developed Jin Mao Group into a prestigious high-end commercial real estate developer and operator in China. Under the leadership of Mr. HE, the Company completed its strategic restructuring of Franshion during 2009 and 2010 and its further spin-off of Jin Mao Tower and eight high-end hotels in 2014, contributing to the separate listing of Jinmao Investments and the Company in the form of a trust structure on the Stock Exchange, which not only unleashed asset value and better allocated resources but also defined objectives for future development of the Company. Mr. HE has over 20 years of experience in corporate governance, hotel and property leasing, real estate development and operation.

Mr. ZHANG Hui

Mr. HE graduated from Jilin Finance and Trade College in 1979 and from the Economics Department of Renmin University of China in 1986. He completed a postgraduate programme in politics and economics at Jilin University in 1995 and obtained a master's degree in business administration from China Europe International Business School in 2004. Mr. HE was awarded with the title of senior economist in 2010.

Mr. HE was appointed as the co-Chairman of Alliance of China Hotels Owners under China Tourist Hotel Association in 2009 and was appointed as the Vice President of Real Estate Chamber of Commerce of National Federation of Industry and Commerce in 2010. In addition, Mr. HE was appointed as the Executive Chairman of Shanghai Enterprises Association, the deputy director of the Housing Policy and Market Regulation and Study Professional Committee of the Chinese Society for Urban Studies, and a member of the Green Building and Energy Saving Professional Committee of the Chinese Society for Urban Studies. Mr. HE was a delegate of the 12th and 13th session of the People's Congress of Shanghai Municipality from 2003 to 2012. He was awarded as the Model Worker of Shanghai in 2007.

Mr. ZHANG Hui

Executive Director and Chief Executive Officer

Mr. ZHANG Hui, aged 44, was appointed as the Chief Executive Officer and the sole executive director of the Trustee-Manager and the Company on 25 March 2014. He is responsible for the operation and management of the Group. He has also been the general manager of China Jin Mao (Group) Company Limited, since January 2010. He joined Sinochem Group in 2002 and held a number of senior positions including general manager of Shanghai Orient Terminal Co., Ltd.. He had been the Vice President of Franshion from January 2010 to July 2014. Before joining Sinochem Group, he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has approximately 20 years of experience in large-scale project development and management, project investment planning and corporate governance.

Mr. ZHANG graduated from China University of Geosciences with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology as a senior economist from Sinochem Group in December 2011. He is now a deputy in the 14th National People's Congress.

Mr. LI Congrui

Mr. LI Congrui

Non-executive Director

Mr. LI Congrui, aged 44, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. He has been the Vice President of Franshion since April 2009, the executive director of Franshion since June 2011, the executive director and Chief Executive Officer of Franshion since January 2013, and the director of China Jin Mao (Group) Company Limited since February 2013, respectively. He also holds positions in a number of subsidiaries of Franshion, including the Chairman of Sinochem Franshion Properties (Beijing) Co., Ltd. and the director of Jin Mao Investments (Changsha) Co., Ltd.. Mr. LI joined Sinochem Group in 1997, and held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corporation. From 2003 and prior to joining Franshion in 2009, he has been the executive director and general manager of Zhoushan State Oil Reserve Base Company Limited (舟山國家石油儲備基地有限責任公司). Mr. LI has over 10 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large-scale project construction.

Mr. LI graduated from the Petroleum Department of China University of Geosciences (Wuhan) with a bachelor's degree in petroleum geology exploration in 1994. He obtained a master's degree in petroleum development from the Research Institute of Petroleum Exploration & Development in 1997 and a master's degree in business administration from China Europe International Business School in 2007.

Mr. JIANG Nan

Mr. JIANG Nan

Non-executive Director

Mr. JIANG Nan, aged 41, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Mr. JIANG joined Franshion in 2006 as the Chief Financial Officer and has been involved in the day-to-day management of Franshion such as accounting and financing, capital market, investor relations, cost contracts and the guidance and management of strategy and budget assessment. Mr. JIANG joined Sinochem Group in August 1995 and worked in the Finance Department from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for financial management and investment affairs, and operation of the overseas funds of Sinochem Group. He served as the executive director of Franshion from 2007 to 2011 and has been the director of China Jin Mao (Group) Company Limited since December 2008. Mr. JIANG has approximately 20 years of experience in corporate finance and accounting management.

Mr. JIANG graduated from China Institute of Finance with a bachelor's degree in finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Certificate of Certified Public Accountants in 1999. He is now a member of the Association of International Accountants.

Dr. CHUNG Shui Ming Timpson

Dr. CHUNG Shui Ming Timpson

Independent non-executive Director

Dr. CHUNG Shui Ming Timpson, GBS, JP, Dssc (Hon), aged 63, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHUNG is an independent non-executive director of China Unicom (Hong Kong) Limited (stock code: 0762), Glorious Sun Enterprises Limited (stock code: 0393), Miramar Hotel and Investment Company Limited (stock code: 0071), China Overseas Grand Oceans Group Limited (stock code: 0081), China Everbright Limited (stock code: 0165), Henderson Land Development Company Limited (stock code: 0012), China Construction Bank Corporation (stock code: 0939), which are companies listed on the Main Board of the Stock Exchange, and China State Construction Engineering Corporation Limited (stock code: 601668), which is a company listed on the Shanghai Stock Exchange. Dr. CHUNG was an independent non-executive director of China Everbright Bank Company Limited (stock code: 601818), which is a company listed on the Shanghai Stock Exchange, and Nine Dragons Paper (Holdings) Limited (stock code: 02689), which is a company listed on the Main Board of the Stock Exchange.

Dr. CHUNG is well-versed in accounting, finance and financial and corporate management and has over 30 years of experience in accounting and corporate management. Dr. CHUNG was the Audit Supervisor of Coopers & Lybrand, the Chairman of the Hong Kong Housing Society and the Chief Executive Officer of Shimao International Holdings Limited.

Dr. CHUNG graduated from the University of Hong Kong with a bachelor's degree in science in November 1976. Dr. CHUNG obtained a master's degree in business administration from the Chinese University of Hong Kong in October 1987 and was awarded Honorary Doctoral Degree in Social Science by the City University of Hong Kong in November 2010. Dr. CHUNG is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

Dr. CHEN Jieping

Dr. CHEN Jieping

Independent non-executive Director

Dr. CHEN Jieping, aged 61, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHEN is an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245) and Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which are companies listed on the Shenzhen Stock Exchange. Dr. CHEN is also an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), which is a company listed on the Shanghai Stock Exchange. Dr. CHEN is also an independent non-executive director of iOne Holdings Limited, which is a company listed on the Stock Exchange (stock code: 00982).

Dr. CHEN has over 15 years of experience in accounting. He is currently the Associate Dean, Director of the EMBA Program and a Professor of the China Europe International Business School. Dr. CHEN was the Head of the Department of Accountancy of the City University of Hong Kong from 2005 to 2008.

Dr. CHEN obtained a bachelor's degree in Science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

Dr. ZHANG Rungang

Dr. ZHANG Rungang

Independent non-executive Director

Dr. ZHANG Rungang, aged 56, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. ZHANG has over 25 years of experience in tourism and hotel management. Dr. ZHANG is the Chairman of BTG-Jianguo Hotel Management Co., Ltd., the director of Beijing Capital Tourism Group Co., Ltd. and the Chairman and the general manager of BTG Hotels (Group) Co., Ltd. (stock code: 600258), which is a company listed on the Shanghai Stock Exchange since 2004. Dr. ZHANG was the deputy director of the Quality Specifications and Management Department of China National Tourism Administration from 2000 to 2004. Dr. ZHANG was the Chairman of Shenzhen New Century Hotel from 1995 to 1996 and was the departmental manager and deputy general manager of Kunlun Hotel from 1985 to 1995. Dr. ZHANG was also the President of the China Tourist Hotel Association since 2009.

Dr. ZHANG graduated from International Institute of Politics with a bachelor's degree in French in July 1982. He obtained a doctoral degree in systems engineering from the South China University of Technology in July 2000.

Mr. MENG Yongchu

Mr. DING Jianjun

SENIOR MANAGEMENT OF THE GROUP

Mr. MENG Yongchu

Mr. MENG Yongchu, aged 58, is the Board Secretary of the Group and the Union President and secretary of discipline committee of China Jin Mao (Group) Company Limited, Director of Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Tourism Company Limited and Jin Mao Shenzhen Hotel Investment Company Limited. Mr. MENG joined China Jin Mao (Group) Company Limited in 2003 and has held various senior positions, including Head of Board Office and the Head of the General Manager Office. He has approximately 21 years of experience in corporate management.

Mr. MENG received a college diploma from East China Normal University in January 1991 and obtained an executive master's degree in business administration from Arizona State University W.P. Carey School of Business in May 2009. He also completed the Executive Master of Business Administration Program (Service Track) and received the CFO Qualifying Training Certificate from Shanghai National Accounting Institute in July 2009.

Mr. DING Jianjun

Mr. DING Jianjun, aged 42, is the deputy general manager of the Group and also the deputy general manager and the general manager of the Strategic Operation Division of China Jin Mao (Group) Company Limited. Mr. DING joined China Jin Mao (Group) Company Limited in April 1999 and held various positions, including the general manager assistant, general manager of the Office Building Division, deputy general manager of the Sightseeing Tour Division and general manager of Shanghai Property Management. Mr. DING has approximately 15 years of experience in corporate operation and management.

Mr. DING is also a director of Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by Franshion, a director of Shanghai Property Management, Shanghai Jin Mao Jin Jiang Automobile Service Company Limited, Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Tourism Company Limited, Beijing Jin Mao Real Estate Company Limited, Jin Mao Shenzhen Hotel Investment Company Limited and Li Long (Shanghai) Hotel Management Company Limited.

Mr. DING graduated from Central China Normal University with a bachelor's degree in English literature in June 1994. He obtained a master's degree in English for international trade from Shanghai University of International Business and Economics in April 1999 and a master's degree in business administration from Fudan University in June 2004.

Mr. CHEN Mengchao

Ms. ZHANG Runhong

Mr. CHEN Mengchao

Mr. CHEN Mengchao, aged 44, is the deputy general manager of the Group. Mr. CHEN joined China Jin Mao (Group) Company Limited as the deputy general manager in February 2014, and was appointed as the general manager of the Hotel Management Division in March 2014. From 1994 and prior to joining China Jin Mao (Group) Company Limited in 2014, he held senior positions in several hospitality companies, including Jinling Hotels & Resorts Corporation and Beijing Smart Hotels Group. Mr. CHEN has approximately 20 years of experience in hotel marketing, operation and management.

He is also a director of Nanjing International Group Limited, which is an indirect subsidiary of Franshion and the project company of Nanjing International Center Phases I and II, Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Resort Hotel Company Limited, Jin Mao Sanya Tourism Company Limited, Beijing Jin Mao Real Estate Company Limited, Jin Mao Shenzhen Hotel Investment Company Limited and Li Long (Shanghai) Hotel Management Company Limited.

Mr. CHEN graduated from Nanjing Medical University with a bachelor's degree in clinical medicine in July 1993 and obtained a master's degree in hotel and tourism management from Hong Kong Polytechnic University in November 2004.

Ms. ZHANG Runhong

Ms. ZHANG Runhong, aged 37, is the Head of Finance of the Group and the Head of Finance of China Jin Mao (Group) Company Limited. She joined China Jin Mao (Group) Company Limited in 2003 and held a number of positions in its subsidiaries including deputy finance director of Shanghai Grand Hyatt and The Ritz-Carlton, Sanya. Ms. ZHANG has approximately 12 years of experience in financial analysis and management.

Ms. ZHANG is also a director of Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by Franshion, and Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Ms. ZHANG graduated from Shanghai University of Finance and Economics with a bachelor's degree in international accounting in June 2000 and obtained a master's degree in accounting from Shanghai University of Finance and Economics in February 2003. She is a holder of the Certificate of Certified Public Accountants.

Mr. DING Rui

Mr. TANG Yong

Mr. DING Rui

Mr. DING Rui, aged 36, is an assistant to the general manager of the Group and of the China Jin Mao (Group) Company Limited. Mr. DING joined Franshion in 2004 and had held a number of positions in its subsidiaries including engineer of the Engineering Division of China Jin Mao (Group) Company Limited, assistant to the general manager of Jin Mao (Shanghai) Real Estate Company Limited and deputy general manager and general manager of Wangfujing Grand Hotel's renovation projects. From 2003 to 2004 before joining Franshion, Mr. DING was an engineer for installation supervision of Shanghai Zhenhua Engineering Consultation (Supervision Ltd.) Company, a subsidiary of China Shipbuilding NDRI Engineering Co., Ltd.. Mr. DING has approximately 11 years of experience in engineering management.

Mr. DING is also a director of Shanghai Property Management, Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Resort Hotel Company Limited, Jin Mao Sanya Tourism Company Limited, Beijing Jin Mao Real Estate Company Limited, Jin Mao Shenzhen Hotel Investment Company Limited and Wangfujing Hotel Management Company Limited.

Mr. DING graduated from National Dong Hwa University in July 2000 with a bachelor's degree in engineering, and obtained a master's degree in engineering in July 2003. He obtained the Professional Certificate of Specialty and Technology as a senior engineer from Sinochem Group in November 2013.

Mr. TANG Yong

Mr. TANG Yong, aged 46, is an assistant to the general manager of the Group and of China Jin Mao (Group) Company Limited and the general manager of the Human Resources Division of the latter. Mr. TANG joined China Jin Mao (Group) Company Limited in May 2000 and has held a number of positions in its subsidiaries including assistant to the general manager and deputy general manager of the Human Resources Division, director of the Administration and Human Resources Division of Shanghai Property Management, deputy general manager and general manager of the Technical Support Division of Shanghai Property Management. From 1991 to 2000 before joining China Jin Mao (Group) Company Limited, Mr. TANG has worked at Shanghai Crane & Conveyor Works Co., Ltd.. He has approximately 23 years of experience in corporate governance and human resources management.

Mr. TANG is also a director of Shanghai Property Management and Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Mr. TANG graduated from Shanghai University in July 1991 with a bachelor's degree in history. He is the holder of the title of political engineer and the Human Resources Management Practitioner Qualification Certificate (人力資源管理師資格證書).

Mr. ZHANG Wei

Ms. HO Wing Tsz Wendy

Mr. ZHANG Wei

Mr. ZHANG Wei, aged 39, is an assistant to the general manager of the Group, an assistant to the general manager and the general manager of the Office Building Division of the China Jin Mao (Group) Company Limited and the general manager of Shanghai Property Management. Mr. ZHANG joined China Jin Mao (Group) Company Limited in July 1998 and had held a number of positions in it and its subsidiaries including assistant to the general manager of the Office Building Division, deputy general manager of the Business Development Division, deputy general manager of the Office Building Division and deputy general manager of Shanghai Property Management. He has approximately 16 years of experience in corporate governance, office building sales and leasing and property management.

Mr. ZHANG graduated from Fudan University in July 1998 with a bachelor of laws degrees and obtained an EMBA degree from the same university in January 2011.

Ms. HO Wing Tsz Wendy

Ms. HO Wing Tsz Wendy, aged 45, is the Company Secretary of the Trustee-Manager and the Company. Ms. HO is a director of Corporate Services at Tricor Services Limited. Prior to joining Tricor Services Limited, Ms. HO served as a manager of Tengis Limited, the company secretarial department of Ernst & Young in Hong Kong. Ms. HO has extensive experience in a diversified range of corporate services and has been providing professional services for over 20 years. Ms. HO is currently the named company secretary to a manager of a listed real estate investment trust and also the named/ assistant company secretary of three listed companies in Hong Kong. Ms. HO is a Chartered Secretary as well as a Fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries ("HKICS"). She also holds a Practitioner's Endorsement Certificate issued by HKICS.

GOVERNANCE AND COMPLIANCE

Jinmao Investments, a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the trustee-manager of Jinmao Investments, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the exchange right, each Unit remains linked to a specifically identified ordinary share of the Company registered in the principal register of members of the Company in the Cayman Islands in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and that each Unit remains stapled to a specifically identified preference share of the Company.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the ordinary shares of the Company ceasing to be linked or in the Units and the preference shares of the Company ceasing to be stapled; or from refraining from doing any act required to maintain those relationships. The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each unitholder and all persons claiming through such unitholder. The rights and interests of Holders of Share Stapled Units are contained in the Trust Deed. Under the Trust Deed, those rights and interests are safeguarded by the Trustee-Manager.

The Trust Deed is available for download on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Shares Stapled Units jointly issued by Jinmao Investments and the Company were listed on the Main Board of the Stock Exchange on 2 July 2014 and are therefore subject to the provisions of the Listing Rules with effect from that date. The consolidated corporate governance report of Jinmao Investments and the Company covers the period from 2 July 2014 to 31 December 2014. Pursuant to the Trust Deed, the Trustee-Manager shall ensure the compliance by Jinmao Investments with the applicable Listing Rules and other relevant laws and regulations. The Company shall ensure the compliance by the Company with the Listing Rules applicable to the Company and other relevant laws and regulations. The Trustee-Manager and the Company shall work together to ensure the compliance with the Listing Rules by all parties and cooperation between the parties on making disclosure to the Stock Exchange.

The Trustee-Manager Board and the Company Board have played a critical and supervisory role in the corporate governance duties of Jinmao Investments and the Company through review of the overall corporate governance arrangement and approval of governance policies. Both Boards are responsible for overseeing their respective compliance with the Corporate Governance Code and shall review the disclosures set out in this consolidated corporate governance report.

Throughout the period from the Listing Date to 31 December 2014, Jinmao Investments (through the Trustee-Manager) and the Company had complied with the applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and adopted some recommended best practices set out in the Corporate Governance Code if applicable. The requirement to establish a nomination committee is not relevant to the Trustee-Manager because the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. The requirement to establish a remuneration committee is also not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employee.

INFORMATION OF SHARE STAPLED UNITS

As at the Listing Date, there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit refers to the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:

1) a Unit;

2) the beneficial interest in a specifically identified ordinary share of HK$0.0005 each of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Investments); and

3) a specifically identified preference share of HK$0.0005 each of the Company stapled to the Unit.

Between the Listing Date and the date of this report, no new Share Stapled Units have been issued by Jinmao Investments and the Company.

THE BOARDS

Responsibilities of the Boards

The Trustee-Manager Board is responsible for taking all reasonable steps to ensure that the Trustee-Manager discharges its duties under clause 2.6 of the Trust Deed, including but not limited to, acting honestly and in good faith in the best interest of all the registered holders of Units as a whole, giving priority to the interests of all the registered holders of Units as a whole over its own interests in the event of a conflict between the interests of all the registered holders of Units as a whole and its own interests, ensuring that the Trust Property is properly accounted for and be answerable to the registered holders of Units for the application or misapplication of any Trust Property; disclosing fully to the registered holders of Units its interests in contracts with the Trust and/or the Group.

The Company Board is responsible for setting out the overall development strategy and business objectives of the Group, monitoring the financial conditions of the Company and overseeing the performance of the management team with a view to creating value for the Holders of Share Stapled Units by fostering the sustainable development of the Company. The power of the Company Board is distinguished from that of the management of the Company in accordance with the provisions of the Company's Articles. The duties of day-to-day management as well as business operations of the Group are delegated to the senior management, who is responsible for the execution of the business strategy and initiatives adopted by the Company Board.

For the period ended 31 December 2014, the Company had arranged appropriate liabilities insurance coverage to protect the Directors and the senior management of the Trustee-Manager and the Company against potential legal actions so that the Directors would be in a better position to perform their duties and prevent risks.

The executive Director works full-time for Jinmao Investments and the Company, and all the non-executive Directors and independent non-executive Directors have confirmed to the Trustee-Manager and the Company that they contributed sufficient time and attention to the affairs of Jinmao Investments and the Company during the period from the Listing Date to 31 December 2014.

Composition of the Boards

The Trust Deed requires that:

1) the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company;

2) no person shall serve as a Director of the Trustee-Manager unless he also serves as a Director of the Company at the same time; and

3) no person shall serve as a Director of the Company unless he also serves as a Director of the Trustee-Manager at the same time.

Accordingly, the compositions of the Trustee-Manager Board and the Company Board are the same at all times.

With respect to the board diversity, the Directors of the Company have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. During the period from the Listing Date to 31 December 2014 and as of the date of this report, the compositions of the Trustee-Manager Board and the Company Board are the same and the Boards consisted of the following seven Directors and the details are as follows:

Non-executive Directors

Mr. HE Cao (Chairman)
Mr. LI Congrui
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. ZHANG Rungang

Each Director (including independent non-executive Director) has entered into a separate letter of appointment with the Trustee-Manager and the Company for a period of three years from the Listing Date, subject to the provision of re-election pursuant to the Company's and the Trustee-Manager's respective articles of associations. According to the Trust Deed, the Trustee-Manager Board shall always be composed of the individuals who also serve as Directors of the Company. A Director of the Trustee-Manager shall resign from his office if he ceases to be a Director of the Company. A Director of the Company shall resign from his office if he ceases to be a Director of the Trustee-Manager.

Pursuant to the Trust Deed and the Company's Articles, any Director appointed either to fill a casual vacancy or as an addition to the Company Board and the Trustee-Manager Board, which is the case for the seven current Directors, shall hold office only until the next following AGM and shall then be eligible for re-election. Accordingly, all the current Directors will hold office until the 2014 AGM and will be eligible for re-election at the said meeting.

Biographical details of the Directors and the senior management are set out on pages 66 to 76 of this annual report. The members of the Boards have no financial, business, family or other material/relevant relationships with each other.

Chairman and Chief Executive Officer

There is a clear segregation of these two positions of our Chairman and Chief Executive Officer to ensure an appropriate balance of power and authority. The Chairman is responsible for providing leadership to the Boards, ensuring the effective operation of the Boards, performing his stated duties and discussing all important and appropriate issues on a timely basis to ensure that the Boards act in the best interests of Jinmao. In addition, the Chairman should promote a culture of openness by facilitating the effective contribution of Director (in particular, non-executive Directors). The Chief Executive Officer is responsible for the day-to-day management and operation of the Company, execution of strategies set by the Company Board, formulation and execution of policies of the Company, and is accountable to the Company Board for the overall operation of the Company.

The positions of the Chairman and the Chief Executive Officer are held by different persons. Mr. HE Cao and Mr. ZHANG Hui are the Chairman and the Chief Executive Officer, respectively. The Company is of the opinion that duties and obligations between the Chairman and the Chief Executive Officer have been well separated. The division between the operation and management of the Board and the day-to-day management function of the Company's operation is clearly established with an appropriate balance of power and authority and there is no excessive concentration of power in one person.

Independence of independent non-executive Directors

Each of the Trustee-Manager Board and the Company Board has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of the independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board, and the Boards are of the view that these Directors are independent of the Trustee-Manager and the Company under the independence guidelines set out in Rule 3.13 of the Listing Rules.

Meetings of the Boards and committees under the Boards

During the period from the Listing Date to the date of this report, the Trustee-Manager and the Company jointly held three regular Board meetings and signed four written resolutions, the Trustee-Manager Audit Committee and the Company Audit Committee jointly held three committee meetings, the Remuneration and Nomination Committee of the Company held one committee meeting and signed two written resolutions, and the Independent Board Committee of the Company signed one written resolution.

Attendance at regular meetings of the Board and committees under the Board and its details as follows:

Name of Director	Joint Board meeting of the Trustee-Manager and the Company	Joint Audit Committee meeting of the Trustee-Manager and the Company	Remuneration and Nomination Committee meeting of the Company
	No. of meetings attended/No. of meetings (Attendance rate)		
Non-executive Directors			
Mr. HE Cao (Chairman)	3/3 (100%)	–	–
Mr. LI Congrui	3/3 (100%)	–	1/1 (100%)
Mr. JIANG Nan	3/3 (100%)	3/3 (100%)	–
Executive Director and Chief Executive Officer			
Mr. ZHANG Hui	3/3 (100%)	–	–
Independent non-executive Directors			
Dr. CHUNG Shui Ming Timpson(1)	1/3 (33%)	–	0/1 (0%)
Dr. CHEN Jieping	3/3 (100%)	3/3 (100%)	1/1 (100%)
Dr. ZHANG Rungang(2)	2/3 (67%)	2/3 (67%)	–

Note: (1) As Dr. CHUNG Shui Ming Timpson authorised another Director to attend two Board meetings and one remuneration and nomination committee meeting and vote on his behalf, he was not considered as attending such meetings in person, and, accordingly, his attendance was not counted in the number of meetings he attended.

(2) As Dr. ZHANG Rungang authorised another Director to attend one Board meeting and one audit committee meeting and vote on his behalf, he was not considered as attending such meetings in person, and, accordingly, his attendance was not counted in the number of meetings he attended.

Directors' continuous professional development and access to information

The Company has encouraged Directors and the administrative staff to take comprehensive professional development courses and seminars on the Listing Rules, Companies Ordinance and Corporate Governance Code organised by Hong Kong professional bodies, independent auditors and/or associations, which would enable them to continuously and further refresh their related knowledge and skills. The Directors are also provided with written training materials from time to time to develop and review their professional skills.

The Share Stapled Units structure is relatively novel to the Hong Kong market. All seven Directors were provided with related training before the Listing, particularly the structure of the Share Stapled Units, to prepare them for serving as directors of the Trustee-Manager and the Company. During the Review Period, Jinmao Investments and the Company also provided Directors of the Trustee-Manager and the Company with compliance training on continuing obligations of the Trustee-Manager, a listed company and their directors. Individual Directors also participated in various external forums and seminars, including forums such as "Green Building and EpiCity Forum (綠色建築與智慧城市論壇)" and "National Green Competitiveness Forum (國家綠色競爭力論壇)" attended by Chairman HE Cao, and the independent non-executive director workshop relating to the subjects such as the latest requirements on internal control governance of Hong Kong listed companies, the latest requirements on environmental, social and governance report of Hong Kong listed companies, internet information safety and how to respond to possible anti-commercial bribery inspection in an enterprise by independent non-executive directors attended by Dr. CHUNG Shui Ming Timpson.

The Company provides access to information about Jinmao Investments and the Company to Directors, which endeavours to promptly provide to help them make informed decisions and act with a view to the best interest of the Holders of Share Stapled Units as a whole. The Directors may seek independent professional advice to perform their duties and responsibilities. Such advice may be obtained at the expense of Jinmao Investments and the Company upon reasonable request.

Responsibility for preparation of the financial account

The Trustee-Manager Board and the Company Board are responsible for the preparation of the financial account of the Trust Group and the Trustee-Manager for the period ended 31 December 2014 to give a true and fair view of the operating results and financial conditions of the Trust Group and the Trustee-Manager.

Our auditor has responsibility for its report on the financial statements of the Trustee-Manager and the Trust Group and has made a statement as to its reporting responsibility on pages 110 to 111 and page 188 to 189 of the "Independent Auditors' Report", respectively.

Committees under the Boards

The Trustee-Manager Board has established its Audit Committee. The Trustee-Manager Audit Committee functions in its area of expertise and reports its decisions and makes its recommendations to the Trustee-Manager Board.

The Company Board has established four committees, namely the Audit Committee, the Remuneration and Nomination Committee, the Independent Board Committee and the Strategy and Investment Committee. Each committee functions in its area of expertise and reports its decisions and recommendations to the Company Board.

Audit Committees of the Trustee-Manager and the Company

The Trust Deed requires that the composition of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same.

The Trustee-Manager and the Company have established their own respective Audit Committees with specific written terms of reference which clearly set out their authority and duties. Their terms of reference were approved at the joint meeting by the Boards of the Trustee-Manager and the Company respectively on 25 March 2014, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committees include:

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to develop and implement policy on engaging an external auditor to supply non-audit services;

- to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

- to review the Company's financial control, internal control and risk management systems; to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system; to consider major investigations findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- to review the Company's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- to establish and review the system for direct reporting by employees of the Company, through which they can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence. The Audit Committee shall be entitled to take any action which it thinks appropriate and necessary for investigation of any unusual situation of the Company and to report it to the Board as and when necessary;

- to report to the Board on the matters set out above, and to deal with any other matters authorised by the Board.

As at the date of this report, members of the Trustee-Manager Audit Committee and the Company Audit Committee included independent non-executive Directors Dr. CHEN Jieping and Dr. ZHANG Rungang and non-executive Director Mr. JIANG Nan. Dr. CHEN Jieping was also the chairman of the Trustee-Manager Audit Committee and the Company Audit Committee.

During the period from the Listing Date to 31 December 2014, the Trustee-Manager Audit Committee and the Company Audit Committee held two meetings in total, which were attended by all members of the committees, and their attendance rate was 100%. From 1 January 2015 to the date of this report, the Trustee-Manager Audit Committee and the Company Audit Committee held one meeting. Except for Dr. ZHANG Rungang who authorised another Director to attend the meeting and vote on his behalf, all other members of the committee have attended the meeting.

During the period from the Listing Date to 31 December 2014, the review of the financial reporting and internal control of the Trustee-Manager Audit Committee and the Company Audit Committee included the following:

- monitoring the financial statements of the Trust Group and the Trustee-Manager and reviewing the completeness and accuracy of the 2014 interim report and the formal announcement relating to the financial performance of the Trustee-Manager and the Company;
- approving the remuneration and terms of engagement of the external auditor and making recommendations to the Boards on the appointment of the external auditor;
- reviewing the annual pre-audit results, profit forecast, audit strategies and significant matters for 2014.

The Head of Finance and the auditors of the Company sat for the 3 meetings as mentioned above.

Remuneration and Nomination Committee of the Company

The Company has established the Remuneration and Nomination Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 25 March 2014, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals who are qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorship;
- to examine the standards and procedures for selection of Directors and senior management and to make recommendations to the Board;
- to review the qualifications and abilities of candidates for directorship and senior management and to make recommendations to the Board;
- to assess the independence of the independent non-executive Directors;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman and the chief executive;
- to consult with the chairman and/or the chief executive on remuneration of the other executive Directors and to seek independent professional advices as and when necessary;
- to make recommendations to the Board on the policies and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including monetary benefits, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors;

- to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, goals and objectives;

- to consider salaries paid by comparable companies, time commitment for discharging responsibilities, and employment conditions of other positions in the Company and its subsidiaries;

- to determine the criteria for assessing the executive Directors' and senior management's performance and appraise the performance of the executive Directors and senior management, and to participate in appraisal process or seek professional assistance and advice as and when necessary;

- to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

- to ensure that no Director or any of his associates is involved in deciding his own remuneration;

- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Remuneration and Nomination Committee of the Company included independent non-executive Director Dr. CHUNG Shui Ming Timpson, non-executive Director Mr. LI Congrui and independent non-executive Director Dr. CHEN Jieping. Dr. CHUNG Shui Ming Timpson was also the chairman of the Remuneration and Nomination Committee of the Company.

During the period from the Listing Date to 31 December 2014, the Remuneration and Nomination Committee of the Company signed two written resolutions. From 1 January 2015 to the date of this report, the Remuneration and Nomination Committee held one meeting. Except for Dr. CHUNG Shui Ming Timpson who authorised another Director to attend the meeting and vote on his behalf, all other members of the committee have attended the meeting.

During the period from the Listing Date to 31 December 2014 and as at the date of this report, nomination, appointment, review and determination of remuneration packages of the Remuneration and Nomination Committee of the Company included the following:

- approving the appointment of 3 members of the senior management based on the standards and procedures for selection of the senior management of the Company, and submitting such recommendations to the Company Board for review and approval;

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Company Board;

- determining the remuneration packages of executive Director and some members of the senior management based on the operating results and profit of the Group and with reference to the rates of other companies, both domestically and overseas, and the prevailing market rates, and making recommendations to the Company Board; and

- assessing the independence of the independent non-executive Directors.

Independent Board Committee of the Company

The Company has established the Independent Board Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- responsible for overseeing the implementation of non-compete undertakings and the Hotel Arrangements, especially reviewing on an annual basis the compliance by Franshion with the terms of the non-compete undertaking and the Hotel Arrangements, based on the Hotel Arrangements Deed entered into between Franshion and the Company on 13 June 2014 and non-compete undertakings in any subsequent amendments, if any, made through lawful procedures and certain arrangements relating to the existing and future interests of the Franshion Group in hotels as agreed by the parties in the Hotel Arrangements Deed;

- for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the issuer and its shareholders as a whole, and to make recommendations;

- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Independent Board Committee of the Company included independent non-executive Director Dr. CHUNG Shui Ming Timpson, independent non-executive Director Dr. ZHANG Rungang and independent non-executive Director Dr. CHEN Jieping. Dr. CHUNG Shui Ming Timpson was also the chairman of the Independent Board Committee of the Company.

During the period from the Listing Date to 31 December 2014, none of the properties acquired by or investment opportunities obtained by Franshion was subject to the Hotel Arrangements Deed and the Independent Board Committee of the Company did not hold any ad hoc meeting.

As of the date of this report, Independent Board Committee of the Company signed one written resolution.

During the period from the Listing Date to 31 December 2014 and as at the date of this report, the Independent Board Committee of the Company considered the following:

- reviewing and confirming compliance by Franshion with the terms of the non-compete undertaking and the Hotel Arrangements;
- confirming that the Group did not exercise any call options or accept the offer under right of first refusals to acquire related hotels or participate in any investment opportunity pursuant to the Hotel Arrangements for the period from the Listing Date to 31 December 2014;
- examining continuing connected transactions on an annual basis and confirming them in the annual report and accounts of the Company.

Compliance with terms of the non-compete undertaking and the Hotels Arrangements

Franshion has provided its written confirmation in respect of the Franshion Group's compliance with their obligations under terms of the non-compete undertaking and the Hotels Arrangements for the period from the Listing Date to 31 December 2014.

Strategy and Investment Committee of the Company

The Company has established the Strategy and Investment Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- to consider and formulate the Company's development strategies;
- to review new project investment proposals submitted by management according to the Company's development strategies; and the new projects include: acquisition or disposal of wholly-owned companies and joint ventures with business substance, purchase of operating hotel projects and disposal of or renovation of existing operating projects;
- to review management's proposals on the establishment of departments in the headquarters;
- to supervise and monitor management's execution of the Company's development strategies;
- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Strategy and Investment Committee of the Company included non-executive Director Mr. LI Congrui, executive Director and Chief Executive Officer Mr. ZHANG Hui, non-executive Director Mr. JIANG Nan, independent non-executive Director Dr. ZHANG Rungang and independent non-executive Director Dr. Chen Jieping. Mr. LI Congrui was also the chairman of the Strategy and Investment Committee of the Company.

During the period from the Listing Date to 31 December 2014, the Strategy and Investment Committee did not hold any ad hoc meeting. From 1 January 2015 to the date of this report, the Strategy and Investment Committee signed one written resolution.

Company Secretary

The Trustee-Manager and the Company have appointed Ms. HO Wing Tsz Wendy of Tricor Services Limited, an external service provider as the Company Secretary of the Trustee-Manager and the Company in compliance with the requirements of Rules 3.28 and 3.29 of the Listing Rules. The primary corporate contact person at the Company is Mr. JIANG Nan. During the Review Period, Ms. HO Wing Tsz Wendy participated in professional training of not less than 15 hours.

Corporate governance measures for potential conflicts of interest

Given the unique nature of the Group's business structure and its close relationship with the Franshion Group, the Trust Group has established various corporate governance measures to seek to address any potential conflict of interest and competition between the two groups, thus safeguarding the interest of independent Holders of Share Stapled Units.

- Directors will abstain from voting at the Board meeting on any matter in which he has a material interest and are not to be counted in the quorum of the relevant Board meeting;

- Pursuant to article 92(b) of the Trustee-Manager's Articles, priority will be given to the interest of all the registered holders of Units as a whole over the interest of the Company in the event of a conflict between the interest of all the registered holders of Units as a whole and the interest of the Company;

- Any potential connected transactions and existing continuing connected transactions between the Franshion Group and/or the Sinochem conglomerate and the Group are subject to annual review and report by the independent non-executive Directors and the auditors of the Company;

- Where the Trustee-Manager Board and the Company Board are required to make a decision on any matters relating to the following, all such matters will be referred to executive Director and the independent non-executive Directors who do not have any ongoing role with the Franshion Group:

    - whether to grant the Franshion Group consent to develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC pursuant to the non-compete undertaking given by the Franshion Group; and

    - the Hotel Arrangements;

- A committee comprising all the independent non-executive Directors (the Independent Board Committee) will be responsible for overseeing the implementation of the Hotel Arrangements, and will review on an annual basis compliance by the Franshion Group with the terms of the Hotel Arrangements.

The Trustee-Manager and the Company (on the one hand) and the Franshion Group (on the other hand) have boards of directors that function independently of each other. Although Mr. HE Cao, Mr. LI Congrui and Mr. JIANG Nan hold existing roles with the Franshion Group, the remaining four members of the Trustee-Manager Board and the Company Board have sufficient expertise to make their independent professional judgment for decision-making of the Boards.

Furthermore, there are three independent non-executive Directors out of a total board size of seven of the Trustee-Manager Board and the Company Board. It is believed that the Boards have adequate independence in order to address any situations of conflict of interest and to protect the interests of the independent Holders of Share Stapled Units.

MEETING OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

So long as the Trust Deed remains in force, the Trustee-Manager and the Company are required to ensure that:

(a) a general meeting is not convened and held unless (i) a meeting of registered holders of Units is also convened and held and (ii) the general meeting is convened and held either as a combined meeting with the meeting of registered holders of Units or separately but consecutively with (and immediately after) the meeting of registered holders of Units; and

(b) a meeting of registered holders of Units is not convened and held unless a general meeting is also convened and held.

To the extent permitted under relevant laws and regulations, general meetings and meetings of registered holders of Units shall be held on a combined basis as a single meeting characterised as a meeting of registered holders of Share Stapled Units.

RIGHTS OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

Pursuant to requirements of each of articles 1.1, 1.2 and 2.2 of Schedule 1 of the Trust Deed:

Article 1.1

The Trustee-Manager shall at least once in every calendar year convene a general meeting of the registered holders of Units as the annual general meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held at such time and place as the Trustee-Manager shall appoint and not less than 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the registered holders of Units;

Article 1.2

The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of registered holders of Units holding not less than 5% of the Units for the time being in issue and outstanding) at any time convene a meeting of registered holders of Units at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting; and

Article 2.2

At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the registered holders of Units in the manner provided in the Trust Deed, except that at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting shall be given to the registered holders of Units where an extraordinary resolution of registered holders of Units is proposed for consideration at such meeting. The notice shall specify the place, day and time of meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the registered holders of Units shall not invalidate any resolution passed or any proceedings at any meeting.

Pursuant to requirements of article 53 of the Trustee-Manager's Articles, an annual general meeting shall be called by 21 days' notice in writing at the least, and a meeting of the Company other than an annual general meeting shall be called by 14 days' notice in writing at the least.

Pursuant to requirements of articles 12.3 and 12.4 of the Company's Articles, general meetings may also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirements under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

Proposing a candidate for election as a Director

Pursuant to requirements of articles 16.5 and 16.6 of the Company's Articles, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

While the Trust Deed remains in force, no person shall be eligible for appointment or election to the office of Director unless such person is also appointed or elected, or serves, as a director of the Trustee-Manager.

Constitutional documents

During the period from the Listing Date to 31 December 2014, there has been no material change to the Trust Deed nor the Trustee-Manager's Articles or the Company's Articles. The above documents in force are available for download on the websites of the Stock Exchange and the Company.

Auditors' remuneration

During the period from the Listing Date to 31 December 2014, the remuneration paid/payable to the Trustee-Manager's and the Company's auditors, Ernst & Young, amounted to a total of HK$3,482,000, of which HK$1,750,000 was for the audit service fees of the Trustee-Manager's financial statements and the Trust Groups' consolidated financial statements, HK$982,000 was for audit service fees of certain subsidiaries of the Company, HK$700,000 was for review service fees of the Trust Groups' interim financial information and HK$50,000 was for review services of the Group's continuing connected transactions.

The internal control systems of the Trust Group are primarily designed to provide a reasonable but not absolute assurance against material misstatement relating to operating results, financial information, losses and frauds, rather than eliminating risks of operational errors or failure to meet its business objectives.

Internal control

The Boards are responsible for all internal control systems and risk evaluation and control of the Trust Group. Internal control systems of the Trust Group include a control and organisation structure with well-defined operational policies and procedures, authorisation at each level, and scope of liabilities, for the purpose of safeguarding assets of the Trust Group, keeping accurate accounting record, complying with relevant laws and regulations and monitoring risks of the Trust Group.

All Directors of the Company consider that the Trust Group's existing internal control systems are effective.

Compliance with the Model Code

The Trustee-Manager and the Company have formulated the "Administrative Standards Governing the Securities Transactions by the Employees of Jinmao Investments" (the "Administrative Standards") to govern the dealing of Share Stapled Units and related securities transactions by all employees of the Trust Group (including Directors, related employees and their respective associates). The Administrative Standards is on terms no less exacting than the Model Code and shall be revised from time to time according to the Listing Rules.

The Directors of the Company were not aware of any non-compliance with the Administrative Standards by any employee during the year ended 31 December 2014.

Having made specific enquiries, all Directors and relevant employees of the Trustee-Manager and the Company confirmed that, as at the date of this report, they were in full compliance with the Administrative Standards.

Communication with Holders of Share Stapled Units

The Company is committed to maintaining a high standard and corporate transparency with respect to Jinmao Investments and itself, and has kept regular communication with Holders of Share Stapled Units through diversified channels.

Holders of Share Stapled Units and prospective investors may obtain information about the latest development, announcements and press releases of Jinmao Investments and the Company on the Company's website at http://www.jinmao88.com. They can also make inquiries to the Boards of the Trustee-Manager and the Company (contact details are set out in the section headed "Corporate Information" of this report).

Furthermore, the Company has formed an investor relations team responsible for receiving investors feedback and arranging for interim and annual results roadshows. Details of the investor relations are set out in the section headed "Investor Relations Report" of this report.

The Boards are pleased to present the annual report and the audited financial statements for the year ended 31 December 2014, the audited consolidated financial statements of the Trust Group for the year ended 31 December 2014 and the audited financial statements of Jinmao (China) Investments Manager Limited for the period from 20 March 2014, being its date of incorporation, to 31 December 2014.

PRINCIPAL ACTIVITIES

Jinmao Investments, a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the trustee-manager of Jinmao Investments, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels. The Group also owns Jin Mao Tower, a mixed-use development.

During the Review Period, the property portfolio of the Group comprises the following Properties, all of which are located in the PRC: Jin Mao Tower (including Grand Hyatt Shanghai and office, retail and tourist areas), The Westin Beijing Chaoyang, JW Marriott Hotel Shenzhen, The Ritz-Carlton, Sanya, Hilton Sanya Resort and Spa, Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang.

Principal activities and other particulars of subsidiaries of the Company as at 31 December 2014 are set out in notes 1 and 19 to the consolidated financial statements of the Trust Group.

The Trustee-Manager is an indirect wholly-owned subsidiary of Franshion with specified and limited duties to manage Jinmao Investments. It does not have active participation in business operation of the Trust Group.

DISTRIBUTION

Group Distributable Income

For the period from the Listing Date (being 2 July 2014) to 31 December 2014, the Group Distributable Income amounted to approximately HK$229 million after the adjustments permitted under the Trust Deed and the Company's Articles. A description of such adjustments is set out in note 13 to the consolidated financial statements of the Trust Group.

The proposed distribution attributable to the Group Distributable Income, which composes the final distribution (as further disclosed below), has been accounted for as a proposed distribution within the equity in the consolidated financial statements of the Trust Group.

Distribution per Share Stapled Unit

As disclosed in the Prospectus and pursuant to the Distribution Guarantee and Shortfall Payments Deed, Franshion has agreed to provide a guarantee to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 will be an amount which is not less than HK$481 million. Based on the Group Distributable Income for the period from the Listing Date to 31 December 2014 referred to above, Franshion shall pay an amount of approximately HK$252 million to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) pursuant to the Distribution Guarantee and Shortfall Payments Deed. Accordingly, the Trust Distributable Income for the period from the Listing Date to 31 December 2014 shall be HK$481 million.

The Boards recommended the payment of a final distribution of HK24.05 cents per Share Stapled Unit for the period from the Listing Date to 31 December 2014 to the Holders of Share Stapled Units. The proposed final distribution shall be subject to approval of the Holders of Share Stapled Units at the forthcoming 2014 AGM.

No dividend was recommended by the Trustee-Manager Board for the period from the Listing Date to 31 December 2014.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager's calculation of the distribution entitlement per Share Stapled Unit, and (ii) having made all reasonable enquiries, immediately after making the distribution to registered unitholders of the Trust, the Trustee-Manager will be able to fulfill, from the Trust Property, the liabilities of the Trust as they fall due.

FINANCIAL HIGHLIGHTS

Highlights of the results and assets and/or liabilities of the Trust Group are set out on page 9 of this report.

RESERVES

Movements in reserves of the Trust Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Trust Group during the year ended 31 December 2014 are set out in note 15 to the consolidated financial statements of the Trust Group.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Trust Group for the year ended 31 December 2014 are set out in note 16 to the consolidated financial statements of the Trust Group.

ISSUED SHARE STAPLED UNITS

During the period from the Listing Date to 31 December 2014, no new Share Stapled Units have been issued by the Trust Group. As at 31 December 2014, there were a total of 2,000,000,000 Share Stapled Units in issue.

Details of movements in the issued capital of the Trust and the Company for the year ended 31 December 2014 are set out in note 30 to the consolidated financial statements of the Trust Group. Details of the share capital of Trustee-Manager are set out in note 4 to the financial statements of the Trustee Manager.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

Total net proceeds from the global offering amounted to approximately HK$3,072.1 million, of which approximately HK$31.5 million was paid to Franshion for the provision of the project consulting services pursuant to the Project Consulting Agreement, approximately HK$593.5 million was paid to Franshion for the settlement of the inter-company loans between the Group and the Franshion Group which were interest free, repayable on demand and which had not been repaid prior to the Listing Date, and the remaining proceeds was used for the partial settlement of the pre-initial public offering dividend payable to Franshion.

PURCHASE, SALE OR REDEMPTION OF SHARE STAPLED UNITS

Except for the repurchase or redemption of preference shares of the Company in accordance with the provisions of the Trust Deed and the Company's Articles, the Trust Deed does not permit the Trustee-Manager to repurchase or redeem any Share Stapled Units on behalf of Jinmao Investments unless and until expressly permitted to do so by the relevant codes and guidelines issued by the SFC from time to time.

During the period from the Listing Date to 31 December 2014, none of the Trust, the Trustee-Manager, the Company or any of its subsidiaries purchased, sold or redeemed any Share Stapled Units.

Directors

Pursuant to clause 29.1(a) of the Trust Deed, the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company. The list of Directors and their roles and functions from the Listing Date to the date of this report is as follows:

Name of Director	Date of appointment
Non-executive Directors	
Mr. HE Cao (Chairman)	(Appointed to the Company Board on 30 November 2009 and to the Trustee-Manager Board on 20 March 2014)
Mr. LI Congrui	(Appointed on 25 March 2014)
Mr. JIANG Nan	(Appointed on 25 March 2014)
Executive Director	
Mr. ZHANG Hui (Chief Executive Officer)	(Appointed on 25 March 2014)
Independent Non-executive Directors	
Dr. CHUNG Shui Ming Timpson	(Appointed on 25 March 2014)
Dr. CHEN Jieping	(Appointed on 25 March 2014)
Dr. ZHANG Rungang	(Appointed on 25 March 2014)

Pursuant to article 16.3 of the Company's Articles and clause 29.2(g) of the Trust Deed, any Director of the Company and any Director of the Trustee-Manager appointed as an addition to the Company Board shall only hold office until the next following annual general meeting of the Company or the next following annual general meeting of the Trust, as the case may be, and shall be eligible for re-election at that meeting, subject to compliance with the applicable provisions of the Company's Articles and the Trust Deed. Accordingly, all of the current Directors will hold office until the 2014 AGM and then be eligible for re-election at the said meeting.

The independence of independent non-executive Directors of the Trustee-Manager and the Company is subject to assessment by the remuneration and nomination committee of the Company. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules, and the Boards are of the view that all independent non-executive Directors of the Trustee-Manager and the Company are independent of the Trustee-Manager and the Company.

Profile of Directors and senior management

The biographical details of Directors of the Trustee-Manager and the Company and senior management of the Company are set out on pages 66 to 76 of this report.

Directors' service contracts

None of the Directors had a service contract with the Trustee-Manager, the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

Remuneration of Directors

Details of remuneration of Directors of the Company are set out in note 9 to the consolidated financial statements of the Trust Group.

Pursuant to provisions of relevant letters of appointment/employment contracts, the remuneration of all Directors is to be borne by the Company.

Directors' interests and short positions in Share Stapled Units, underlying share stapled units and debentures

As at 31 December 2014, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange, will be as follows:

Name of Director	Capacity	Name of associated corporation	Number of shares held or owned in the associated corporation(1)	Percentage of issued shares of the associated corporation
HE Cao	Beneficial owner	Franshion	1,500,000 (long position)	0.0164%
LI Congrui	Beneficial owner	Franshion	1,450,000 (long position)	0.0158%
JIANG Nan	Beneficial owner	Franshion	1,618,610 (long position)	0.0177%

Note: (1) Franshion holds 66.53% equity interests in Jinmao Investments and the Company as at the date of this report and accordingly is an associated corporation of Jinmao Investments and the Company. The above interests represent the underlying shares subject to share options of Franshion held by the Directors of the Trustee-Manager and the Company, which comprise of unlisted equity derivatives.

Save as disclosed above, as at 31 December 2014, none of the Directors and the chief executive of the Company has any interests and/or short positions (as applicable) in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange.

Interest of Substantial Holders of Share Stapled Units

As at 31 December 2014, the interests or short positions of persons (other than the Directors or chief executives of the Company) in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Part XV of section 336 of the SFO, to be recorded in the register required under such section as having an interest in 5% or more of the issued Share Stapled Units are as follows:

Name of Holders of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested	Long position/ short position	Percentage of issued Share Stapled Units
Franshion	Beneficial owner	1,330,603,000	Long position	66.53%
Sinochem Hong Kong (Group) Company Limited(1)	Interest in a controlled corporation	1,330,603,000	Long position	66.53%
Sinochem Corporation(1)	Interest in a controlled corporation	1,330,603,000	Long position	66.53%
Sinochem Group(1)	Interest in a controlled corporation	1,330,603,000	Long position	66.53%
TONG Jinquan(2)	Beneficial owner	185,218,000	Long position	9.26%

Notes: (1) Sinochem Group holds 98.00% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong (Group) Company Limited, which in turn holds 63.52% equity interests in Franshion. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong (Group) Company Limited are all deemed to be interested in the Share Stapled Units beneficially owned by Franshion.

(2) Mr. TONG Jinquan is interested in 185,218,000 Share Stapled Units of the Company by virtue of his wholly-owned subsidiary, Wealthy Fountain Holdings Inc.

Save as disclosed above, as at 31 December 2014, no person (other than the Directors of the Trustee-Manager and the Company as set out below) had an interest or short position in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register required under such section.

PRE-EMPTIVE RIGHTS

There is no provision with respect to pre-emptive rights under the Company's Articles and there is no provision under the law of Cayman Islands requiring new Share Stapled Units be offered to existing Holders of Share Stapled Units on a pro-rata basis.

MAJOR CUSTOMERS AND SUPPLIERS

During the Review Period, the five largest customers of the Trust Group accounted for no more than 30% of its total sales and its five largest suppliers accounted for no more than 30% of its total purchase.

Save as disclosed above, none of the Directors or their associates or any Holders of Share Stapled Units (which to the knowledge of the Trustee-Manager Board and the Company Board own more than 5% of the issued Share Stapled Units) had any interest in any of the five largest customers or suppliers of the Trust Group.

Compliance with non-compete undertaking

In order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the Franshion Group (on the other hand), the Company and Franshion have entered into the Hotel Arrangements Deed pursuant to which (i) Franshion has agreed to provide a non-compete undertaking that, except with the prior written consent of the Company, the Franshion Group will not develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC, which is where Jin Mao Tower is located; and (ii) the parties have agreed to certain arrangements relating to the existing and future interests of the Franshion Group in hotels (the "Hotel Arrangements").

Please refer to the Prospectus for further information with respect to the non-compete undertaking and the Hotel Arrangements.

Directors' interests in contracts of significance

During the Review Period, no contract of significance to which the Trustee-Manager, the Company or its subsidiaries, its substantial Holders of Share Stapled Units, its holding company or any of its fellow subsidiaries was a party and in which a Director of the Trustee-Manager and the Company had a material interest, whether directly or indirectly, subsisted as at the end of the year or at any time during the year.

Employees and remuneration policies

As at 31 December 2014, the Group employed 4,218 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are reviewed regularly against market standards.

Connected transactions

As disclosed in the Prospectus, the Trust Group has entered into certain transactions with parties who were connected persons of the Trust Group.

Following completion of the Listing, as Franshion is the controlling Holder of Share Stapled Units, Franshion and its subsidiaries are connected persons of the Trust Group. As Sinochem Group is the controlling shareholder of Franshion, Sinochem Group and its subsidiaries are connected persons of the Trust Group. Accordingly, the transactions entered into with the Franshion Group and the Sinochem Conglomerate will constitute connected transactions for the Trust Group.

Given the above, particulars of transactions constituting connected transactions of the Trust and the Company under the Listing Rules are set out below:

		Total transaction amount during the Review Period (HK$'000)
A	Financial assistance	
	Distribution Guarantee and Shortfall Payments Deed	252,004
B	One-off connected transactions	
1.	Project consulting agreement	31,490
2.	Property management services agreement	29,058
3.	Decoration services agreement	195,294
C	Non-exempt continuing connected transactions	
1.	Hotel property management agreement	1,633
2.	Commercial property management agreement	1,156
3.	Framework lease agreement	134,351[1]
	(i) Sinochem framework lease agreement	118,928
	(ii) Franshion framework lease agreement	15,423

Note: (1) Equivalent to approximately RMB106,391,494, based on the average exchange rate for the year 2014.

Directors of the Trustee-Manager and the Company confirmed that the connected transactions of the Trust and the Company had complied with disclosure requirements under Chapter 14A of the Listing Rules.

A. Financial assistance

Franshion and the Trustee-Manager (as the trustee-manager of Jinmao Investments) have entered into the Distribution Guarantee and Shortfall Payments Deed dated 13 June 2014 pursuant to which Franshion agreed to:

(i) provide the Distribution Guarantee for the period from the Listing Date to 31 December 2014 of an amount which represents an annualised distribution guarantee amount of HK$960 million for the financial year ending 31 December 2014. As the Listing Date is 2 July 2014, the distribution guarantee amount is HK$481 million. If the distributable income of the Trust Group for the period from the Listing Date to 31 December 2014 is less than the distribution guarantee amount, Franshion will make the distribution shortfall payment to the Trustee-Manager of an amount equal to the difference between the distribution guarantee amount and the distributable income of the Trust Group for the period from the Listing Date to 31 December 2014. The Distribution Guarantee is a means of providing the Holders of Share Stapled Units with a minimum expected income and yield from their holdings of Share Stapled Units during the period from the Listing Date to 31 December 2014; and

(ii) provide the shortfall payments up to an aggregate amount of HK$300 million during the entire duration of the financial years ending 31 December 2015, 2016 and 2017 to enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the shortfall payment hotels (being Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang) for an initial period of time following their commencement of operation and to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group for the financial years ending 31 December 2015, 2016 and 2017.

B. One-off connected transactions

1. *Project consulting agreement*

The Company and Franshion have entered into a project consulting agreement dated 13 June 2014 (the "Project Consulting Agreement") pursuant to which Franshion agreed to provide certain project consulting services in respect of Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel, respectively, from the Listing Date until the date of completion of the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel.

The project consulting services to be provided by Franshion include, but are not limited to, managing, supervising and advising on the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel, respectively.

Under the terms of the Project Consulting Agreement, Franshion is entitled to receive a one-time fee for the project consulting services amounting to RMB25 million (approximately HK$31.5 million). The project consulting fee is based on the total development costs expected to be incurred from the Listing Date until the date of completion of the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel. The arrangements contemplated in the Project Consulting Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel commenced operations on 28 September 2014 and 29 August 2014, respectively.

2. *Property management service agreement*

Shanghai Property Management primarily provides property management services to Jin Mao Tower and also provides other property management services which consist of (a) managing the residential properties of third party property owners and the Franshion Group, (b) managing certain office buildings of third party office owners and the Franshion Group and (c) providing property services for the sales and display units of residential properties developed by the Franshion Group.

As at the Listing Date, Shanghai Property Management had 11 property management agreements entered into with members of the Franshion Group which had not been terminated or transferred to the Franshion Group. Even though these property management agreements were entered into with members of the Franshion Group, Shanghai Property Management is required to obtain the consent of the relevant regulatory bodies and office tenants in order to terminate or transfer the relevant ongoing management services, which is outside the control of the Company. Therefore, it is not practical to terminate the ongoing management services prior to the Listing. Subject to obtaining the consent of the counterparties to these property management agreements, the Group intends to transfer such property management agreements to the Franshion Group as soon as practicable. If consent for the transfer of such property management agreements to the Franshion Group cannot be obtained, it is the Group's intention not to enter into any new agreements to provide property management services upon the termination of these existing property management agreements.

As at 31 December 2014, there were 2 property management agreements between Shanghai Property Management and the Franshion Group not terminated or transferred to the Franshion Group, as Shanghai Property Management had not yet obtained the consent of the relevant regulatory bodies and tenants.

3. *Decoration service agreement*

Members of the Group have entered into decoration services agreements with Shanghai Decoration prior to the Listing Date (the "Decoration Services Agreements") pursuant to which Shanghai Decoration will provide certain decoration services to the Group, which include, but are not limited to, the renovation and interior design works for hotel rooms, offices and other related facilities. The duration of the Decoration Services Agreements entered into range between five months and a year, depending on the nature of the renovation and interior design works to be provided by Shanghai Decoration. Major renovation works tend to require a longer period of time whereas the refurbishment of hotel rooms may require only a few months to complete.

Members of the Group generally source decoration services through a bidding process where both independent third parties and members of the Franshion Group are invited to submit bids. Decoration service providers are typically selected based on several factors, including price, reputation of the service provider and quality of the services offered.

The Decoration Services Agreements were completed by the end of 2014. The transaction amounts under the Decoration Services Agreements shall be paid in stages as and when certain payment milestones under the Decoration Services Agreements have been met.

C. Non-exempt continuing connected transactions

1. Hotel property management agreement

The Company and Franshion entered into a hotel property management agreement dated 13 June 2014 (the "Hotel Property Management Agreement") pursuant to which the Company has agreed to provide hotel property management services in respect of the Excluded Hotels to the Franshion Group. The arrangements under the Hotel Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Hotel Property Management Agreement, the hotel property management services relate to overseeing and monitoring the performance of the third party hotel managers of their obligations under the relevant hotel management agreements, advising on hotel improvements and overseeing the financial performance of the Excluded Hotels.

Under the Hotel Property Management Agreement, the Group is entitled to receive an annual fee comprising a basic management fee of 0.5% of the total development costs of an Excluded Hotel and an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of each Excluded Hotel upon the formal opening of such Excluded Hotel.

The Hotel Property Management Agreement took effect on the Listing Date and will be valid for a period of three years, subject to compliance with the applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement.

2. *Commercial property management agreement*

Franshion (Shanghai) entered into commercial property management agreement with China Jin Mao (Group) Co., Ltd. dated 13 June 2014 (the "Commercial Property Management Agreement") pursuant to which the Franshion Group will provide the commercial property management services to the Group. The arrangements under the Commercial Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Commercial Property Management Agreement, the commercial property management services relate to the provisions of certain commercial property management services, including leasing management, marketing management, and project management and other relevant services as may be reasonably required by China Jin Mao (Group) Co., Ltd. and Jin Mao Sanya Tourism Company Limited, in relation to the commercial portions of the Group's Properties, currently being the "J • LIFE" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya.

Under the Commercial Property Management Agreement, the Franshion Group will be entitled to receive an annual fee comprising 3% of the annual rental income from the commercial portions of the Group's Properties, currently being the "J • LIFE" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya.

The Commercial Property Management Agreement took effect on the Listing Date and will be valid for a period of three years, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Commercial Property Management Agreement.

In accordance with Rule 14A.53 of the Listing Rules, the Group has set annual caps for the maximum aggregate amounts payable to the Franshion Group under the Commercial Property Management Agreements for FY2014, FY2015 and FY2016, which amount to approximately RMB3.7 million, RMB3.8 million and RMB3.9 million, respectively.

The above mentioned annual caps in respect of the commercial property management services have been estimated primarily based on similar commercial property management agreements entered into by other listed hospitality business, trusts and real estate investment trusts which invest in commercial assets.

3. *Framework lease agreement*

Members of the Sinochem Conglomerate and members of the Franshion Group have entered into, and may in the future from time to time renew and enter into, lease agreements with the Group for office space in Jin Mao Tower (the "Individual Lease Agreements"). The total rental paid by the tenants under the Individual Lease Agreements include (i) the rental rates of the office space leased, (ii) the management fees of the relevant office space and (iii) various other fees. The management fees are charged by the property management company and may be adjusted upwards due to an increase in property management costs. The other fees are sundry charges actually incurred by the tenants, which include but are not limited to parking space rentals, car-park management fees, parking fees, utilities and overtime air-conditioning fees. The Individual Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. In addition, the Individual Lease Agreements entered into with members of the Sinochem Conglomerate and members of the Franshion Group are renewable, subject to consent from the relevant parties.

The Company has entered into (i) a master framework lease agreement with Sinochem Group dated 13 June 2014 (the "Sinochem Framework Lease Agreement") and (ii) a master framework lease agreement with Franshion dated 13 June 2014 (the "Franshion Framework Lease Agreement", together with the Sinochem Framework Lease Agreement, the "Framework Lease Agreements") to supplement the Individual Lease Agreements for these continuing connected transactions such that the terms shall be on normal commercial terms. All existing and future Individual Lease Agreements entered into by members of the Sinochem Conglomerate and members of the Franshion Group with the Group will be regulated by their respective Framework Lease Agreements.

Each Framework Lease Agreement took effect on the Listing Date, will be valid for a period of three years and be automatically renewable for successive periods of three years thereafter, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the respective Framework Lease Agreements.

The rentals received from each of the Sinochem Conglomerate and the Franshion Group to the Group were determined based on arm's length negotiations between the Group and each lessee of the Individual Leasing Agreements on the then prevailing market rates and on normal commercial terms.

In accordance with Rule 14A.53 of the Listing Rules, the Group has aggregated the annual caps for the Framework Lease Agreements, which are set with reference to the aggregate rental income received under the Individual Lease Agreements during the three years ended 31 December 2013 and the Group has also taken into account the following key factors in estimating the annual caps for the three years under each of the Framework Lease Agreements:

- the agreed rental rates in the existing Individual Lease Agreements and the prevailing rental rates of office space in, and in the proximity of, Jin Mao Tower which are leased to independent third parties;

- the previous adjustments of rental rates of office space in, and in the proximity of, Jin Mao Tower, and assuming that all the Individual Lease Agreements will be renewed based on the then rental rates when these existing leases expire, it is estimated that there will be an average annual upward adjustment of approximately 7% for the rental rates for each of the three years from 2014 to 2016;

- given that the management fees, which are payable under the Individual Lease Agreements, may be adjusted under the Individual Lease Agreements by taking into account the rate of property management costs in Shanghai, it has been estimated an annual upward adjustment of 7% to the management fees for each of the three years from 2014 to 2016;

- the business growth and demand of each of the members of the Sinochem Group and its subsidiaries (other than the Trust Group and the Franshion Group) and the members of the Franshion Group for office space, given the significance of the Shanghai market to the businesses of members of the Sinochem Conglomerate and members of the Franshion Group. During FY2014, the total floor area rented by members of the Sinochem Conglomerate was approximately 24,552 sq.m., and the total floor area rented by members of the Franshion Group was approximately 2,904 sq.m.; and

- on the basis of the general increase in the market prices of the other fees, in particular, parking space rentals, it has been estimated an annual increase of 10% to the other fees for each of the three years from 2014 to 2016.

On the basis of the above key factors, the aggregate rental payable to the Group under the Framework Lease Agreements for FY2014, FY2015 and FY2016 are approximately RMB106.6 million, RMB130.2 million and RMB166.7 million, respectively.

D. Waiver application for non-exempt continuing connected transactions

The Trustee-Manager and the Company have applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from strict compliance with the announcement requirement and, if applicable, the approval of independent Holders of Share Stapled Units requirement of the Listing Rules relating to each of the above non-exempt continuing connected transactions in respect of the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

In addition, the Trustee-Manager and the Company have also applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from Rule 14A.53 of the Listing Rules in relation to the setting of monetary annual caps for the fees payable under the Hotel Property Management Agreement for the duration of the Hotel Property Management Agreement as more particularly set out in the description of this transaction in paragraph 1 under "— C. Non-exempt Continuing Connected Transactions" above.

Apart from the requirement with which strict compliance has been waived by the Stock Exchange as described above, the Trustee-Manager and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules that are applicable to the continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

Save as disclosed above, further details and conditions of exempt continuing connected transactions and waivers are set out in the Prospectus.

E. Review on connected transactions

Pursuant to Rule 14A.55 of the Listing Rules, the Directors of the Trustee-Manager and the Company (including independent non-executive Directors) have reviewed the above continuing connected transactions in the year ended 31 December 2014 and acknowledged that such transactions are:

(1) entered into in the normal and ordinary course of business of the Company;

(2) on normal commercial terms or terms no less favourable than those offered by or available from independent third parties to the Trust Group; and

(3) conducted in accordance with terms of agreements governing such transactions which are fair and reasonable and in the interest of Holders of Share Stapled Units as a whole.

The auditor of the Trustee-Manager and the Company has been engaged to report on the above connected transactions of the Trust Group in accordance with the Hong Kong Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules. The auditor has issued an unqualified letter in accordance with Rule 14A.56 of the Listing Rules containing its findings and conclusion on the above continuing connected transactions of the Trust Group. The Trustee-Manager and the Company has submitted a copy such letter to the Stock Exchange no later than 10 business days before the bulk printing of this report.

The Trustee-Manager Board acknowledged that amounts paid or payable to the Trustee-Manager for the Trust Property under the Trust are in compliance with the Trust Deed, and that they were not aware of any misconduct of the Trustee-Manager which may have a material and adverse effect on the operation of the Trust or the interest of all Holders of Share Stapled Units as a whole.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on publicly available information to the Trustee-Manager and the Company and to the best knowledge of the Directors, the public float of Share Stapled Units of the Trust Group in issue was sufficient and above 25%.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period from the Listing Date to 31 December 2014, no material acquisition or disposal was carried out by the Group.

MATERIAL LITIGATION

For the year ended 31 December 2014, the Trust Group was not subject to any material litigation that could have an adverse impact on the Trust Group.

AUDITORS

The financial statements of the Trust Group and the Trustee-Manager have been audited by Ernst & Young, who has offered themselves for reappointment. A resolution will be proposed at the forthcoming 2014 AGM of Holders of Share Stapled Units to re-appoint Ernst & Young as the auditors of the Company and the Trustee-Manager.

CORPORATE GOVERNANCE

The Trust, the Trustee-Manager and the Company embraced the importance of maintaining and developing high standard corporate governance practices to protect and safeguard the interest of Holders of Share Stapled Units. The Trustee-Manager and the Company have been in compliance with all applicable code provisions under the Corporate Governance Code throughout the period from the Listing Date to 31 December 2014, and had adopted certain best practices recommended therein where applicable.

Further details of the corporate governance code and practices of the Company are set out in the consolidated corporate governance report on pages 77 to 92 of this report.

By Order of the Board
Jinmao (China) Investments Manager Limited (as the Trustee-Manager of the Trust) and
Jinmao (China) Investments Holdings Limited

HE Cao
Chairman
Hong Kong, 25 March 2015

INDEPENDENT AUDITORS' REPORT

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To the holders of share stapled units of Jinmao Investments and Jinmao (China) Investments Holdings Limited
(Jinmao Investments is a trust constituted under the laws of Hong Kong; Jinmao (China) Investments Holdings Limited is registered in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jinmao Investments (the "Trust"), Jinmao (China) Investments Holdings Limited (the "Company") and its subsidiaries (together, the "Group") and of the Company and its subsidiaries (the "JCIHL Group") set out on pages 112 to 187 (together referred to as "the Trust and the Company's consolidated financial statements"). As explained in note 2.1 to the Trust and the Company's consolidated financial statements, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together. The Trust and the Company's consolidated financial statements together comprise the consolidated statement of financial position of the Group and of the JCIHL Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and of the JCIHL Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the Trust and the Company's consolidated financial statements

The directors of Jinmao (China) Investments Manager Limited (the "Trustee-Manager") (in its capacity as the trustee-manager of the Trust) and the directors of the Company are responsible for the preparation of the Trust and the Company's 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 the Trust and the Company's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

Auditors' responsibility (Continued)

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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

Opinion

In our opinion, the Trust and the Company's consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group and the JCIHL Group as at 31 December 2014, and of the Group and the JCIHL 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.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	6	2,761,146	2,634,161
Cost of sales		(1,207,786)	(1,106,969)
Gross profit		1,553,360	1,527,192
Other income and gains	6	42,423	80,838
Fair value gains on investment properties	16	1,339,882	843,116
Selling and marketing expenses		(266,812)	(158,793)
Administrative expenses		(896,941)	(590,998)
Other expenses and losses, net		92	(2,213)
Finance costs	8	(374,385)	(333,823)
Share of profits of joint ventures		3,179	2,293
PROFIT BEFORE TAX	7	1,400,798	1,367,612
Income tax expense	11	(493,689)	(354,218)
PROFIT FOR THE YEAR		907,109	1,013,394
EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY	14		
Basic		HK53.33 cents	HK72.39 cents
Diluted		HK53.33 cents	HK72.39 cents

Details of the distributions payable and proposed to holders of share stapled units/shareholders of the Company for the year are disclosed in note 13 to the Trust and the Company's consolidated financial statements.

CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR	907,109	1,013,394
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(40,530)	341,720
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(40,530)	341,720
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	866,579	1,355,114

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	9,210,348	7,858,116
Investment properties	16	10,257,292	8,934,716
Prepaid land lease payments	17	1,711,052	1,764,836
Intangible assets	18	21,590	12,178
Prepayments	23	2,957	50,988
Investments in joint ventures	20	45,101	42,052
Deferred tax assets	29	29,118	56,595
Total non-current assets		21,277,458	18,719,481
CURRENT ASSETS			
Inventories	21	27,457	25,132
Trade receivables	22	52,215	54,849
Prepayments, deposits and other receivables	23	152,461	130,923
Due from related parties	24	1,788	396,867
Restricted bank balances	25	23,421	5
Cash and cash equivalents	25	1,105,562	1,183,337
Total current assets		1,362,904	1,791,113
CURRENT LIABILITIES			
Trade payables	26	125,768	96,912
Other payables and accruals	27	1,326,715	1,101,429
Interest-bearing bank and other borrowings	28	2,182,963	3,469,875
Due to related parties	24	1,784,391	190,414
Tax payable		50,832	45,100
Total current liabilities		5,470,669	4,903,730
NET CURRENT LIABILITIES		(4,107,765)	(3,112,617)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,169,693	15,606,864
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	28	6,139,169	2,098,635
Deferred tax liabilities	29	1,923,755	1,577,572
Total non-current liabilities		8,062,924	3,676,207
Net assets		9,106,769	11,930,657

	Notes	2014 HK$'000	2013 HK$'000
EQUITY			
Issued capital	30	2,000	7,800
Reserves	31(a)	8,875,773	11,922,857
Proposed 2014 distributions	13	228,996	–
Total equity		9,106,769	11,930,657

He Cao
Director

Zhang Hui
Director

CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Issued capital HK$'000	Share premium account HK$'000	Merger reserve HK$'000 (note 31(a))	Capital reserve HK$'000 (note 31(a))	PRC statutory surplus reserve HK$'000 (note 31(a))	Exchange fluctuation reserve HK$'000	Assets revaluation reserve HK$'000 (note 31(a))	Retained profits HK$'000	Proposed distributions HK$'000	Total equity HK$'000
At 1 January 2013	7,800	10,072,223	(6,917,281)	(45,615)	428,547	1,868,082	83,751	4,697,287	–	10,194,794
Profit for the year	–	–	–	–	–	–	–	1,013,394	–	1,013,394
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	341,720	–	–	–	341,720
Total comprehensive income for the year	–	–	–	–	–	341,720	–	1,013,394	–	1,355,114
Capital contribution from a shareholder	–	–	380,749	–	–	–	–	–	–	380,749
Transfer from retained profits	–	–	–	–	84,127	–	–	(84,127)	–	–
At 31 December 2013 and 1 January 2014	7,800	10,072,223*	(6,536,532)*	(45,615)*	512,674*	2,209,802*	83,751*	5,626,554*	–	11,930,657
Profit for the year	–	–	–	–	–	–	–	907,109	–	907,109
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(40,530)	–	–	–	(40,530)
Total comprehensive income for the year	–	–	–	–	–	(40,530)	–	907,109	–	866,579
Share repurchase and cancellation (note 30)	(7,800)	–	–	–	–	–	–	–	–	(7,800)
Issue of share stapled units in connection with group reorganisation (note 30)	1,400	6,400	–	–	–	–	–	–	–	7,800
Issue of share stapled units in connection with the listing of share stapled units (note 30)	600	3,209,400	–	–	–	–	–	–	–	3,210,000
Share issue expenses	–	(96,656)	–	–	–	–	–	–	–	(96,656)
Distribution to a shareholder	–	–	(482,564)	–	–	–	–	–	–	(482,564)
Special dividends declared (note 13)	–	(6,321,247)	–	–	–	–	–	–	–	(6,321,247)
Proposed 2014 distributions (note 13)	–	(228,996)	–	–	–	–	–	–	228,996	–
Transfer from retained profits	–	–	–	–	19,131	–	–	(19,131)	–	–
At 31 December 2014	2,000	6,641,124*	(7,019,096)*	(45,615)*	531,805*	2,169,272*	83,751*	6,514,532*	228,996	9,106,769

* These reserve accounts comprise the consolidated reserves of HK$8,875,773,000 as at 31 December 2014 (2013: HK$11,922,857,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,400,798	1,367,612
Adjustments for:			
Finance costs	8	374,385	333,823
Share of profits of joint ventures		(3,179)	(2,293)
Bank interest income	6	(14,656)	(24,151)
Other interest income	6	(8,484)	(29,258)
Loss/(gain) on disposal of items of property, plant and equipment and intangible asset	7	(3,986)	323
Impairment of items of property, plant and equipment	7	–	2,108
Reversal of impairment of trade receivables	7	(92)	(218)
Fair value gains on investment properties	16	(1,339,882)	(843,116)
Depreciation	7, 15	250,887	216,202
Recognition of prepaid land lease payments	7	51,862	50,476
Amortisation of intangible assets	7, 18	4,166	5,407
		711,819	1,076,915
(Increase)/decrease in inventories		(2,325)	64
(Increase)/decrease in trade receivables		2,726	(678)
(Increase)/decrease in prepayments, deposits and other receivables		25,662	(92,086)
Decrease in amounts due from related parties		13,509	4,193,246
Increase in trade payables		28,856	12,688
Increase/(decrease) in other payables and accruals		115,493	(75,927)
Increase/(decrease) in amounts due to related parties		1,593,977	(3,632,777)
Exchange differences		(89,518)	(31,119)
Cash generated from operations		2,400,199	1,450,326
Interest received		23,140	53,409
PRC corporate income tax paid		(110,613)	(92,596)
Net cash flows from operating activities		2,312,726	1,411,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,515,174)	(743,411)
Proceeds from disposal of items of property, plant and equipment and intangible assets		11,224	2,368
Additions to investment properties	16	(7,779)	(12,046)
Additions to prepaid land lease payments	17	(6,435)	(29,643)
Proceeds from disposal of land use rights		–	95,555
Additions to intangible assets	18	(15,445)	(5,470)
(Increase)/decrease in amounts due from related parties		381,570	(381,570)
Decrease in pledged deposits		–	220,761
(Increase)/decrease in restricted bank balances		(23,416)	6
Net cash flows used in investing activities		(1,175,455)	(853,450)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share stapled units	30	3,210,000	–
Share issue expenses		(96,656)	–
New bank and other borrowings		12,535,770	11,254,341
Repayment of bank and other borrowings		(9,678,056)	(11,104,257)
Interest paid		(362,057)	(304,831)
Decrease in amounts due to related parties		–	(986,640)
Special dividends paid	13	(6,321,247)	–
Distribution to a shareholder		(482,564)	–
Capital contribution from a shareholder		–	380,749
Net cash flows used in financing activities		(1,194,810)	(760,638)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(57,539)	(202,949)
Cash and cash equivalents at beginning of year		1,183,337	1,359,880
Effect of foreign exchange rate changes, net		(20,236)	26,406
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,105,562	1,183,337
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	909,076	1,008,460
Non-pledged time deposits with original maturity of less than three months when acquired		67,835	78,716
Non-pledged time deposits with original maturity of over three months when acquired with option to withdraw upon demand similar to demand deposits		128,651	96,161
Cash and cash equivalents as stated in the consolidated statement of financial position	25	1,105,562	1,183,337

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	19	10,080,023	10,080,023
CURRENT ASSETS			
Prepayments	23	224	–
Due from a subsidiary	19	593,494	–
Restricted bank balances	25	23,417	–
Cash and cash equivalents	25	241,364	–
Total current assets		858,499	–
CURRENT LIABILITIES			
Other payables	27	28,892	20
Due to subsidiaries	19	204	–
Due to a related party	24	260,367	–
Total current liabilities		289,463	20
NET CURRENT ASSETS/(LIABILITIES)		569,036	(20)
TOTAL ASSETS LESS CURRENT LIABILITIES		10,649,059	10,080,003
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	3,920,869	–
Net assets		6,728,190	10,080,003
EQUITY			
Issued capital	30	2,000	7,800
Reserves	31(b)	6,497,194	10,072,203
Proposed 2014 distributions	13	228,996	–
Total equity		6,728,190	10,080,003

He Cao
Director

Zhang Hui
Director

1. CORPORATE INFORMATION AND GROUP REORGANISATION

Jinmao (China) Investments Holdings Limited (the "Company"), formerly known as Wise Pine Limited, was incorporated in the British Virgin Islands as a company with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

Jinmao Investments (the "Trust") was constituted as a trust on 13 June 2014 by a Hong Kong law governed trust deed (the "Trust Deed") entered into between Jinmao (China) Investments Manager Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the Trust) and the Company. The scope of activities of the Trust specified in the Trust Deed is essentially limited to investing in the Company, and the powers, authorities and rights of the Trustee-Manager conferred by the Trust Deed are commensurately limited.

The share stapled units (the "Share Stapled Units") structure comprises: (i) a unit in the Trust; (ii) a beneficial interest in a specifically identified ordinary share in the Company which is "linked" to the unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (iii) a specifically identified preference share in the Company which is "stapled" to the unit. The Share Stapled Units jointly issued by the Trust and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 July 2014 (the "Listing Date") (the "Listing").

The Company is an investment holding company. During the year, the Trust, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") were principally engaged in the hotel operations, property leasing and provision of property management services in the People's Republic of China (the "PRC").

In the opinion of the directors of the Trustee-Manager and the Company (the "Directors"), Franshion Properties (China) Limited ("Franshion"), a company incorporated in Hong Kong and listed on the Stock Exchange, is the immediate holding company of the Trust and the Company, and the ultimate holding company of the Trust and the Company is Sinochem Group, a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

In order to rationalise the corporate structure of the Group in preparation for the Listing, the Trust and the Company underwent a group reorganisation (the "Reorganisation"), further details of which are set out in the Trust and the Company's prospectus dated 19 June 2014 (the "Prospectus").

2.1 BASIS OF PRESENTATION

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's consolidated financial statements for the period ended 31 December 2014 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries ("Trust Group"). The Company's consolidated financial statements for the year ended 31 December 2014 comprise the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "JCIHL Group"), and the statement of financial position of the Company.

The Trust controls the Company and the sole activity of the Trust during the period ended 31 December 2014 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated financial results and financial position of the Company with the only difference being disclosures of capital of the Company. The Directors believe therefore that it is clearer to present the consolidated financial statements of the Trust and the Company together. The consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together to the extent they are identical and are hereinafter referred as the "Trust and the Company's consolidated financial statements".

The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of changes in equity, the consolidated statements of cash flows, the significant accounting policies and the related explanatory information are common to the Trust and the Company. The Company's consolidated financial statements also include the stand-alone statement of financial position of the Company, and the relevant explanatory information in notes 13, 19, 23, 24, 25, 27, 28, 30 and 31(b) where information specific to the Company are disclosed separately.

The Trust Group and the JCIHL Group are referred as the "Groups".

Pursuant to the Reorganisation, the Trust was established on 13 June 2014 and the Company became the holding company of the companies then comprising the Groups prior to the Listing Date. Since the Trust, the Company and the companies then comprising the Groups were under common control of Franshion both before and after the Reorganisation, the Reorganisation was accounted for using the principles of merger accounting.

The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Groups for the years ended 31 December 2013 and 2014 include the results and cash flows of all companies then comprising the Groups from the earliest date presented or since the date when the subsidiaries first came under the common control of Franshion, where this is a shorter period. The consolidated statements of financial position of the Groups as at 31 December 2013 and 2014 have been prepared to present the assets and liabilities of the Groups using the existing carrying values from Franshion's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities recognised as a result of the Reorganisation. Equity interests in subsidiaries held by parties other than Franshion prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Trust and the Company's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The Trust and the Company's consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The Trust and the Company's consolidated financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The Trust and the Company's consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the Trust and the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Groups obtain control, and continue to be consolidated until the date that such control ceases. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

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

The Groups reassess whether or not they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.3 NET CURRENT LIABILITIES

The Groups had net current liabilities of HK$4,107,765,000 as at 31 December 2014 (2013: HK$3,112,617,000). The Directors are of the opinion that, based on a detailed review of the working capital forecast of the Groups and the available unutilised banking facilities, the Groups will have the necessary liquid funds to finance the Groups' working capital and to meet the Groups' capital expenditure requirements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the Trust and the Company's consolidated financial statements on a going concern basis. Should the Groups be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Trust and the Company's consolidated financial statements.

2.4 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Groups have not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Trust and the Company's consolidated financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Groups

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the Trust and the Company's consolidated financial statements for the year ending 31 December 2015. The Groups are in the process of making an assessment of the impact of these changes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Trust and the Company. Control is achieved when the Groups are exposed, or have rights, to variable returns from the Groups' involvement with the investee and have the ability to affect those returns through the Groups' power over the investee (i.e., existing rights that give the Groups the current ability to direct the relevant activities of the investee).

When the Trust and the Company have, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Groups consider all relevant facts and circumstances in assessing whether the Groups have power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Groups' voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-Current Assets Held For Sale and Discontinued Operations* are stated at cost less any impairment losses.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Groups' investments in joint ventures are stated in the consolidated statement of financial position at the Groups' share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Groups' share of the post-acquisition results and other comprehensive income of joint ventures are included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Groups recognise their share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Groups and the Groups' joint ventures are eliminated to the extent of the Groups' investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Groups' investments in joint ventures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Groups measure their investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Groups. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Groups use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Groups determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Groups if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Groups;
- (ii) has significant influence over the Groups; or
- (iii) is a member of the key management personnel of the Groups or of a parent of the Groups;

or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Groups are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Groups are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Groups recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% – 2.8%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property as a revalued asset at the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and is dealt with as movements in the asset revaluation reserve, if the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Groups are the lessor, assets leased by the Groups under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Groups are the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Groups commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses and losses.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Groups' consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Groups have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Groups have transferred substantially all the risks and rewards of the asset, or (b) the Groups have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Groups have transferred the Groups' rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Groups evaluate if and to what extent the Group have retained the risk and rewards of ownership of the asset. When the Groups have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Groups continue to recognise the transferred asset to the extent of the Groups' continuing involvement.In that case, the Groups also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Groups have retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Groups could be required to repay.

Impairment of financial assets

The Groups assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor 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 observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Groups first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Groups determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Groups.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Groups' financial liabilities include trade payables, other payables and accruals, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Groups' cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposit, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in countries in which the Groups operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Groups and when the revenue can be measured reliably, on the following bases:

(a) hotel and other service income, in the period in which such services are rendered;

(b) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;

(c) from the rendering of property management services, in the period in which such services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Pension schemes

The Groups operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of the Groups' employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Groups in an independently administered fund. The Groups' employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Groups' subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 5.54% and 7.87% has been applied to the expenditure on the individual assets.

Dividends/distributions

Dividends/distributions proposed by the Directors are classified as a separate allocation of retained profits and/or share premium account within the equity section of the statement of financial position, until they have been approved by the shareholders/holders of Share Stapled Units in a general meeting. When these dividends/distributions have been approved by the shareholders/holders of Share Stapled Units and declared, they are recognised as a liability.

Foreign currencies

The Trust and the Company's consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Groups determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Groups are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of all subsidiaries and joint ventures operating in Mainland China is Renminbi ("RMB"). As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of all subsidiaries and joint ventures operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of all subsidiaries and joint ventures operating in Mainland China which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Trust and the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Groups' accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Trust and the Company's consolidated financial statements:

Operating lease commitments – Groups as lessor

The Groups have entered into commercial property leases on the Groups' investment property portfolio. The Groups have determined, based on an evaluation of the terms and conditions of the arrangements, that the Groups retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Groups determine whether a property qualifies as an investment property, and have developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Groups consider whether a property generates cash flows largely independently of the other assets held by the Groups. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Groups account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Withholding tax arising from the distribution of dividends

The Groups' determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade and other receivables

The policy for impairment of trade and other receivables of the Groups is based on the ongoing evaluation of the collectability, aging analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Groups were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Groups consider information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2014 was HK$10,257,292,000 (2013: HK$8,934,716,000). Further details, including the key assumptions used for fair value measurement, are given in note 16 to the Trust and the Company's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

The Groups assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

PRC corporate income tax

The Groups are subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters are different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable as at 31 December 2014 was HK$50,832,000 (2013: HK$45,100,000).

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of each reporting period and is determined by the Groups having taken suitable external advice and in light of recent market transactions. The carrying amount of inventories as at 31 December 2014 was HK$27,457,000 (2013: HK$25,132,000).

5. OPERATING SEGMENT INFORMATION

For management purposes, the Groups are organised into business units based on the products and services they provided and have three reportable operating segments as follows:

(a) the property leasing segment leases office and commercial premises;

(b) the hotel operations segment provides hotel accommodation services; and

(c) the "others" segment mainly comprises the provision of property management and the operation of an observation deck.

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

Segment assets exclude deferred tax assets, due from related parties, restricted bank balances, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, due to related parties, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Groups' operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Groups' significant non-current assets are located in Mainland China.

For the years ended 31 December 2013 and 2014, there was no external customer accounted 10% or more of the Groups' total revenue.

5. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2014

	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	568,373	2,023,440	169,333	2,761,146
Intersegment sales	–	–	–	–
	568,373	2,023,440	169,333	2,761,146
Reconciliation:				
Elimination of intersegment sales				–
Total revenue				2,761,146
Segment results	1,734,063	60,568	27,076	1,821,707
Reconciliation:				
Interest income				23,140
Corporate and other unallocated expenses				(69,664)
Finance costs				(374,385)
Profit before tax				1,400,798
Segment assets	10,268,017	16,992,965	159,833	27,420,815
Reconciliation:				
Elimination of intersegment receivables				(10,914,996)
Corporate and other unallocated assets				6,134,543
Total assets				22,640,362
Segment liabilities	317,275	7,807,693	58,619	8,183,587
Reconciliation:				
Elimination of intersegment payables				(9,988,138)
Corporate and other unallocated liabilities				15,338,144
Total liabilities				13,533,593
Other segment information:				
Share of profits of joint ventures	–	–	3,179	3,179
Depreciation and amortisation	2,038	248,919	4,096	255,053
Recognition of prepaid land lease payments	–	51,862	–	51,862
Gain on disposal of items of property, plant and equipment and intangible assets	–	(3,720)	(266)	(3,986)
Reversal of impairment recognised in statement of profit or loss	–	(92)	–	(92)
Fair value gains on investment properties	1,339,882	–	–	1,339,882
Investments in joint ventures	–	–	45,101	45,101
Capital expenditure*	10,156	1,646,867	2,480	1,659,503

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

5. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2013

	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	519,221	1,961,665	153,275	2,634,161
Intersegment sales	–	–	–	–
	519,221	1,961,665	153,275	2,634,161
Reconciliation:				
Elimination of intersegment sales				–
Total revenue				2,634,161
Segment results	1,286,761	363,714	29,462	1,679,937
Reconciliation:				
Interest income				53,409
Corporate and other unallocated expenses				(31,911)
Finance costs				(333,823)
Profit before tax				1,367,612
Segment assets	8,955,479	11,264,927	421,403	20,641,809
Reconciliation:				
Elimination of intersegment receivables				(3,322,918)
Corporate and other unallocated assets				3,191,703
Total assets				20,510,594
Segment liabilities	211,039	2,193,383	345,581	2,750,003
Reconciliation:				
Elimination of intersegment payables				(3,322,918)
Corporate and other unallocated liabilities				9,152,852
Total liabilities				8,579,937
Other segment information:				
Share of profits of joint ventures	–	–	2,293	2,293
Depreciation and amortisation	1,106	215,251	5,252	221,609
Recognition of prepaid land lease payments	–	50,476	–	50,476
Loss on disposal of items of property, plant and equipment	–	276	47	323
Impairment losses/(reversal of impairment) recognised in statement of profit or loss	(218)	2,108	–	1,890
Fair value gains on investment properties	843,116	–	–	843,116
Investments in joint ventures	–	–	42,052	42,052
Capital expenditure*	15,344	1,135,711	4,355	1,155,410

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Groups' turnover, represents the income from hotel operations, property management and related services rendered, net of business tax; and gross rental income from investment properties, net of business tax, during the year.

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

	2014 HK$'000	2013 HK$'000
Revenue		
Hotel operations	2,023,440	1,961,665
Gross rental income	568,373	519,221
Others	169,333	153,275
	2,761,146	2,634,161
Other income		
Bank interest income	14,656	24,151
Other interest income	8,484	29,258
Government grants*	10,632	10,118
	33,772	63,527
Gains		
Gain on disposal of items of property, plant and equipment and intangible asset	3,986	–
Foreign exchange differences, net	–	11,039
Others	4,665	6,272
	8,651	17,311
	42,423	80,838

* Various government grants have been received from the relevant authorities for the Groups' businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

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

	Notes	2014 HK$'000	2013 HK$'000
Cost of services provided		1,207,786	1,106,969
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		59,158	57,312
Depreciation***	15	250,887	216,202
Amortisation of intangible assets***	18	4,166	5,407
Minimum lease payments under operating leases in respect of land and buildings		6,690	5,530
Recognition of prepaid land lease payments***	17	54,711	61,393
Less: Amount capitalised		(2,849)	(10,917)
		51,862	50,476
Auditors' remuneration		1,750	1,799
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		578,866	499,401
Pension scheme contributions (defined contribution scheme)		59,183	60,483
Less: Amount capitalised		(2,241)	(701)
Net pension scheme contributions*		56,942	59,782
		635,808	559,183
Loss/(gain) on disposal of items of property, plant and equipment and intangible assets**		(3,986)	323
Impairment of items of property, plant and equipment**		–	2,108
Reversal of impairment of trade receivables**	22	(92)	(218)

* As at 31 December 2014, the Groups had no forfeited contributions available to reduce the Groups' contributions to the pension schemes in future years (2013: Nil).

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

*** These items are included in "Administrative expenses" in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of the Groups' finance costs is as follows:

		Groups	
		2014	2013
	Notes	HK$'000	HK$'000
Interest on bank loans and notes wholly repayable within five years		251,184	211,892
Interest on bank loans wholly repayable beyond five years		102,255	87,225
Interest on other loans due to a fellow subsidiary	35(a)	18,316	14,924
Interest on amounts due to related parties	35(a)	–	24,113
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans		14,356	–
Total interest expense		386,111	338,154
Less: Interest capitalised		(11,726)	(4,331)
		374,385	333,823

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Groups	
	2014	2013
	HK$'000	HK$'000
Fees	300	–
Other emoluments:		
Salaries, allowances and benefits in kind	1,487	–
Performance related bonuses	–	–
Pension scheme contributions	431	–
	1,918	–
	2,218	–

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 HK$'000	2013 HK$'000
Dr. Chung Shui Ming Timpson (note 1)	100	–
Dr. Chen Jieping (note 1)	100	–
Dr. Zhang Rungang (note 1)	100	–
	300	–

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

(b) Executive director, non-executive directors and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014					
Executive director:					
Mr. Zhang Hui (note 2)	–	1,487	–	431	1,918
Non-executive directors:					
Mr. He Cao	–	–	–	–	–
Mr. Li Congrui (note 3)	–	–	–	–	–
Mr. Jiang Nan (note 3)	–	–	–	–	–
	–	–	–	–	–
	–	1,487	–	431	1,918

Notes:

(1) Dr. Chung Shui Ming Timpson, Dr. Chen Jieping and Dr. Zhang Rungang were appointed as independent non-executive directors of the Trustee-Manager and the Company on 25 March 2014.

(2) Mr. Zhang Hui was appointed as an executive director and the chief executive officer of the Trustee-Manager and the Company on 25 March 2014.

(3) Mr. Li Congrui and Mr. Jiang Nan were appointed as non-executive directors of the Trustee-Manager and the Company on 25 March 2014.

No directors' and chief executive's remuneration was paid or payable by the Company for the year ended 31 December 2013. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2013: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director and the chief executive (2013: Nil), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2013: five) highest paid employees who are neither a director nor chief executive of the Trustee-Manager and the Company are as follows:

	Groups	
	2014 HK$'000	2013 HK$'000
Salaries, allowances and benefits in kind	2,933	3,732
Performance related bonuses	2,712	4,255
Pension scheme contributions	976	1,140
	6,621	9,127

The number of non-director and non-chief executive, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	3	1
HK$2,000,001 to HK$2,500,000	–	2
	4	5

11. INCOME TAX

	Groups	
	2014 HK$'000	2013 HK$'000
Current – PRC corporate income tax	116,345	116,130
Deferred (note 29)	377,344	238,088
Total tax charge for the year	493,689	354,218

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Groups did not generate any assessable profits arising in Hong Kong during the year (2013: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2013: 25%) on the taxable profits of the Groups' PRC subsidiaries during the year.

11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdiction in which the Trust, the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Groups – 2014

	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	1,544,521		(143,723)		1,400,798	
Tax at the statutory tax rate	386,130	25.0	(23,714)	16.5	362,416	25.9
Profits and losses attributable to joint ventures	(795)	(0.1)	–	–	(795)	(0.1)
Income not subject to tax	–	–	(304)	0.2	(304)	–
Expenses not deductible for tax	14,846	1.0	24,018	(16.7)	38,864	2.8
Tax losses utilised from previous periods	(8,176)	(0.5)	–	–	(8,176)	(0.6)
Tax losses not recognised	74,125	4.8	–	–	74,125	5.3
Write-down of deferred tax assets previously recognised	27,559	1.8	–	–	27,559	2.0
Tax charge at the Groups' effective rate	493,689	32.0	–	–	493,689	35.3

Groups – 2013

	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	1,367,602		10		1,367,612	
Tax at the statutory tax rate	341,901	25.0	2	16.5	341,903	25.0
Profits and losses attributable to joint ventures	(573)	–	–	–	(573)	–
Income not subject to tax	–	–	(2)	(16.5)	(2)	–
Expenses not deductible for tax	7,627	0.6	–	–	7,627	0.6
Tax losses utilised from previous periods	(6,830)	(0.5)	–	–	(6,830)	(0.5)
Tax losses not recognised	12,093	0.9	–	–	12,093	0.9
Tax charge at the Groups' effective rate	354,218	26.0	–	–	354,218	26.0

The share of tax attributable to joint ventures amounting to HK$1,070,000 (2013: HK$1,933,000) is included in the "Share of profits of joint ventures" in the consolidated statement of profit or loss.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit for the year ended 31 December 2014 includes a loss of HK$143,910,000 (2013: a profit of HK$10,000) which has been dealt with in the financial statements of the Company (note 31(b)).

13. DISTRIBUTIONS

	Note	2014 HK$'000	2013 HK$'000
Special dividends	(a)	6,321,247	–
Proposed 2014 distributions attributable to group distributable income – HK11.45 cents (2013: Nil) per Share Stapled Unit	(b)	228,996	–
		6,550,243	–

(a) On 13 June 2014, the Company declared a pre-IPO dividend to Franshion, which was conditional upon the completion of the Listing. In July 2014, the Company determined and paid the pre-IPO dividend of approximately HK$6,321,247,000 to Franshion. Investors becoming holders of Share Stapled Units after the Listing were not entitled to such dividend.

(b) The proposed 2014 distribution to holders of Share Stapled Units is based on the group distributable income for the period from the Listing Date to 31 December 2014 and the number of Shares Stapled Units as at 31 December 2014, and accordingly, holders of Share Stapled Units will not receive distributions for any period before the Listing Date. The proposed 2014 distribution was not recognised as a liability as at 31 December 2014, and is subject to the approval of the holders of Share Stapled Units at the forthcoming annual general meeting.

The group distributable income for the period from the Listing Date to 31 December 2014 is HK$228,996,000, which is adjusted from the profit or loss for the period from the Listing Date to 31 December 2014 after the adjustments permitted under the Trust Deed and the Company's Articles.

(i) Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (ii) impairment of goodwill/recognition of negative goodwill; (iii) material non-cash gains/losses; (iv) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (v) depreciation and amortisation; (vi) tax charges as shown in the consolidated statement of profit or loss; and (vii) net finance income/costs as shown in the consolidated statement of profit or loss.

13. DISTRIBUTIONS (Continued)

(b) (Continued)

(ii) The Trust Deed and the articles of association of the Company state that, except with the prior approval of an ordinary resolution of registered holders of units and an ordinary resolution of the shareholders of the Company and subject to compliance with all applicable laws of the Cayman Islands and the articles of association of the Company, the Directors will declare and distribute (i) 100% of the group distributable income (as defined in the Trust Deed) for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015, and (ii) not less than 90% of the group distributable income in respect of each financial year thereafter. The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

14. EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY

The calculation of the basic earnings per Share Stapled Unit/share of the Company amount for the year is based on the profit for the year of HK$907,109,000 (2013: HK$1,013,394,000), and the weighted average number of Share Stapled Units/ordinary shares of the Company of 1,700,821,918 (2013: 1,400,000,000), on the assumption that the Reorganisation had been completed on 1 January 2013.

The calculation of the diluted earnings per Share Stapled Unit/share of the Company amount is based on the profit for the year. The weighted average number of Share Stapled Units/ordinary shares of the Company used in the calculation is the number of Share Stapled Units/ordinary shares of the Company in issue during the year, as used in the basic earnings per Share Stapled Unit/share of the Company calculation, and the weighted average number of Share Stapled Units/ordinary shares of the Company assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential Share Stapled Units/ordinary shares of the Company into Share Stapled Units/ordinary shares of the Company.

The Groups had no potentially dilutive Share Stapled Units/ordinary shares of the Company in issue during the year (2013: Nil).

The calculation of basic earnings per Share Stapled Unit/share of the Company is based on:

	2014 HK$'000	2013 HK$'000
Earnings		
Profit for the year, used in the basic earnings per Share Stapled Unit/share of the Company calculation	907,109	1,013,394

	Number of Share Stapled Units/ordinary shares of the Company	
	2014	2013
Share Stapled Units/ordinary shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company in issue during the year, used in the basic earnings per Share Stapled Unit/share of the Company calculation	1,700,821,918	1,400,000,000

15. PROPERTY, PLANT AND EQUIPMENT

Groups

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014							
At 31 December 2013 and at 1 January 2014:							
Cost	6,630,627	60,792	203,437	1,551,814	33,120	1,355,644	9,835,434
Accumulated depreciation and impairment	(1,045,056)	(60,792)	(42,923)	(807,337)	(21,210)	–	(1,977,318)
Net carrying amount	5,585,571	–	160,514	744,477	11,910	1,355,644	7,858,116
At 1 January 2014, net of accumulated depreciation and impairment	5,585,571	–	160,514	744,477	11,910	1,355,644	7,858,116
Additions	17,107	–	–	351,263	8,239	1,253,235	1,629,844
Disposals	(629)	–	–	(2,424)	(2,325)	–	(5,378)
Depreciation provided during the year	(148,145)	–	(584)	(99,230)	(2,928)	–	(250,887)
Transfers	2,438,395	–	–	(3,303)	–	(2,435,092)	–
Exchange realignment	(10,115)	–	(546)	(1,581)	(29)	(9,076)	(21,347)
At 31 December 2014, net of accumulated depreciation and impairment	7,882,184	–	159,384	989,202	14,867	164,711	9,210,348
At 31 December 2014:							
Cost	9,071,785	60,792	202,750	1,867,075	35,458	164,711	11,402,571
Accumulated depreciation and impairment	(1,189,601)	(60,792)	(43,366)	(877,873)	(20,591)	–	(2,192,223)
Net carrying amount	7,882,184	–	159,384	989,202	14,867	164,711	9,210,348

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Groups

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2013							
At 1 January 2013:							
Cost	6,373,451	60,792	197,263	1,494,227	36,970	294,773	8,457,476
Accumulated depreciation and impairment	(896,854)	(60,792)	(38,847)	(694,382)	(21,172)	–	(1,712,047)
Net carrying amount	5,476,597	–	158,416	799,845	15,798	294,773	6,745,429
At 1 January 2013, net of accumulated depreciation and impairment	5,476,597	–	158,416	799,845	15,798	294,773	6,745,429
Additions	8,263	–	–	11,996	–	1,087,992	1,108,251
Disposals	(1,119)	–	–	(869)	(703)	–	(2,691)
Depreciation provided during the year	(118,487)	–	(2,815)	(91,290)	(3,610)	–	(216,202)
Impairment	–	–	–	(2,108)	–	–	(2,108)
Transfers	49,901	–	–	3,146	–	(53,047)	–
Exchange realignment	170,416	–	4,913	23,757	425	25,926	225,437
At 31 December 2013, net of accumulated depreciation and impairment	5,585,571	–	160,514	744,477	11,910	1,355,644	7,858,116
At 31 December 2013:							
Cost	6,630,627	60,792	203,437	1,551,814	33,120	1,355,644	9,835,434
Accumulated depreciation and impairment	(1,045,056)	(60,792)	(42,923)	(807,337)	(21,210)	–	(1,977,318)
Net carrying amount	5,585,571	–	160,514	744,477	11,910	1,355,644	7,858,116

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

All of the Groups' hotel properties and buildings are situated in Mainland China and are held under the following lease terms:

	2014 HK$'000	2013 HK$'000
Long term lease	781,565	789,522
Medium term lease	7,260,003	4,956,563
	8,041,568	5,746,085

As at 31 December 2014, certain of the Groups' hotel properties with an aggregate net carrying amount of approximately HK$564,402,000 (2013: HK$2,250,794,000) were pledged to secure bank loans granted to the Groups (note 28).

As at 31 December 2013, certain of the Groups' hotel properties with an aggregate net carrying amount of approximately HK$1,956,959,000 were pledged to secure bank loans granted to a fellow subsidiary of the Groups (note 32). The pledges were released prior to the Listing Date.

As at 31 December 2013, certain of the Groups' buildings with an aggregate net carrying amount of approximately HK$102,265,000 were pledged to secure bank loans granted to a fellow subsidiary of the Groups (note 32). The pledges were released prior to the Listing Date.

16. INVESTMENT PROPERTIES

	Groups	
	2014 HK$'000	2013 HK$'000
Carrying amount at 1 January	8,934,716	7,820,972
Additions	7,779	12,046
Net gain from a fair value adjustment recognised in profit or loss	1,339,882	843,116
Exchange realignment	(25,085)	258,582
Carrying amount at 31 December	10,257,292	8,934,716

The Groups' investment properties are situated in Mainland China and are held under medium term leases.

The Groups' investment properties consist of one commercial property in Mainland China. The Directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Groups' investment properties were revalued on 31 December 2014 at approximately HK$10,257,292,000 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, and revalued on 31 December 2013 at approximately HK$8,934,716,000 by CB Richard Ellis Limited, independent professionally qualified valuers. Each year, the Groups' management decide to appoint which external valuer to be responsible for the external valuations of the Groups' properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Groups' management have discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

16. INVESTMENT PROPERTIES (Continued)

These investment properties are leased to related parties and third parties under operating leases, further summary details of which are included in note 33(a) to the Trust and the Company's consolidated financial statements.

As at 31 December 2013, certain of the Groups' investment properties with an aggregate net carrying amount of HK$1,778,601,000 were pledged to secure bank loans granted to a fellow subsidiary of the Groups (note 32). The pledges were released prior to the Listing Date.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Groups' investment properties:

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	10,257,292	10,257,292

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	8,934,716	8,934,716

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

16. INVESTMENT PROPERTIES (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

2014

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method and Market comparable method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	HK$4,713
		Price per sqm	HK$71,923
Commercial properties – Jin Mao Tower – Retail	Term and reversion method and Market comparable method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	HK$8,031
		Price per sqm	HK$122,713
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield	3.50%
		Reversionary yield	4.00%
		Market rent (per unit p.a.)	HK$14,775

2013

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method and Market comparable method	Term yield	5.75%
		Reversionary yield	5.75%
		Market rent (per sqm p.a.)	HK$1,856 – HK$4,640 (HK$4,482)
		Price per sqm	HK$67,432
Commercial properties – Jin Mao Tower – Retail	Term and reversion method and Market comparable method	Term yield	9.00%
		Reversionary yield	9.00%
		Market rent (per sqm p.a.)	HK$7,270
		Price per sqm	HK$77,662
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield	5.00%
		Reversionary yield	5.00%
		Market rent (per unit p.a.)	HK$7,542

16. INVESTMENT PROPERTIES (Continued)

Term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis."

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Company is the price per square metre. The market comparable approach is often used in combination with either discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent and the price per square meter would result in a significant increase (decrease) in the fair value of the investment properties.

17. PREPAID LAND LEASE PAYMENTS

		Groups	
		2014	2013
	Notes	HK$'000	HK$'000
Carrying amount at 1 January		1,820,797	1,890,970
Additions		6,435	29,643
Recognised during the year	7	(54,711)	(61,393)
Disposal during the year		–	(95,555)
Exchange realignment		(6,339)	57,132
Carrying amount at 31 December		1,766,182	1,820,797
Current portion included in prepayments, deposits and other receivables	23	(55,130)	(55,961)
Non-current portion		1,711,052	1,764,836

The Groups' leasehold land is situated in Mainland China and is held under the following lease terms:

	Groups	
	2014	2013
	HK$'000	HK$'000
Long term leases	232,825	238,107
Medium term leases	1,533,357	1,582,690
	1,766,182	1,820,797

As at 31 December 2013, certain of the Groups' prepaid land lease payments with an aggregate net carrying amount of HK$108,241,000 were pledged to secure bank loans granted to the Groups (note 28). The pledges were released prior to the Listing Date.

18. INTANGIBLE ASSETS

Groups

	Computer software HK$'000	Others HK$'000	Total HK$'000
31 December 2014			
At 1 January 2014:			
Cost	46,337	7,017	53,354
Accumulated amortisation	(39,013)	(2,163)	(41,176)
Net carrying amount	7,324	4,854	12,178
Cost at 1 January 2014, net of accumulated amortisation	7,324	4,854	12,178
Additions	15,445	–	15,445
Disposals	(217)	(1,643)	(1,860)
Amortisation provided during the year	(3,926)	(240)	(4,166)
Exchange realignment	17	(24)	(7)
At 31 December 2014, net of accumulated amortisation	18,643	2,947	21,590
At 31 December 2014:			
Cost	61,217	4,893	66,110
Accumulated amortisation	(42,574)	(1,946)	(44,520)
Net carrying amount	18,643	2,947	21,590

18. INTANGIBLE ASSETS (Continued)

Groups

	Computer software HK$'000	Others HK$'000	Total HK$'000
31 December 2013			
At 1 January 2013:			
Cost	39,542	6,804	46,346
Accumulated amortisation	(32,752)	(1,848)	(34,600)
Net carrying amount	6,790	4,956	11,746
At 1 January 2013, net of accumulated amortisation	6,790	4,956	11,746
Additions	5,470	–	5,470
Amortisation provided during the year	(5,154)	(253)	(5,407)
Exchange realignment	218	151	369
At 31 December 2013, net of accumulated amortisation	7,324	4,854	12,178
At 31 December 2013:			
Cost	46,337	7,017	53,354
Accumulated amortisation	(39,013)	(2,163)	(41,176)
Net carrying amount	7,324	4,854	12,178

19. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$'000	Company 2013 HK$'000
Unlisted shares, at cost	10,080,023	10,080,023

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$593,494,000 (2013: Nil) and HK$204,000 (2013: Nil), respectively, are unsecured, interest-free and are repayable on demand or within one year.

Particulars of the subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company Direct	Percentage of equity attributable to the Trust and the Company Indirect	Principal activities
Grace Circle Development Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Most Giant Limited	Hong Kong	HK$2	100	–	Investment holding
Forever Eagle Limited	Hong Kong	HK$1	–	100	Investment holding
中國金茂(集團)有限公司 China Jin Mao (Group) Company Limited * #	PRC/ Mainland China	RMB2,635,000,000	–	100	Hotel operation and property investment
金茂(上海)物業服務有限公司 Jin Mao (Shanghai) Property Management Co., Ltd ** #	PRC/ Mainland China	RMB5,000,000	–	100	Property management
金茂(北京)置業有限公司 Beijing Jin Mao Real Estate Company Limited ** #	PRC/ Mainland China	RMB1,600,000,000	–	100	Hotel operation
金茂(三亞)度假酒店有限公司 Jin Mao Sanya Resort Hotel Company Limited ** #	PRC/ Mainland China	RMB300,000,000	–	100	Hotel operation
金茂(三亞)旅業有限公司 Jin Mao Sanya Tourism Company Limited ** #	PRC/ Mainland China	RMB500,000,000	–	100	Hotel operation

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company Direct	Indirect	Principal activities
金茂(海南)投資有限公司 Jin Mao Hainan Investment Company Limited ** #	PRC/ Mainland China	RMB200,000,000	–	100	Investment holding
金茂深圳酒店投資有限公司 Jin Mao Shenzhen Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB700,000,000	–	100	Hotel operation
金茂(麗江)酒店投資有限公司 Jin Mao (Li Jiang) Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB100,000,000	–	100	Hotel operation
王府井飯店管理有限公司 Wangfujing Hotel Management Company Limited * #	PRC/ Mainland China	US$73,345,000	–	100	Hotel operation
驪隆(上海)酒店管理有限公司 Li Long (Shanghai) Hotel Management Company Limited ** #	PRC/ Mainland China	RMB760,000,000	–	100	Hotel operation

\# The names of these companies referred to in these financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

* Registered as wholly-foreign-owned enterprises under PRC law

** Registered as limited liability companies under PRC law

20. INVESTMENTS IN JOINT VENTURES

	Groups 2014 HK$'000	Groups 2013 HK$'000
Share of net assets	45,101	42,052

The amounts due to joint ventures are disclosed in note 24 to the Trust and the Company's consolidated financial statements.

Particulars of the Groups' joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
上海金茂錦江汽車服務有限公司 Shanghai Jin Mao Jin Jiang Automobile Service Company Limited ("Jin Mao Jin Jiang") #	Registered capital of RMB1 each	PRC/ Mainland China	50%	57%	50%	Lease of commercial vehicles
上海金茂汽車租賃有限公司 Shanghai Jin Mao Auto Hire Company Limited ("Jin Mao Auto Hire") #	Registered capital of RMB1 each	PRC/ Mainland China	45%	57%	45%	Lease of commercial vehicles

The names of these companies referred to in the Trust and the Company's consolidated financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

Jin Mao Jin Jiang and Jin Mao Auto Hire (collectively, the "Auto Hire Group"), which are indirectly held by the Trust and the Company and are considered as material joint ventures of the Groups, act as the Groups' taxi and car chauffer service providers in Mainland China and are accounted for using the equity method.

20. INVESTMENTS IN JOINT VENTURES (Continued)

The following tables illustrate the summarised financial information in respect of the Auto Hire Group adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2014 HK$'000	2013 HK$'000
Cash and bank balances	10,302	6,650
Other current assets	24,786	16,645
Current assets	35,088	23,295
Non-current assets	86,615	74,843
Financial liabilities, excluding trade and other payables	(17,968)	(12,791)
Other current liabilities	(13,533)	(1,243)
Current liabilities	(31,501)	(14,034)
Net assets	90,202	84,104

Reconciliation to the Groups' interests in the joint ventures:

	2014 HK$'000	2013 HK$'000
Proportion of the Groups' ownership	50%	50%
The Groups' share of net assets of the joint ventures and carrying amount of the investments	45,101	42,052
Revenue	60,646	57,745
Interest income	21	23
Depreciation and amortisation	(14,251)	(14,436)
Interest expenses	(922)	(715)
Tax	(2,140)	(3,865)
Profit and total comprehensive income for the year	6,358	4,586

21. INVENTORIES

	Groups	
	2014 HK$'000	2013 HK$'000
Raw materials	5,530	5,016
Hotel merchandise	20,018	18,036
Trading stock	1,909	2,080
	27,457	25,132

22. TRADE RECEIVABLES

	Groups	
	2014 HK$'000	2013 HK$'000
Trade and bills receivables	52,577	56,842
Impairment	(362)	(1,993)
	52,215	54,849

The Groups' trading terms with certain of the Groups' customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, extending up to six months for major customers. Each customer has a maximum credit limit.

The Groups seek to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Groups' trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Groups do not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	Groups	
	2014 HK$'000	2013 HK$'000
Within 1 month	44,072	49,053
1 to 3 months	6,532	4,963
4 to 6 months	1,073	784
Over 6 months	538	49
	52,215	54,849

22. TRADE RECEIVABLES (Continued)

The movements in provision for impairment of trade receivables are as follows:

		Groups	
	Note	2014 HK$'000	2013 HK$'000
At 1 January		1,993	2,256
Impairment losses reversed	7	(92)	(218)
Amount written off as uncollectible		(1,536)	(110)
Exchange realignment		(3)	65
At 31 December		362	1,993

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$362,000 (2013: HK$1,993,000) with a carrying amount before provision of HK$362,000 (2013: HK$1,993,000).

The individually impaired trade receivables related to customers that were in financial difficulties or were in default.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Groups	
	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	44,072	54,364
Less than 1 month past due	6,234	117
1 to 3 months past due	1,128	174
Over 3 months past due	781	194
	52,215	54,849

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Groups. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		Groups		Company	
		2014	2013	2014	2013
	Note	HK$'000	HK$'000	HK$'000	HK$'000
Prepayments		42,956	70,091	224	–
Deposits		42,716	39,823	–	–
Other receivables		14,616	16,036	–	–
Prepaid land lease payments	17	55,130	55,961	–	–
		155,418	181,911	224	–
Portion classified as non-current assets					
– prepayments		(2,957)	(50,988)	–	–
		152,461	130,923	224	–

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	Groups		Company	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Due from related parties:				
Fellow subsidiaries	1,788	396,867	–	–
Due to related parties:				
Immediate holding company	260,026	84	260,367	–
Fellow subsidiaries	1,518,542	185,449	–	–
Joint ventures	5,822	4,563	–	–
Joint ventures of Franshion	1	318		–
	1,784,391	190,414	260,367	–

The amounts due from related parties were unsecured, interest-free and are repayable on demand as at 31 December 2014 (2013: except for the amounts due from related parties of HK$381,570,000 which were interest-bearing at a rate of 6.0% per annum).

25. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	Groups		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Cash and cash equivalents	909,076	1,008,460	264,781	–
Time deposits	219,907	174,882	–	–
	1,128,983	1,183,342	264,781	–
Less: Restricted bank balances	(23,421)	(5)	(23,417)	–
Cash and bank balances	1,105,562	1,183,337	241,364	–

As at 31 December 2014, the cash and bank balances of the Groups denominated in RMB amounted to HK$661,188,000 (2013: HK$1,171,773,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Groups are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Groups, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2014, included in the Groups' cash and bank balances were deposits of HK$767,000 (2013: HK$2,671,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance", a fellow subsidiary of the Groups), a financial institution approved by the People's Bank of China. During the year, the interest rates on these deposits were determined at a rate of 0.4% (2013: 0.4%) per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 35(a) to the Trust and the Company's consolidated financial statements.

26. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	Groups	
	2014 HK$'000	2013 HK$'000
Within 1 year or on demand	114,871	96,632
1 to 2 years	10,617	280
2 to 3 years	280	–
	125,768	96,912

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

27. OTHER PAYABLES AND ACCRUALS

	Groups		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Other payables	1,113,759	958,360	28,892	20
Receipts in advance	133,310	102,620	–	–
Accruals	79,646	40,449	–	–
	1,326,715	1,101,429	28,892	20

Other payables and accruals are non-interest-bearing with an average term of not more than one year.

28. INTEREST-BEARING BANK AND OTHER BORROWINGS

Groups

	2014			2013		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans, unsecured	2.91-6.00	2015	2,151,273	4.20-6.31	2014	2,341,700
Other loans, unsecured*	–	–	–	5.04-6.00	2014	445,165
Current portion of long-term bank loans, secured	5.76-5.90	2015	31,690	5.76-5.90	2014	683,010
			2,182,963			3,469,875
Non-current						
Bank loans, secured	5.76-5.90	2016-2023	950,700	5.90	2015-2023	1,933,288
Bank loans, unsecured	HIBOR+2.1 - LIBOR+2.1	2017	3,920,869	–	–	–
Other loans, unsecured*			–	6.40	2018	165,347
Notes, unsecured	5.60	2017	1,267,600			–
			6,139,169			2,098,635
			8,322,132			5,568,510

* The balance represents an amount due to a fellow subsidiary of the Groups.

Company

	2014			2013		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Non-current						
Bank loans, unsecured	HIBOR+2.1 - LIBOR+2.1	2017	3,920,869	–	–	–

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	Groups		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Analysed into bank loans repayable:				
Within one year	2,182,963	3,024,710	–	–
In the second year	44,366	231,486	–	–
In the third to fifth years, inclusive	4,079,320	719,895	3,920,869	–
Beyond five years	747,883	981,907	–	–
	7,054,532	4,957,998	3,920,869	–
Analysed into other borrowings repayable:				
Within one year	–	445,165	–	–
In the second year	–	–	–	–
In the third to fifth years, inclusive	1,267,600	165,347	–	–
	1,267,600	610,512	–	–
	8,322,132	5,568,510	3,920,869	–

Notes:

(a) The Groups' loan facilities amounting to HK$11,334,280,000 (2013: HK$8,951,452,000), of which HK$8,322,131,000 (2013: HK$4,614,585,000) had been utilised as at the end of the reporting period.

(b) Certain of the Groups' bank loans are secured by:

(i) mortgages over certain of the Groups' hotel properties with an aggregate net carrying amount as at the end of the reporting period of approximately HK$564,402,000 (2013: HK$2,250,794,000) (note 15); and

(ii) mortgages over certain of the Groups' prepaid land lease payments with an aggregate net carrying amount as at 31 December 2013 of approximately HK$108,241,000 (note 17).

(c) Except for the bank and other borrowings amounting to approximately HK$2,262,920,000 (2013: HK$357,536,000) and HK$2,015,568,000 (2013: Nil) which are denominated in United States dollars ("US$") and HK$, respectively, all bank and other borrowings are denominated in RMB.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Groups

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax liabilities at 1 January 2013	1,064,957	243,059	3,669	1,311,685
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	210,779	20,095	(155)	230,719
Exchange realignment	36,733	7,930	–	44,663
Gross deferred tax liabilities at 31 December 2013 and 1 January 2014	1,312,469	271,084	3,514	1,587,067
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	334,970	20,930	(2,842)	353,058
Exchange realignment	(3,164)	(836)	–	(4,000)
Gross deferred tax liabilities at 31 December 2014	1,644,275	291,178	672	1,936,125

29. DEFERRED TAX (Continued)

Deferred tax assets

Groups

	Losses available for offsetting against future taxable profits HK$'000	Accruals HK$'000	Total HK$'000
Gross deferred tax assets at 1 January 2013	38,428	32,917	71,345
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	91	(7,460)	(7,369)
Exchange realignment	1,205	909	2,114
Gross deferred tax assets at 31 December 2013 and 1 January 2014	39,724	26,366	66,090
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	(27,559)	3,273	(24,286)
Exchange realignment	(238)	(78)	(316)
Gross deferred tax assets at 31 December 2014	11,927	29,561	41,488

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Groups for financial reporting purposes:

	2014 HK$'000	2013 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	29,118	56,595
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,923,755)	(1,577,572)
	(1,894,637)	(1,520,977)

29. DEFERRED TAX (Continued)

As at 31 December 2014, the Groups have tax losses arising in Mainland China of HK$525,158,000 (2013: HK$308,797,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Groups, the applicable rate is 5% or 10%. The Groups are therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Groups' subsidiaries established in Mainland China (2013: Nil). In the opinion of the Directors, the unremitted earnings of the Groups' PRC subsidiaries are expected to be used to fund their operations and capital expenditures and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$8,622,000 at 31 December 2014 (2013: HK$393,592,000).

There are no income tax consequences attaching to the payment of distributions/dividends by the Trust and the Company to the holders of Share Stapled Units/shareholders.

30. SHARE CAPITAL

Shares

	2014 HK$'000	2013 HK$'000
Authorised:		
5,000,000,000 (2013: 1,000,000) ordinary shares of HK$0.0005 (2013: US$1.00) each	2,500	7,800
5,000,000,000 (2013: Nil) preference shares of HK$0.0005 (2013: Nil) each	2,500	–
	5,000	7,800
Issued and fully paid:		
2,000,000,000 (2013: 1,000,000) ordinary shares of HK$0.0005 (2013: US$1.00) each	1,000	7,800
2,000,000,000 (2013: Nil) preference shares of HK$0.0005 (2013: Nil) each	1,000	–
	2,000	7,800

A summary of the movements in the Company's authorised and issued share capital is as follows:

	Notes	Number of shares in issue	Nominal value HK$'000
Authorised:			
Ordinary shares			
At 1 January 2013, 31 December 2013 and 1 January 2014		1,000,000	7,800
Ordinary shares repurchased and cancelled	(a)	(1,000,000)	(7,800)
Increase in authorised share capital on 13 June 2014	(a), (b)	5,000,000,000	2,500
		5,000,000,000	2,500
Preference shares			
At 1 January 2013, 31 December 2013 and 1 January 2014		–	–
Increase in authorised share capital on 13 June 2014	(a), (b)	5,000,000,000	2,500
		5,000,000,000	2,500
At 31 December 2014		10,000,000,000	5,000

30. SHARE CAPITAL (Continued)

Shares (Continued)

	Notes	Number of shares in issue	Nominal value HK$'000
Issued and fully paid:			
Ordinary shares			
At 1 January 2013, 31 December 2013 and 1 January 2014		1,000,000	7,800
Ordinary shares repurchased and cancelled	(a)	(1,000,000)	(7,800)
Issue of ordinary shares in connection with the Reorganisation	(c)	1,400,000,000	700
Issue of ordinary shares in connection with the listing of Share Stapled Units	(d)	600,000,000	300
		2,000,000,000	1,000
Preference shares			
At 1 January 2013, 31 December 2013 and 1 January 2014		–	–
Issue of preference shares in connection with the Reorganisation	(c)	1,400,000,000	700
Issue of preference shares in connection with the listing of Share Stapled Units	(d)	600,000,000	300
		2,000,000,000	1,000
At 31 December 2014		4,000,000,000	2,000

Notes:

(a) On 13 June 2014, the Company repurchased in aggregate 1,000,000 ordinary shares of the Company of US$1.00 each, being all of the issued shares of the Company at that date, at an aggregate repurchase price of HK$7,800,000 (the "Repurchase Price") and cancelled all repurchased shares on the same date (the "Repurchase and Cancellation"). Immediately following the Repurchase and Cancellation, the authorised share capital of the Company was changed to HK$5,000,000 by the creation of 5,000,000,000 ordinary shares and 5,000,000,000 preference shares of HK$0.0005 each.

(b) Pursuant to the written resolutions of the Company dated 13 June 2014, it is resolved that the authorised share capital of the Company was changed by re-designating the authorised share capital of the Company from HK$5,000,000 divided into 10,000,000,000 shares of par value of HK$0.0005 each into HK$5,000,000, divided into 5,000,000,000 shares designated as ordinary shares and 5,000,000,000 shares designated as preference shares, whose respective rights, preferences, privileges and restrictions are set out in the Company's amended and restated memorandum and articles of association.

(c) On 13 June 2014, 1,400,000,000 ordinary shares and 1,400,000,000 preference shares were allotted and issued nil paid at a price of HK$0.002786 each, being an aggregate subscription price of HK$7,800,000 (the "Subscription Price"). The Subscription Price was set-off against the Repurchase Price and the 2,800,000,000 nil paid shares were credited as fully paid.

(d) In connection with the Listing, 600,000,000 Share Stapled Units were issued at a price of HK$5.35 each for a total cash consideration, before expenses, of approximately HK$3,210,000,000.

31. RESERVES

(a) Groups

The amounts of the Groups' reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 116 of the Trust and the Company's consolidated financial statements.

(i) Merger reserve

The merger reserve of the Groups represents the capital contributions from the equity holders of the subsidiaries now comprising the Groups before the completion of the Reorganisation as detailed in note 1 to the Trust and the Company's consolidated financial statements.

(ii) Capital reserve

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary.

(iii) PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Groups' subsidiaries established in Mainland China and were approved by the boards of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Assets revaluation reserve

The assets revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

31. RESERVES (Continued)

(b) Company

	Notes	Share premium account HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013		10,072,223	(30)	10,072,193
Profit for the year	12	–	10	10
At 31 December 2013 and 1 January 2014		10,072,223	(20)	10,072,203
Loss for the year	12	–	(143,910)	(143,910)
Issue of Share Stapled Units in connection with the Reorganisation	30	6,400	–	6,400
Issue of Share Stapled Units in connection with the listing of Share Stapled Units	30	3,209,400	–	3,209,400
Share issue expenses		(96,656)	–	(96,656)
Special dividends declared	13	(6,321,247)	–	(6,321,247)
Proposed 2014 distributions	13	(228,996)	–	(228,996)
At 31 December 2014		6,641,124	(143,930)	6,497,194

32. CONTINGENT LIABILITIES

As at 31 December 2014, the Groups and the Company did not have any significant contingent liabilities.

As at 31 December 2013, the Groups provided guarantee to a bank in connection with facility granted to a fellow subsidiary of the Groups amounting to approximately HK$10,175,200,000, which was released prior to the Listing Date. The fair value of the guarantee was not significant and the Directors considered that the risk of default in payment was remote, and therefore no provision for the guarantee had been made in the Trust and the Company's consolidated financial statements. The banking facility granted to a fellow subsidiary was secured by:

(i) mortgages over certain of the Groups' hotel properties and buildings with an aggregate net carrying amount of approximately HK$2,059,224,000 at 31 December 2013 (note 15); and

(ii) mortgages over certain of the Groups' investment properties with an aggregate net carrying amount of approximately HK$1,778,601,000 at 31 December 2013 (note 16).

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Groups lease their investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at the end of the reporting period, the Groups had total future minimum lease receivables under non-cancellable operating leases with their tenants falling due as follows:

	Groups	
	2014 HK$'000	2013 HK$'000
Within one year	517,725	528,364
In the second to fifth years, inclusive	532,656	449,364
After five years	30,633	–
	1,081,014	977,728

(b) As lessee

The Groups lease certain of their office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

As at the end of the reporting period, the Groups had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Groups	
	2014 HK$'000	2013 HK$'000
Within one year	4,533	3,403
In the second to fifth years, inclusive	143	2,410
	4,676	5,813

34. COMMITMENTS

In addition to the operating lease commitments detailed in note 33(b) above, the Groups had the following capital commitments as at the end of the reporting period:

	Groups	
	2014 HK$'000	2013 HK$'000
Contracted, but not provided for:		
Property, plant and equipment	206,361	925,790

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these Trust and the Company's consolidated financial statements, the Groups had the following material transactions with related parties during the year:

	Notes	Groups 2014 HK$'000	Groups 2013 HK$'000
Transactions with fellow subsidiaries:			
Decoration services received	(i)	195,294	206,627
Provision of property management services	(i)	29,058	23,884
Rental income	(i)	118,064	96,646
Interest income	(ii)	8,481	29,269
Interest expense	(iii)	18,316	39,037
Commercial property management services received	(iv)	1,156	–
Transactions with the immediate holding company:			
Provision of hotel property management services	(v)	1,633	–
Project consulting services received	(vi)	31,490	–

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest income was determined at rates ranging from 0.4% to 6.0% (2013: 0.4% to 7.5%) per annum.

(iii) The interest expense was charged at rates ranging from 5.0% to 6.4% (2013: 5.0% to 6.4%) per annum. This transaction was ceased after the Listing Date.

(iv) Effective from the Listing Date, commercial property management expenses were payable at a fixed percentage of 3% of the annual rental income from the commercial portions of the Groups' properties (i.e. HK$38,534,000) pursuant to the commercial property management agreement dated 13 June 2014 entered into between Franshion Properties Investment Management (Shanghai) Company Limited, a wholly-owned subsidiary of Franshion, and China Jin Mao (Group) Company Limited. Further details of the transaction are disclosed in the Prospectus.

(v) Effective from the Listing Date, pursuant to the hotel property management agreement dated 13 June 2014 entered into between the Company and Franshion, the Groups would be entitled to receive the following annual fees for providing certain hotel property management services to Franshion: (i) a basic management fee of 0.5% of the total development costs of the relevant hotels of Franshion (i.e. HK$326,653,000) (the "Relevant Hotels"); and (ii) an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of the Relevant Hotels upon the formal opening of the Relevant Hotels. Further details of the transaction are disclosed in the Prospectus.

(vi) On 13 June 2014, the Company entered into a project consulting agreement with Franshion pursuant to which Franshion agreed to provide certain project consulting services in respect of the hotels under construction (the "Hotels Under Construction") from the Listing Date to the date of completion of the construction of the Hotels Under Construction for a one-time fee of RMB25,000,000 (equivalent to approximately HK$31,490,000). The Hotels Under Construction were completed before the end of the reporting period. Further details of the transaction are disclosed in the Prospectus.

35. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties

For the year ended 31 December 2013, the Groups disposed of a parcel of land with a carrying amount of approximately HK$95,555,000 to a fellow subsidiary of the Groups for a cash consideration of approximately HK$95,555,000.

(c) Outstanding balances with related parties

Other than balances with related parties as disclosed in notes 20, 24, 25 and 28 to the Trust and the Company's consolidated financial statements, the Groups had no outstanding balances with related parties as at the end of the reporting period.

(d) Compensation of key management personnel of the Groups

	2014 HK$'000	2013 HK$'000
Short term employee benefits	9,249	9,906
Post-employment benefits	1,880	1,362
Total compensation paid to key management personnel	11,129	11,268

(e) Transactions and balances with other state-owned entities

The Groups are indirectly controlled by the PRC government and operate in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Groups had some transactions with other SOEs including, but not limited to, borrowings, deposits and the provision of property lease and management service. The Directors consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Groups have not been significantly or unduly affected by the fact that the Groups and the other SOEs are ultimately controlled or owned by the PRC government. The Groups have also established pricing policies for the Groups' products and services and such pricing policies do not depend on whether or not the customers are SOEs.

The related party transactions in respect of items (i), (ii), (iv), (v) and (vi) of note 35(a) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

36. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2014 and 2013, all the financial assets and liabilities of the Groups and the Company were loans and receivables and financial liabilities at amortised cost, respectively.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2014 and 2013, the carrying amounts of the Groups' and Company's financial instruments approximated to their fair values.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Groups' principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Groups' operations. The Groups have various other financial assets and liabilities such as trade receivables and payables, which arise directly from the Groups' operations.

It is, and has been throughout the year under review, the Groups' policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Groups' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Groups' exposure to the risk of changes in market interest rates relates primarily to the Groups' long term debt obligations with floating interest rates.

The Groups' policy is to manage the Groups' interest cost using a mix of fixed and variable rate debts. The Groups' policy is to maintain approximately 30% of the Groups' interest-bearing borrowings at fixed interest rates.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Groups' profit before tax (through the impact on floating rate borrowings).

	Groups	
	Increase/ (decrease) in basis points	Increase/ (decrease) in the profit before tax HK$'000
31 December 2014		
RMB	27	(6,879)
US$	27	(6,056)
HK$	27	(5,497)
RMB	(27)	6,879
US$	(27)	6,056
HK$	(27)	5,497
31 December 2013		
RMB	27	(8,784)
US$	27	(163)
RMB	(27)	8,784
US$	(27)	163

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the next annual end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

All of the Groups' turnover and substantially all of the Groups' operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Groups' PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Groups.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Groups' PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the State Administration for Foreign Exchange. The Groups' PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange, this could affect the ability of the Groups' subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Groups' financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing bank and other borrowings denominated in US$. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Groups' results of operations.

There are limited hedging instruments available in Mainland China to reduce the Groups' exposure to exchange rate fluctuations between RMB and other currencies. To date, the Groups have not entered into any hedging transactions in an effort to reduce the Groups' exposure to foreign currency exchange risk. While the Groups may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Groups may not be able to hedge the Groups' exposure successfully, or at all.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Groups' profits for the years ended 31 December 2014 and 2013.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in the Group's profit for the year HK$'000
31 December 2014		
Increase in US$ rate	5	(112,442)
Decrease in US$ rate	(5)	112,442
31 December 2013		
Increase in US$ rate	5	(17,027)
Decrease in US$ rate	(5)	17,027

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Groups are exposed to credit risk from the Groups' leasing activities, the provision of hotel and property management services and the Groups' financing activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of the reporting period is the carrying value of each class of financial asset.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Groups' objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the Directors, the Groups are expected to have adequate source of funding to finance and manage the Groups' liquidity position.

The maturity profile of the Groups' financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Groups

	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Total HK$'000
31 December 2014					
Interest-bearing bank and other borrowings	2,435,668	267,205	5,577,227	863,708	9,143,808
Trade payables	125,768	–	–	–	125,768
Other payables and accruals	1,193,405	–	–	–	1,193,405
Due to related parties	1,784,391	–	–	–	1,784,391
	5,539,232	267,205	5,577,227	863,708	12,247,372
31 December 2013					
Interest-bearing bank and other borrowings	3,654,866	350,131	1,148,578	1,153,768	6,307,343
Trade payables	96,912	–	–	–	96,912
Other payables and accruals	998,809	–	–	–	998,809
Due to related parties	190,414	–	–	–	190,414
Guarantee given to a bank in connection with a facility granted to a fellow subsidiary of the Groups	7,020,888	–	–	–	7,020,888
	11,961,889	350,131	1,148,578	1,153,768	14,614,366

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Company

	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Total HK$'000
31 December 2014					
Interest-bearing bank borrowings	95,672	95,934	3,960,972	–	4,152,578
Other payables	28,892	–	–	–	28,892
Due to subsidiaries	204	–	–	–	204
Due to a related party	260,367	–	–	–	260,367
	385,135	95,934	3,960,972	–	4,442,041

	Within one year or on demand HK$'000
31 December 2013	
Other payable	20

Capital management

The primary objectives of the Groups' capital management are to safeguard the Groups' ability to continue as a going concern, so that the Groups can continue to provide returns for shareholders/holders of Share Stapled Units and benefits for other stakeholders, and to provide an adequate return to shareholders/holders of Share Stapled Units by pricing products and services commensurately with the level of risk.

The Groups manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Groups may adjust the dividend/distribution payment to shareholders/holders of Share Stapled Units, issue new Share Stapled Units or sell assets to reduce debt. The Groups are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Groups monitor capital on the basis of the debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted bank balances. Adjusted capital comprises all components of equity and amounts due to related parties. The Groups aim to maintain the debt-to-adjusted-capital ratio at a reasonable level. The debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

		Groups	
		2014	2013
	Notes	HK$'000	HK$'000
Interest-bearing bank and other borrowings	28	8,322,132	5,568,510
Less: Cash and cash equivalents	25	(1,105,562)	(1,183,337)
Restricted bank balances	25	(23,421)	(5)
Net debt		7,193,149	4,385,168
Total equity		9,106,769	11,930,657
Add: Amounts due to related parties	24	1,784,391	190,414
Adjusted capital		10,891,160	12,121,071
Debt-to-adjusted-capital ratio		66.0%	36.2%

39. APPROVAL OF THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

The Trust and the Company's consolidated financial statements were approved and authorised for issue by the Directors on 25 March 2015.

INDEPENDENT AUDITORS' REPORT

Ernst & Young
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To the sole shareholder of Jinmao (China) Investments Manager Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Jinmao (China) Investments Manager Limited (the "Company") set out on pages 190 to 197, which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 20 March 2014 (date of incorporation) to 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of the 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2014, and of the Company's results and cash flows for the period from 20 March 2014 (date of incorporation) to 31 December 2014 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

25 March 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 20 March 2014 (date of incorporation) to 31 December 2014

	Period from 20 March 2014 (date of incorporation) to 31 December 2014 HK$
Administrative expenses	(74,550)
Less: Amount borne by the immediate holding company	74,550
PROFIT OR LOSS BEFORE TAX	–
Income tax expense	–
PROFIT OR LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	–

STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	As at 31 December 2014 HK$
CURRENT ASSET	
Due from the immediate holding company	1
Net asset	1
EQUITY	
Share capital	1
Total equity	1

STATEMENT OF CHANGES IN EQUITY

Period from 20 March 2014 (date of incorporation) to 31 December 2014

	Share capital HK$	Total equity HK$
At 20 March 2014 (date of incorporation)	–	–
Issue of share	1	1
At 31 December 2014	1	1

STATEMENT OF CASH FLOWS

Period from 20 March 2014 (date of incorporation) to 31 December 2014

	Period from 20 March 2014 (date of incorporation) to 31 December 2014 HK$
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in an amount due from the immediate holding company	(1)
Net cash flows used in operating activities	(1)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of share	1
Net cash flows from financing activities	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD	–
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	–

NOTES
TO FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

Jinmao (China) Investments Manager Limited (the "Company") is a limited liability company incorporated in Hong Kong on 20 March 2014. The registered office of the Company is located at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors of the Company (the "Directors"), Franshion Properties (China) Limited, a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), is the immediate holding company of the Company, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

The principal activity of the Company is administering Jinmao Investments (the "Trust"), in its capacity as trustee-manager of the Trust.

2.1 BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. The Company's financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements. The Company's financial statements have been prepared under the historical cost convention. The Company's financial statements are presented in Hong Kong dollars ("HK$") except when otherwise indicated.

2.2 NEW AND REVISED HKFRSs NOT YET ADOPTED

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Company's financial statements:

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10 HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018
[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Company.

The Company is in the process of making an assessment of the impact of these changes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(iii) the entity is controlled or jointly controlled by a person identified in (a); and

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

Financial instruments

Financial assets

The Company's financial asset includes an amount due from the immediate holding company and is classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

4. SHARE CAPITAL

At the time of incorporation, 1 ordinary share of the Company was issued.

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the period from 20 March 2014 (date of incorporation) to 31 December 2014.

6. RELATED PARTY TRANSACTIONS

Transaction with the immediate holding company is disclosed in the statement of profit or loss and other comprehensive income.

In the opinion of the directors, the directors represented the key management personnel of the Company. During the period from 20 March 2014 (date of incorporation) to 31 December 2014, no compensation was paid to the key management personnel.

7. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT

As at 31 December 2014, the carrying amount of the Company's financial instrument approximated to its fair value.

8. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 25 March 2015.

FOUR-YEAR
FINANCIAL INFORMATION

31 December 2014

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000
RESULTS				
Revenue	2,685,795	2,649,067	2,634,161	2,761,146
Cost of sales	(1,108,186)	(1,072,827)	(1,106,969)	(1,207,786)
Gross profit	1,577,609	1,576,240	1,527,192	1,553,360
Other income and gains	159,478	83,866	80,838	42,423
Fair value gains on investment properties	156,986	460,539	843,116	1,339,882
Selling and marketing expenses	(160,203)	(159,416)	(158,793)	(266,812)
Administrative expenses	(599,532)	(617,482)	(590,998)	(896,941)
Other expenses and losses, net	(126,304)	(15,425)	(2,213)	92
Finance costs	(501,775)	(536,241)	(333,823)	(374,385)
Share of profits of joint ventures	3,619	2,463	2,293	3,179
PROFIT BEFORE TAX	509,878	794,544	1,367,612	1,400,798
Income tax expense	(159,224)	(156,037)	(354,218)	(493,689)
PROFIT FOR THE YEAR	350,654	638,507	1,013,394	907,109
Attributable to:				
Owners of the parent	309,606	638,507	1,013,394	907,109
Non-controlling interests	41,048	–	–	–
	350,654	638,507	1,013,394	907,109

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000
Total non-current assets	15,967,088	16,509,780	18,719,481	21,277,458
Total current assets	6,699,545	5,956,134	1,791,113	1,362,904
Total assets	22,666,633	22,465,914	20,510,594	22,640,362
Total current liabilities	10,302,591	9,782,171	4,903,730	5,470,669
Total non-current liabilities	3,311,585	2,488,949	3,676,207	8,062,924
Total liabilities	13,614,176	12,271,120	8,579,937	13,533,593
Equity attributable to:				
Owners of the parent	9,052,457	10,194,794	11,930,657	9,106,769
Total equity	9,052,457	10,194,794	11,930,657	9,106,769

DEFINITIONS

"AGM"	the annual general meeting of the Trust and the Company to be held on a combined basis as a meeting
"Board(s)"	the Trustee-Manager Board and/or the Company Board
"Company"	Jinmao (China) Investments Holdings Limited (金茂(中國)投資控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability on 18 January 2008 and registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands
"Company Audit Committee"	the audit committee of the Company
"Company Board"	the board of directors of the Company
"Company's Articles"	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time
"Director(s)"	a director of the Trustee-Manager and/or a director of the Company
"Distribution Guarantee"	the guarantee provided by Franshion to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) in respect of the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014
"Distribution Guarantee and Shortfall Payments Deed"	the deed dated 13 June 2014 entered into between Franshion and the Trustee-Manager in relation to the Distribution Guarantee and the shortfall payments, as further described in "Distributions – Shortfall Payments" in the Prospectus
"Excluded Hotels"	includes The Westin Nanjing, Nanjing International Center Phase II Hotel and Meixi Lake International Plaza Hotel, in which the Franshion Group continues to hold interests following completion of the Listing but subject to the Hotel Arrangements
"Franshion"	Franshion Properties (China) Limited (方興地產(中國)有限公司), a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a controlling Holder of Share Stapled Units and a connected person of Jinmao Investments and the Company
"Franshion Group"	Franshion and its subsidiaries (excluding the Trust Group), being connected persons of Jinmao Investments and the Company

"Franshion (Shanghai)"	Franshion Properties Investment Management (Shanghai) Company Limited (方興地產投資管理(上海)有限公司), a company incorporated in the PRC with limited liability on 15 November 2007 and a wholly-owned subsidiary of Franshion
"FY"	financial year ended or ending 31 December
"GFA"	gross floor area
"Group", "we" or "our"	the Company and its subsidiaries
"Group Distributable Income"	the audited consolidated profit attributable to the Holders of Share Stapled Units in respect of the relevant financial year or the relevant distribution period after giving effect to certain adjustments as described in the Prospectus and the Trust Deed
"Hotel Arrangements"	the arrangements relating to the existing and future interests of the Franshion Group in hotel assets as set out in "Report of The Directors" in this report
"Hotel Arrangements Deed"	the deed dated 13 June 2014 entered into between the Company and Franshion relating to the Hotel Arrangements
"Holder(s) of Share Stapled Units"	person(s) registered in the Share Stapled Units register as holder(s) of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees Limited, shall also include, where the context so admits, the CCASS participants whose securities accounts with the Central Clearing and Settlement System are deposited with the Share Stapled Units
"Jinmao Investments" or "Trust"	Jinmao Investments (金茂投資), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company
"Listing"	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
"Listing Date"	the date on which the Share Stapled Units were first listed and from which dealings in the Share Stapled Units were permitted to take place on the Main Board of the Stock Exchange, being 2 July 2014
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Loan Facility"	the term loan facility agreement dated 13 June 2014 entered into between the Company and a group of financial institutions
"Lujiazui Central Financial District"	an urban centre of the Pudong New District of Shanghai, the PRC, which covers an area of approximately 1.7 sq.km.

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Newly Opened Hotels"	the three hotels newly opened in 2014 which form part of the property portfolio of the Group, comprising (a) Hyatt Regency Chongming, (b) Renaissance Beijing Wangfujing Hotel and (c) Grand Hyatt Lijiang
"Properties"	the property portfolio of the Group, comprising Jin Mao Tower and eight hotels of the Group as at the date of this report
"Prospectus"	the prospectus jointly issued by Jinmao Investments and the Company dated 19 June 2014
"Review Period"	from 1 January 2014 to 31 December 2014
"RevPAR"	revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Decoration"	Shanghai Jin Mao Construction & Decoration Company Limited (上海金茂建築裝飾有限公司), a company incorporated in the PRC with limited liability on 18 October 1994 and a wholly-owned subsidiary of Franshion
"Shanghai Property Management"	Jin Mao (Shanghai) Property Management Co., Ltd. (金茂(上海)物業服務有限公司), a company incorporated in the PRC with limited liability on 18 September 1995 and an indirect wholly-owned subsidiary of the Company
"Share Stapled Units"	the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a Unit; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Investments); and (c) a specifically identified preference share of the Company stapled to the Unit

"Shareholders"	the persons registered at the relevant time in the principal register of members of the Company maintained in Cayman Islands or the branch register of members of the Company established and maintained in Hong Kong as the holders of an ordinary share of the Company and/or a preference share of the Company
"Sinochem Conglomerate"	Sinochem Group and its subsidiaries (excluding the Trust Group and the Franshion Group), being connected persons of Jinmao Investments and the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trust Deed"	the trust deed dated 13 June 2014 constituting Jinmao Investments and entered into between the Trustee-Manager and the Company
"Trust Distributable Income"	the Trustee-Manager's distributing 100% of the dividends, distributions and other amounts received by it from the Company in respect of the ordinary shares of the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Investments), as required under the Trust Deed
"Trust Group"	Jinmao Investments and the Group
"Trust Property"	all property and rights of any kind whatsoever which are held on trust for Holders of Share Stapled Units, in accordance with the terms of the Trust Deed
"Trustee-Manager"	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Investments
"Trustee-Manager Audit Committee"	the audit committee of the Trustee-Manager
"Trustee-Manager Board"	the board of directors of the Trustee-Manager
"Trustee-Manager's Articles"	the articles of association of the Trustee-Manager, as amended from time to time
"Unit"	a unit in Jinmao Investments

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JINMAO INVESTMENTS

(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED

(Registered in the Cayman Islands with limited liability)

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