踏雪逢春 再上征程

推進新型城鎮化建設

NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司

Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

Annual Report 2014

CORPORATE PROFILE

OVERVIEW

China New Town Development Company Limited (Stock code: D4N.si or 1278.hk) (the "Company" or "CNTD") is dual-listed on the main board of The Singapore Exchange Securities Trading Limited ("SGX") and The Stock Exchange of Hong Kong Limited ("HKEx") since 14 November 2007 and 22 October 2010 respectively.

In March 2014, China Development Bank International Holdings Limited ("CDBIH"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") completed its subscription of CNTD's 54.3% shares. China Development Bank Corporation ("CDB") is one of the biggest policy Banks in China and has been continuously supporting the urbanization construction in China since its establishment. CDB Capital, as a wholly owned subsidiary of CDB, has a national network layout in the business segment of new town development business. To this point, the Company has officially become the one and only listed platform of CDB and CDB Capital in the business segment of new urbanization. In the future, we will leverage the advantage of controlling shareholder's resources and experience, and integrate the opportunities arising from the new urbanization policy actively promoted by China, to build a national leading brand as a comprehensive new-town-developing operator.

We are pioneer in new town development in China. We have established industry leadership through over ten years of solid track record since 2002, and are among the very first players to engage to primary land development. In the new town development process, we have exclusive development and management rights and are not only responsible for master town planning, land preparation, infrastructure construction, but also nurturing long term town value through building high quality facilities and introducing premium brands and leading real estate developers.

CNTD currently have three projects, namely, Shanghai Luodian, Shenyang Lixiang and Nanjing Yuhuatai District Two Bridges Project. Among them, Shanghai Luodian and Shenyang Lixiang, with a remaining salable areas of 859mu and 17,760mu respectively, are the inventory projects before the acquisition, in which we share part of the interest in the proceeds from the sale of land use right. Nanjing Two Bridges Project that we entered into in November 2014 was the first new project after CDB completed its subscription, which fully embodied the direction of the national policy, "industry connected with city", on city renewal and new urbanization, and as for the project itself, we are entitled to a fixed annual return in accordance to certain rate of the capital invested, and can enjoy the profit brought by the appreciation of land value by having the priority of participating in the secondary development within certain limit.

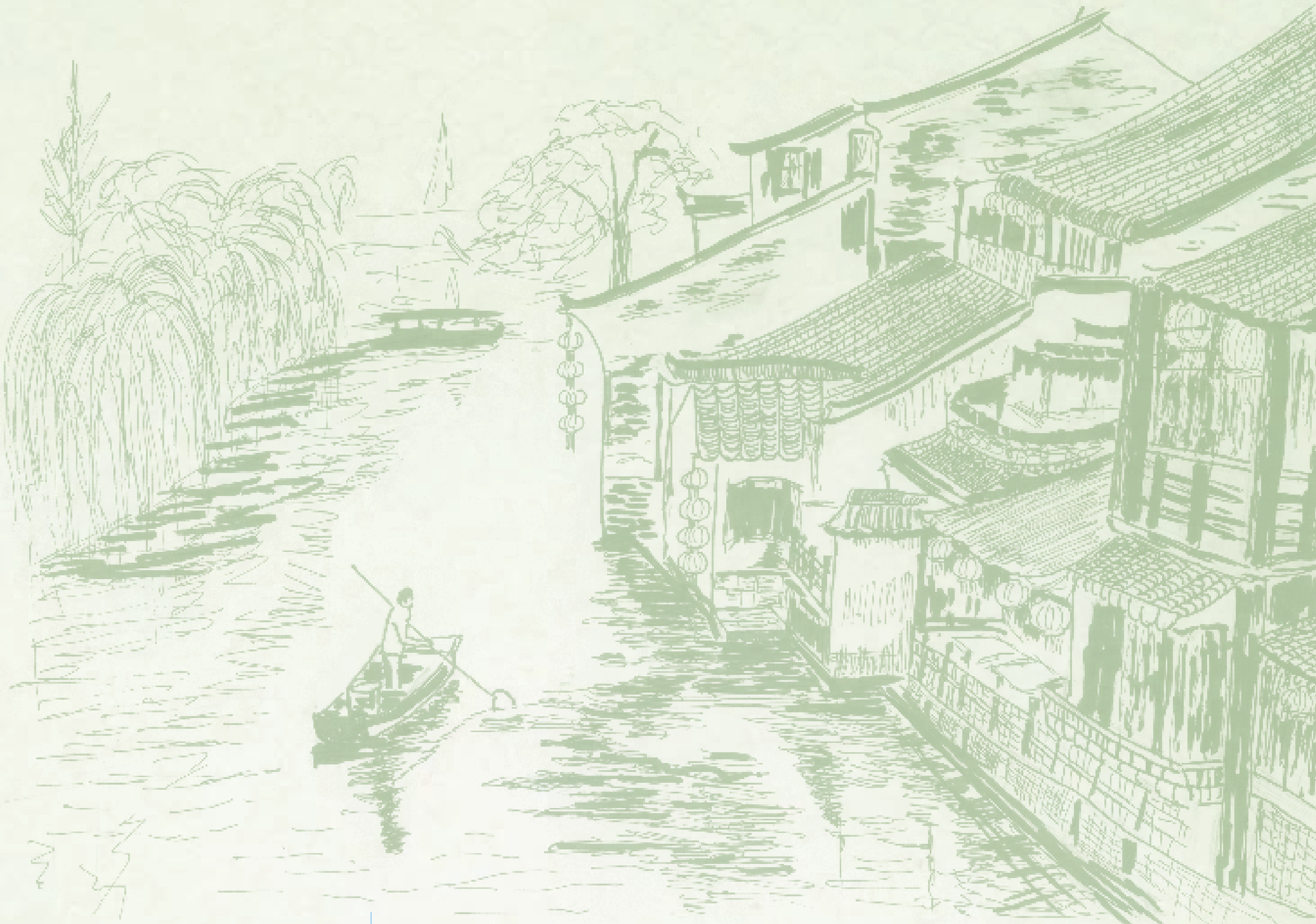
Under the background of the national policy which supports new urbanization, we have confidence to realize the steady upgrade of the Company's scale of assets and operating results by fully integrating the resource advantage of controlling shareholders and the rich experience of project teams.

GOAL

Our Goal is to be the best new town developer in China achieving long-term sustainable growth whilst we continue to strive for short to medium term profitability in order to deliver the greatest value to our shareholders.

MISSION

Our Mission is to build a conscience corporation embracing the value of social ethics, environment and people.



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Our Business

OUR BUSINESS

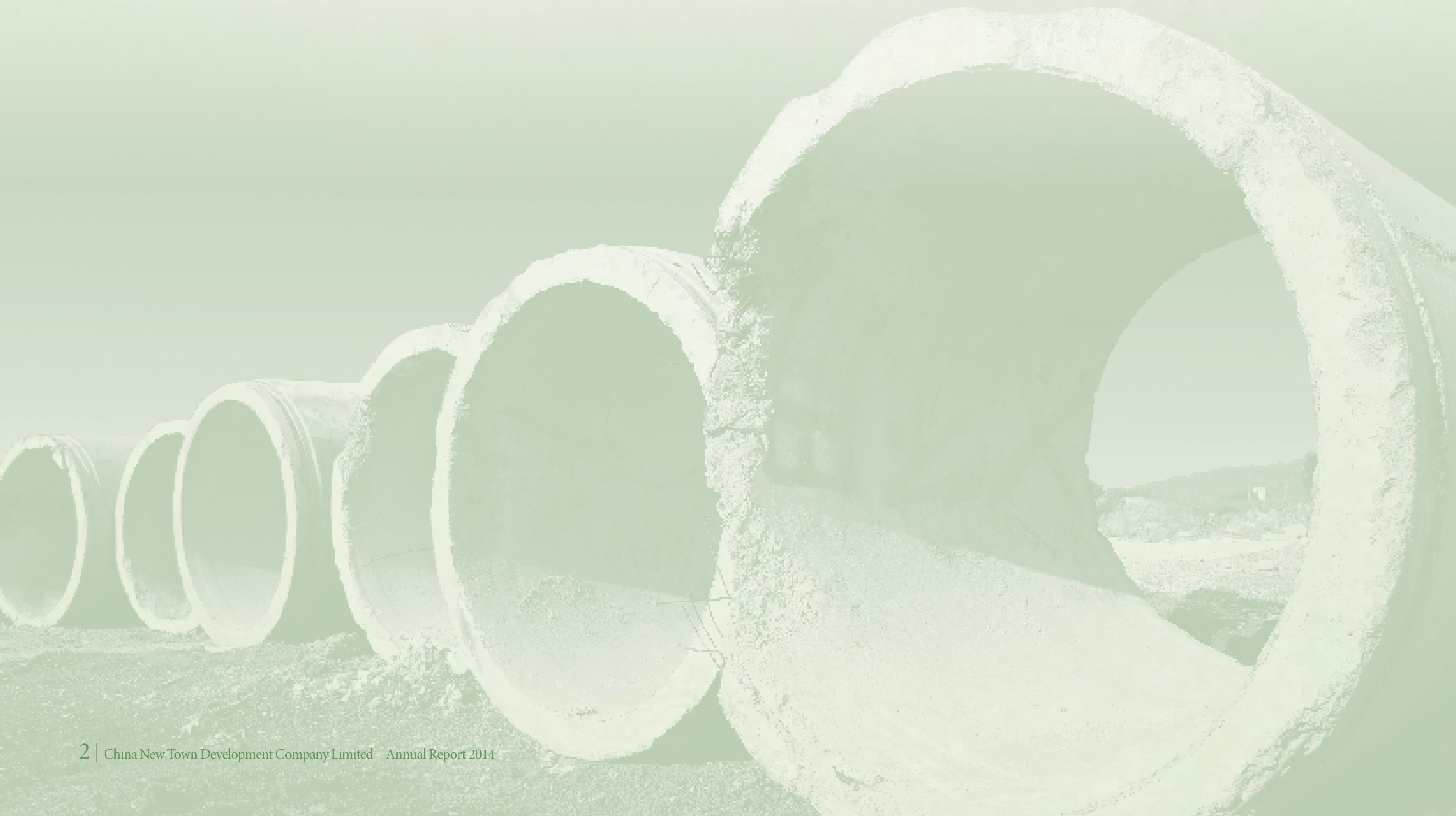
Introduction

We started to enter the new town development industry since 2002, so far has accumulated more than 12 years' experiences in the operation of development with an accumulated development scale of large project amounted to 36 square kilometers. In the previous project development, we accumulated a complete operational experience in the industry chain of new town development, including preliminary planning, land consolidation and supporting construction of infrastructure facilities, achieve a value appreciation for the resources introduced in the region, and so on.

Upon becoming a wholly-owned subsidiary of CDB Capital, we will make good use of these operating experience, together with the national resources advantage of controlling shareholder, to actively make an optimization of project operation mode, to change the previous mode from intensive capital investment to primary land development, a long business cycle and a volatile performance, to improve the previous portfolio' deficiency of failing to achieve scale, and to form a more stable and predictable result performance and cash flow. We actively focus on the value-added service processes, such as design of regional planning, resource introduction, regional value enhancement, city operation and management, and etc., in the new urbanization business chain during the process of business development, changing the previous revenue model which solely relies on land sale, shortening the business circle of primary land development, in order to create greater value for our shareholders.

Taking Nanjing twin bridges project entered into in November 2014 as an example, the cooperative period with the government is five years and the capital contribution is RMB490 million. During the cooperative period, we are entitled to an annual 17.1% investment income on the capital contribution (about 12.8% after-tax) and the Company also has right to participate in secondary land development in ascertain area of the region, and is responsible for the city operation and management in the region. The cooperative period for the primary development of two bridges project is five years, which is much shorter than that of Shanghai Luodian project, which will help to improve the fund use efficiency of the Company.

Two bridges project embodies the national advantage of CDB and CDB Capital in the field of new town development, and also will provide demonstration for our new project development in the future. In the future, we will leverage fully the advantages of CDB and CDB Capital in the national business network and resources, actively explore new town development project with similar characteristics of diversification, and to achieve a growth in the Company's assets and earnings.



LAND DEVELOPMENT PROJECTS

Shanghai Luodian New Town

- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the PRC
- Also features a Five-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses (the site of Lake Malaren BMW Masters Tournament), an European-styled retail street with over 72,000 sq.m. of rental space, an international convention centre, and Lake Malaren Maternity Hospital (provisional name)
- Substantially completed (96% completion)
- Approximately 575,520 sqm of remaining land available for sale representing 25% of total, available for sale up to year 2016

Shenyang Lixiang New Town

- Site area of 20.55 sq. km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport
- In the Dahunnan area where is planned to be transformed into "New Centre, New Landmark, New Hub and New Energy" under the Government's strategic plan; host of the 2013 National Games
- Approximately 45% completed of development
- Approximately 11.84 million sq.m. of remaining land inventory available for sale representing 96% of total, available for sale up to year 2038

Nanjing Yuhua New Town

- Total site area of 21.4 sq. km.
- Two Bridge Area (from Tiexin Bridge to Xishan Bridge) is located in the center of Yuhuatai District, the Software Valley, which will become the CBD of the district in the future. It undertakes an important responsibility for connecting the integrated development in the southern part of Nanjing
- Currently Two bridges Area lag behind in terms of development, isolated from surrounding area, and gradually became the center of subsidence. It is imperative for the area to perform a reformation , to which has been attached great importance by the municipal government and the district government
- Innovative business mode employed in the project: fixed investment return in primary development plus a linkage of primary development and secondary develop, which embodies the resources advantages of, and the great support from, CDB capital

Note1: CNTD's holding interests in Luodian, Shenyang and Nanjing joint-venture companies are 72.63%, 90% and 49% respectively.

Note2: The former Wuxi project has been sold to Wuxi Municipal New Town Development Group Limited in the form of equity transaction on 31 December 2014.

Project List

Our Strengths & Strategies

Strategic Positioning

- CDB and CDB Capital's sole listed platform in new urbanization.
- As CDB capital's operation platform in urbanization business, the Company is committed to strengthening CDB capital's core competitiveness in the field of development and operation, and to form a national leading urban development and operation group covering financing, investment, development and operation.

Business Strategy

- Leverage the close relationship between CDB and CDB Capital and government and their huge customer resources, choose high quality project across the country, improve the investment model and optimize business portfolio.
- Transform the current model of "deep plowing individual project" into a mode of "Multiple projects going hand in hand", achieve economies of scale.
- Build first-class development capacity in the areas, such as primary land development, urban comprehensive operation, urbanization of asset management.
- Take advantage of its own capacity in development and operation and CDB Capital's financial investment strength, to provide new integrated solutions for urbanization.

Financing Strategy

- Leverage the advantage of CDB and CDB Capital in the field of credit background, enhance investor confidence, and make good use of the Company's overseas financing platform.
- Use project oriented loans to further strengthen the Company's financial strength.
- Benefiting from the various sources of fundraising options of the listed platform to enhance CNTD's overall financial leverage and return on equity.

Core Competitiveness

- Continuously supplement and improve the Group's organization structure with CDBC's management expertise.
- Rapidly accumulate external resources such as new town development alliance.
- Standardize project flows to enhance accumulation and continuity of the relevant knowledge and experience.

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Jian *(Vice Chairman)*
Mr. Liu Heqiang *(Chief Executive Officer)*
Ms. Yang Meiyu
Mr. Ren Xiaowei

Non-executive Directors

Mr. Fan Haibin *(Chairman)*
Mr. Zuo Kun *(Vice Chairman)*
Mr. Li Yao Min *(Vice Chairman)*
Mr. Zhang Yan

Independent Non-executive Directors

Mr. Henry Tan Song Kok
(Lead Independent Non-executive Director)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. E Hock Yap

AUDIT COMMITTEE

Mr. Henry Tan Song Kok *(Chairman)*
Mr. Zhang Hao
Mr. E Hock Yap

NOMINATING COMMITTEE

Mr. E Hock Yap *(Chairman)*
Mr. Henry Tan Song Kok
Mr. Kong Siu Chee

REMUNERATION COMMITTEE

Mr. Kong Siu Chee *(Chairman)*
Mr. Henry Tan Song Kok
Mr. E Hock Yap

COMPANY SECRETARIES

Ms. Low Siew Tian
Ms. Chan Sau Ling

BUSINESS ADDRESS

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Two International Finance Centre
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P.O. Box 3340
Road Town, Tortola
British Virgin Islands

BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town
Tortola, British Virgin Islands

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00, Singapore 068898

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISORS

Harry Elias Partnership LLP
WongPartnership LLP
Herbert Smith Freehills
Freshfields Bruckhaus Deringer
Zhonglun W&D Law Firm
Global Law Office
King & Wood Mallesons
City Development Law Firm

AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central
Hong Kong SAR
Auditor's Date of Appointment: 20 November 2007
Partner-in-charge: Mr Terence Ho Siu Fung
Partner-in-charge Since: 9 November 2011

STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

Singapore Exchange Securities Trading Limited
Stock Name: CHINA NEW TOWN
Stock Code: D4N.si

The Stock Exchange of Hong Kong Limited
Stock Name: ChinaNewTown
Stock Code: 1278

PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
United Overseas Bank Limited
Shanghai Pudong Development Bank

Dear Shareholders,

On behalf of the board of directors, I would like to present the annual report for the results of China New Town Development Company Limited ("CNTD" or "the Company") for the year ended 31 December 2014.

For China's new urbanization, 2014 is a year of vital historic significance. The "Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform" is published in 2013, which promotes the urbanization to the level of national policy, puts forward to adhering to the new path of urbanization with Chinese characteristics, pushes forward "human-centered" urbanization, promotes the coordinated development of big, medium and small cities and small towns and the integrated development of industrialization and urbanization, etc., thus provides new opportunity and challenge for the development of our industry.

In 2014, in order to better promote the new urbanization construction, the various supporting policies have been issued in succession to eliminate constraints from every level, which demonstrated the new government attaching great importance to, and the comprehensive planning of, the new urbanization. The "National New-type Urbanization Plan (2014-2020)" issued in March 2014 put forward that in 2020 China's permanent population urbanization rate shall reach 60%, and the census register population urbanization rate shall reach 45%, which clearly defined the goal need to be achieved in the medium-term of urbanization development. In July, the State Council promulgated the Opinion on Further Promoting the Reform of Household Registration System (《國務院關於進一步推進戶籍制度改革的意見》) to make adjustments to the household relocation and household registration policy, to put forward a differential household registration policy to different types of city, to break the restriction of household registration system to urbanization, and to create the conditions for 100 million agricultural population to relocate and settle. In August, the State Council promulgated the Notice on Further Strengthening Shantytown Renovation (《關於進一步加強棚戶區改造工作的通知》) (the "Notice"), required to intensify more efforts, to strive to overfulfill the work target of 2014 meanwhile to plan ahead the shantytown renovation work of 2015-2017. More importantly, the Notice put forward to strengthen the financial support to the shantytowns renovation, to provide a variety of financing support to nationwide shantytowns renovation through a variety of channels.

The issues of various policies are not only beneficial to facilitate the process of China's new urbanization, improve the quality of urbanization construction, but also provide industry participants with new business opportunities and challenges. New urbanization put forward higher request on strengthening the construction of urban infrastructure, enhancing the level of carrying capacity of cities and intensifying the integration between the industry and the construction of new town, which also inevitabley require industry players to have a more comprehensive and integrated ability and quality. As the pioneer of new town development industry, we have more than 10 years of experiences in the development, are positioned to be fully benefit from the major development of the whole industry.

The past year is very important to the Company. China Development Bank Capital Corporation Limited ("CDB Capital"), a wholly-owned subsidiary of China Development Bank Corporation ("CDB") through China Development Bank International Holdings Limited ("CDBIH") subscribed 54.3% of the shares of the Company, and the transaction completed on 28 March. The Company has officially became the only listed platform of CDB and CDB Capital in the business segment of new urbanization, and is dedicated to develop itself into a national leading urban development comprehensive operator with the integration of the advanced concepts and unique resources of CDB Capital, to better serve the construction of China's new urbanization. At the same time, upon the completion of the transaction, we conducted the re-election of the board of directors, which demonstrated fully the recognition and support of CDB Capital to the Company, and established a management team led by CDB Capital's professionals with rich experience in land development.

As one of the biggest policy banks in China, CDB has been continuously highly supporting the construction of urbanization in China since its establishment. Now it plays an extremely important role in the construction of new urbanization. In July 2014, China Banking Regulatory Commission formally approved the establishment of residential financial group by CDB with a focus on support to turning shantytowns into new housing areas and the construction of urban infrastructure. CDB Capital, as a wholly-owned subsidiary of CDB, has been taking new urbanization as one of the four business segments, and has become a leading investment entity in the industry.

After the completion of the acquisition, with the support of CDB and CDB Capital's rich advantage in network and resource, combined with the support of national industry policy, the Company steadily pushed forward the new projects, and optimized the previous model of "deep plowing individual project". In November 2014, the Company formally signed a cooperation agreement with the government of Yuhuatai District of Nanjing, Yuhautai State-owned assets management center and CDB Capital, to reach an agreement on Nanjing Yuhuatai District Two Bridges Project and Software Valley South Park. Nanjing Two Bridges Project is categorized as shantytown renovation project in center area of key provincial city, fully embodies the guiding direction of national policy, and the project is adjacent to the industrial park of software valley, being highly in line with the development strategy of new urbanization "Industry and City integration", reflecting the position of the Company as CDB Capital's core business of new urbanization. Relying on the controlling shareholder's advantage in resource, we can introduce diversified resources for Nanjing Two Bridges Project, including shantytown renovation loans and loan from Urban development alliance, to build new industries livable communities and promote region comprehensive value, so as to establish the Company as the brand of new urbanization developer and operator. In 2015, the Company will vigorously push the development progress of Two Bridges Project and the introduction of resources, strive to realize a breakthrough, and create new value for our shareholders.

2015 is the second year of CDB Capital being a shareholder and will also be a new start for the Company to accelerate its development. Under the background of the national policy which supports new urbanization, backed by the advantages of CDB Capital, the controlling shareholder, in project development, investment and financing, combined with the Company's team advantage in project management and operation, we have confidence to continue to steadily push forward the signature of new project contract, optimize inventory project, push the progress of asset divestiture, realize the expansion of the Company's assets, improve the business performance, with an aim to establish the Company as a leading company in the industry, and build CDB capital as an operation brand in the industry.

In closing, on behalf of the board, I would like to express sincere gratitude to all shareholders, investors, financial institutions and all related partners for their support in the past year. At the same time, I would like to extend my appreciation to the directors, the management and all staff members of the Company for their devotion and contribution. We will stay committed to creating long-term value for our shareholders.

Fan Haibin
Chairman
11 March 2015

Dear Shareholders,

2014 has been a very unusual year for China New Town Development Company Limited ("CNTD" or the "Company"). On 28 March 2014, CDB Capital, a wholly-owned subsidiary of China Development Bank Corporation ("CDB") completed the subscription of 54.3% of the Company's shares through its wholly-owned subsidiary CDBIH, thus became controlling shareholder of the Company, and we also have became the only listed platform of CDB and CDB Capital in the business segment of new urbanization. After the completion of the subscription, the Company has conducted the internal adjustment and optimization actively, and strives to build a new CNTD and establishes the Company's leading position in the industry.

Under the background of new policy of China primary land development and urbanization construction, we actively investigate and research a series of potential project opportunities by fully leveraging the strong resources advantages of CDB and CDB Capital, to create a new business model, in order to realize a faster development; on the other hand, we have conducted the structure optimization and adjustment on the existing projects. Both the work has made positive progress in 2014. We signed an investment cooperation agreement with the government of Yuhuatai District of Nanjing, Yuhautai State-owned assets management center and CDB Capital, to promote cooperatively the development of the project area, which is the first new project of the Company after CDB completed its subscription. Being faced with a downturn market in Wuxi, the Company chose to sell the whole equity interest in Wuxi project company, to re-deploy fund into more robust region and more attractive investment, in order to enhance overall returns to shareholder.

Due to a depressed domestic real estate market as a whole, which had an adverse effect on the land sale of project, further dragging down the Company's revenue. Looking forward to 2015, we will speed up the development of new project, strive to realize clearer and more stable cash flow under the new business mode, at the same time, develop the Company into a leading position and image in the new urbanization construction industry.

NANJING YUHUATAI DISTRICT TWO BRIDGES PROJECT ENTERED INTO FORMALLY

For Nanjing Yuhuatai District Two Bridges Project and software valley south park, as the first project formally entered into after CDB completed the equity interest acquisition, we adopted a quite different innovative business model for its development and operation, which fully embodied the financing and resource advantages of the controlling shareholder in the new town development industry.

According to the cooperation agreement, the government of Yuhuatai District of Nanjing agreed to authorize CDB Yuhua (in which the Company has 49% interest after the capital increase) to be the only development entity of the primary land development of the Two Bridges Project, and had agreed that Yuhuatai SOAO shall guarantee an annual 17.1% pre-tax fixed investment income on the Company's capital contribution to CDB Yuhua (after-tax return of 12.8%). Meanwhile, we will establish a holding joint venture, to participate in the development of the secondary land in the area and be responsible for the construction and subsequent long-term operation of the supporting facilities, such as intelligent application system and new energy system, in the project area.

As compared with Shanghai Luodian and Shenyang Lixiang projects, the Two Bridges Project has a clear primary development return rate, a short cash cycle, a measurable cash investment and a clear deinvestment period, which helps to maintain a stable performance and cash flow during the fluctuation of the real estate industry as a whole. Meanwhile, we will participate in the secondary land development and city operation within the area, further explore other profit in the business chain, to enhance shareholder returns.

DISPOSAL OF WUXI PROJECT

In December 2014, we announced to sell the 90% interest in Wuxi Hongshan New Town Development Co., Ltd. and Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd. held by China New Town Development (Wuxi) Company Limited, a wholly-owned subsidiary of the Company, to Wuxi Municipal New Town Development Group Limited at a net consideration of RMB1,134 million, realizing an investment gain of approximately RMB620 million, and realizing an appreciation of value for shareholders. Taken into consideration the oversupply in Wuxi market and the increasing pressure on the price of land and real estate, the disposal of project allows the Company to reduce market risk and focus on the area with more attractive basic factors and the project portfolio which better matches the Company's business and revenue model. Meanwhile, through the sale transaction, the Company implemented the disposal and divestiture of Disposal Asset within Wuxi project company, speeded up the whole progress of the asset disposal.

LAND SALE OF SHANGHAI LUODIAN PROJECT

In 2014, the Company successfully sold Land C6-2 of Shanghai Luodian Project through auction at a price of RMB124.45 million. Being faced with a depressed domestic real estate and land market, the Company actively negotiated the planning of subsequent land sale with local government, strived to speed up the progress of land sale in the future, in order to realize years of investment value on the project for our shareholders.

SHENYANG LIXIANG PROJECT

Shenyang Lixiang project, located in Lixiang town, Hunnan District of Shenyang, is the largest project of the Company in terms of land inventory. Since CDB completed the equity interest acquisition, we have been actively communicating with local government, with an aim to optimize project structure and cooperation mode, we hope to make a breakthrough to the project progress.

OUTLOOK AND CONCLUSION

After experiencing the restoration and cultivation in 2014, the Company will carry out the work actively around the following objectives in 2015, to achieve leap development after the completion of acquisition:

1. leverage the resource advantages of the shareholders, conduct the strategic cooperation with partners, speed up the progress of entering into new project contract, and improve the Company's profitability and asset quality;

2. develop and manage positively the area of Nanjing Two Bridges Project, and make a business radiation to the surrounding areas;

3. communicate with local government actively in respect of proposal, speed up land sale of the existing projects, and optimize the projects;

4. give full play to the Company's overseas financing platform; and

5. continue to actively put forward asset disposal, re-deploy fund into new project investment and company operation.

With the support of the national policy on the construction of new urbanization, riding on CDB's and CDB Capital's industry brand, strength and resource advantages, combined with the rich industry experience of our professional team, the Company has confidence to achieve a faster development in 2015 and maximize value for shareholders.

Liu Heqiang
Chief Executive Officer
11 March 2015

Five-Year Financial Summary

A summary of the consolidated results and assets and liabilities of the Company and its subsidiaries (the "Group") of the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

RMB'000	2014	For the year ended 31 December 2013	2012	2011	2010
Continuing operations					
Revenue	**56,813**	608,256	689,994	546,570	1,382,697
Cost of sales	**(651,195)**	(353,552)	(430,764)	(229,924)	(483,234)
Gross (loss)/profit	**(594,382)**	254,704	259,230	316,646	899,463
Other income	**56,401**	32,799	1,379	23,100	12,206
Selling and distribution costs	**(8,857)**	(73,060)	(18,461)	(24,353)	(33,893)
Administrative expenses	**(82,403)**	(70,082)	(63,390)	(74,955)	(109,344)
Other expenses	**(847)**	(18,535)	(9,094)	(200,760)	(3,647)
Loss on the repurchase of Senior Notes	**–**	–	–	–	(4,177)
Operating (loss)/profit	**(630,088)**	125,826	169,664	39,678	760,608
Finance costs	**(85,923)**	(114,730)	(40,329)	(10,608)	(46,596)
Gain on disposal of subsidiaries and joint venture	**616,091**	–	–	–	–
(Loss)/profit before tax from continuing operations	**(99,920)**	11,096	129,335	29,070	714,012
Income tax	**44,941**	(33,282)	(39,369)	(51,238)	(220,476)
(Loss)/profit after tax from continuing operations	**(54,979)**	(22,186)	89,966	(22,168)	493,536
Discontinued operations					
Loss after tax from discontinued operations	**(154,191)**	(237,077)	(44,233)	(211,012)	(131,954)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	**3,990**	–	–	–	–
(Loss)/profit for the period	**(205,180)**	(259,263)	45,733	(233,180)	361,582
Non-controlling interests	**(143,776)**	(46,271)	31,292	(32,453)	114,788
(Loss)/profit attributable to owners of the parent	**(61,404)**	(212,992)	14,441	(200,727)	246,794
Assets and liabilities					
Total assets	**9,812,131**	11,563,384	11,761,087	10,616,030	8,931,850
Total liabilities	**5,964,695**	8,584,100	8,520,540	7,590,384	5,634,324
Total equity	**3,847,436**	2,979,284	3,240,547	3,025,646	3,297,526
Equity attributable to owners of the parent	**3,525,816**	2,457,188	2,670,180	2,488,571	2,746,007
Non-controlling interests	**321,620**	522,096	570,367	537,075	551,519
Total equity	**3,847,436**	2,979,284	3,240,547	3,025,646	3,297,526

OPERATING RESULTS

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights. During the year of 2014, revenue of the Group have substantially decreased by 91% as compared with the same period of 2013, which was mainly due to a substantial reduction in both land sale amount and size of land sold and frequencies during the period as compared with the same period of last year. We successfully auctioned and sold the land parcel C6-2 in the Shanghai Luodian project on 5 June 2014.

The land parcel was auctioned at RMB124.5 million to an independent third party property developer in China. Revenue net proceeds of RMB56.81 million and cost of sales of RMB46.40 million were recorded in first half of 2014 accordingly. The details of the contracted price of land sale are summarised as follows:

Project	Site area (sq.m.)	Plot ratio	Month	Gross floor area (sq.m.)	Contracted price (RMB'mil)	Average price by gloss floor area (RMB per sq.m.)
Luodian, Shanghai	14,045.5	2	June	28,091	124.5	4,430

In terms of costs of sale, the unit land development cost for the Shanghai Luodian project was RMB3,303 per sq.m. in 2014 (on the basis of budgeted service costs divided by relevant area) was similar to the level of RMB3,216 per sq.m. in 2013.

In 2014, revenue of the Group decreased by 91% as compared with the same period of 2013, meanwhile cost of sales increased by 90% as compared with the same period of 2013, which was due to the provision for impairment of land development for sale of RMB605 million at Shanghai Luodian project made in December 2014. The impairment has been made pursuant to re-assessment of the net realizable value of the land development making reference to the valuation performed by DTZ and the revised estimated costs necessary to complete the land development. The impairment has been previously announced (For details, please refer to announcement made on 22 December 2014).

OPERATING EXPENSES

Selling and distribution costs

During the year of 2014, selling and distribution costs of RMB8.86 million decreased by RMB64.20 million as compared with the same period of 2013. The decrease was mainly due to the expenditure of RMB60 million incurred in the application for grant of the National 4A Tourist Attraction District for Shanghai Luodian project pursuant to an agreement entered between the Group and the government of Luodian Town in 2013, whereas there was no such expenditure in 2014.

Administrative expenses

During the year of 2014, administrative expenses of RMB82.40 million increased by RMB12.32 million as compared with the same period of 2013. It was because of i) increase in administrative staff force and related salary, pension and bonus amounting to RMB7.82 million as compared with the same period of 2013, due to strategic changes of the Group and the change of controlling shareholder; and ii) onshore administrative center moving from Shanghai to Beijing resulting in a corresponding increase in office rental of RMB6.53 million.

Other income

During the year of 2014, other income of RMB56.40 million increased by RMB23.60 million (or 72%) as compared with the same period of 2013. The increase was mainly due to: i) increase in net foreign exchange gain by RMB5.95 million, and the increase in interest income by RMB5.94 million; ii) due to a reversal of bad debt provision of RMB5.80 million in connection with other receivables, the reversal of bad debt provision increased by RMB2.70 million as compared with 2013; and iii) an investment income of RMB7.77 million generated from the investment in new project of Nanjing Twin Bridges during the year.

Other expenses

During the year of 2014, other expenses of RMB850,000 decreased by RMB17.69 million as compared with the same period of last year. The decrease in other expenses resulted from i) the decrease of the bank administrative charge by RMB1.32 million caused by our repayment of off-shore loan under domestic guarantee in early April; and ii) the provision for bad debt of RMB16.25 million made in 2013 which was not provided in the year of 2014.

NON-OPERATING ACTIVITIES

Finance costs

During the year of 2014, Group has recorded total net finance costs of RMB85.92 million, which comprised of RMB85.92 million interest expenses without any amount being capitalized interests. The decrease of RMB28.81 million comparing with the net finance costs of RMB110 million for 2013 was primarily attributable to the finance cost saving from our repayment of loan under domestic guarantee and trust loan.

Gain from disposal of subsidiaries and joint venture

In the fourth quarter of 2014, the Group has disposed Wuxi Project to Wuxi Xinfa Group in stages and recorded a gain from the disposal of subsidiaries and associates of RMB620 million.

Income Tax

The Company recorded an income tax credit of RMB44.94 million during the financial year. Tax credit does not approximate loss before tax of RMB100 million extended by PRC tax rate of 25% mainly due to different tax rates of subsidiaries.

BALANCE SHEET

Investments in an associate and investments in a joint venture

The balance as at 31 December 2014 decreased by RMB55.86 million as compared with the balance as at the end of 2013, which was mainly due to the disposal of such investments together with the disposal of the Wuxi project.

Investments classified as loans and receivables

There was a new investment classified as loans and receivables of RMB490 million in 2014, which was due to the Group's Nanjing Twin Bridges investment project.

Property, plant and equipment

The balance as at 31 December 2014 decreased by RMB1.59 billion as compared with the balance as at the end of 2013, which was mainly because of i) disposal of relevant property, plant and equipment of RMB61.73 million due to the disposal of the Wuxi project; and ii) the reclassifications to "assets classified as held for sale". For further details, please refer to the note on discontinued operations below. The balance in relation to Disposal Assets includes property, plant and equipment such as the Lake Malaren Hospital, Lake Malaren Golf Courses, Lake Malaren Hotel, Shenyang Sports Park and Lake Malaren Convention Centre etc., the costs of which were RMB590 million, RMB480 million, RMB240 million, RMB140 million and RMB110 million respectively.

Trade receivables (non-current and current assets)

The balance as at 31 December 2014 decreased by RMB730 million as compared with the balance at the end of 2013, which was mainly due to i) the effects of reclassifications to "assets classified as held for sale" amounting to RMB6.98 million. For further details, please refer to the note on discontinued operations below; ii) RMB59.07 million arising from the land sold in the second quarter of 2014; and iii) collecting receivables in relation to land sold in 2014 amounting to RMB780 million.

Land development for sale

The balance as at 31 December 2014 decreased by RMB3.58 billion as compared with the balance as at the end of 2013, which was mainly due to i) disposal of land development for sale of RMB2.47 billion due to the disposal of the Wuxi Hongshan project; ii) cost of sales in relation to the land parcel sold in the second quarter of 2014, with an impact of RMB46.40 million; and iii) provision for impairment of land development for sale and adjustments to accruals for the Shanghai Luodian project totaling RMB1.09 billion.

Property under development for sale

The balance as at 31 December 2014 decreased by RMB1.57 billion as compared with the balance as at the end of 2013, which was mainly resulted from the reclassifications to "assets classified as held for sale" amounting to RMB1.57 billion. In addition, there was also a movement of around RMB29.43 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepaid land lease payments (non-current and current assets)

The balance as at 31 December 2014 was RMB870 million lower than the balance as at the end of 2013, mainly due to reclassifications to "assets classified as held for sale" in the amount of RMB870 million. In addition, there was also a movement of around RMB180 million in such reclassified assets. For further details, please refer to the note on discontinued operations below. The impact of disposal of Wuxi project was RMB180 million.

Prepayments (current assets)

The balance as at 31 December 2014 decreased by RMB84.84 million as compared with the balance as at the end of 2013, which was mainly resulted from the classification to "assets classified as held for sale" amounting to RMB93.14 million. In addition, there was also a movement of around RMB57.90 million in such reclassified assets, within which RMB75.80 million was due to the disposal of Wuxi project. For details, please refer to the note on discontinued operations below.

Other receivables

The balance as at 31 December 2014 was RMB1.88 billion higher than the balance as at the end of 2013, mainly due to i) as part of the Wuxi project disposal, a receivable of RMB1.89 billion; and ii) reclassifications to "assets classified as held for sale" in the amount of RMB21.52 million. In addition, there was also a movement of around RMB190 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Interest-bearing bank and other borrowings

Comparing with the end of 2013, the balance of current interest-bearing bank and other borrowings decreased by RMB440 million and the balance of non-current interest-bearing bank and other borrowings decreased by RMB1.8 billion. The reasons of the decrease were mainly due to i) reclassifications to "liabilities directly associated with assets classified as held for sale" in the amount of RMB570 million and RMB950 million respectively. In addition, there was also a movement of around RMB320 million in such reclassified liabilities; ii) repayment of foreign loans under domestic guarantee by the Group amounting to RMB900 million; and iii) increase in new borrowings of RMB500 million by the Group.

Trade payables

The balance as at 31 December 2014 was RMB2.4 billion lower than the balance as at the end of 2013, mainly because of i) the trade payables recorded at the end of 2013 in the amount of RMB650 million were settled during the first half of 2014; ii) reduction in payables of RMB1.26 billion along with the disposal of the Wuxi project; and iii) that RMB400 million of trade payables has been reclassified to "liabilities directly associated with assets classified as held for sale". In addition, there was also a movement of around RMB67.75 million in such reclassified liabilities.

Other payables and accruals

The balance as at 31 December 2014 was RMB760 million lower than the balance as at the end of 2013, mainly due to i) reclassification to "liabilities directly associated with assets classified as held for sale" in the amount of RMB260 million. In addition, there was also a movement of around RMB320 million in such reclassified liabilities; ii) Shanghai Luodian project adjusted accrued cost of RMB480 million; and iii) reduction in the relevant liabilities of RMB65.38 million along with the disposal of the Wuxi project.

Advances from customers

The balance as at 31 December 2014 was reduced to zero, mainly because of reclassification to "liabilities directly associated with assets classified as held for sale" in the amount of RMB340 million. In addition, there was also a movement of around RMB86.62 million in such reclassified liabilities. For further details, please refer to the note on discontinued operations below.

Advances from the settlement of disposal assets

In 2014, the amount increased by RMB550 million, mainly because of consideration payment received from SREI pursuant to the Disposal Master Agreement. However, affected by the progress of approval by the authorities, the corresponding disposal was not completed by the end of the period, therefore the consideration payment has been recorded as an advance.

Deferred income arising from land development

The balance as at 31 December 2014 was RMB240 million lower than the balance as at the end of 2013. This was because of i) disposal of deferred income arising from land development of RMB250 million along with the disposal of the Wuxi project; ii) the uncompleted portion of the land parcel sold in the second quarter of this year, RMB2.26 million based on a 96.17% completion ratio, has been recorded as deferred income in the period; and iii) the deferred income at the Luodian project in relation to the reversal of business tax in the amount of RMB12.88 million.

CASH AND BANK BALANCES

Overall, cash and cash equivalents (excluding restricted cash) in the period increased by RMB740 million as compared with the end of 2013, with balance of RMB880 million as at 31 December 2014. This was due to net operating cash inflow of RMB100 million, net financing cash inflow of RMB600 million and net investing cash inflow of RMB37.99 million in the year of 2014.

Gearing ratio (defined as net debt/sum of shareholder equity and net debt) as at 31 December 2014 has substantially decreased from that as at 31 December 2013, mainly due to the fact that cash balance at the end of the period includes cash proceeds from placing of newly issued shares of RMB1,139 million.

DISCONTINUED OPERATIONS

On 10 October 2013, the Company, CDBIH and SRE Investment Holding Limited ("SREI") entered into share subscription agreement ("Subscription Agreement"), pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 shares of the Company (the "Subscription"). The Subscription has been completed on 28 March 2014 and the relevant shares have been issued.

As a schedule of the Subscription Agreement, the Company and SREI entered into the Disposal Master Agreement pursuant to which the Company agreed to dispose the Disposal Assets at the terms and conditions under the Disposal Master Agreement, and SREI agreed to purchase the Disposal Assets ("Disposal Assets") at total consideration of RMB2,069,832,594, the relevant consideration of which shall be paid in several cash instalments ("Disposal"). As at 31 December 2014, the Disposal Assets are classified as assets held for sale in financial statements and deemed discontinued operations of the Group. (For details, please refer to note 15 on pages of 95 to 96 of this Annual Report)

BOARD OF DIRECTORS

CHAIRMAN and NON-EXECUTIVE DIRECTOR
Mr. Fan Haibin

VICE CHAIRMAN and EXECUTIVE DIRECTOR
Mr. Shi Jian

VICE CHAIRMAN and NON-EXECUTIVE DIRECTOR
Mr. Zuo Kun

VICE CHAIRMAN and NON-EXECUTIVE DIRECTOR
Mr. Li Yao Min

CHIEF EXECUTIVE OFFICER and EXECUTIVE DIRECTOR
Mr. Liu Heqiang

NON-EXECUTIVE DIRECTOR
Mr. Zhang Yan

EXECUTIVE DIRECTOR
Ms. Yang Meiyu

EXECUTIVE DIRECTOR
Mr. Ren Xiaowei

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. Henry Tan Song Kok

INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. Kong Siu Chee

INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. Zhang Hao

INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. E Hock Yap

DIRECTORS

Mr. Fan Haibin,

aged 60, was appointed as a Non-executive Director and the Chairman of the board of directors (the "Board") on 28 March 2014. Mr. Fan holds a bachelor degree in electric system engineering from Northeast Dianli University. Mr. Fan currently is the chief investment officer of CDB and the president of CDBC, and both CDB and CDBC are controlling shareholders of the Company. Mr. Fan has an extensive experience in the energy investment and financial industry. From 1982 onwards, Mr. Fan worked for the Ministry of Water and Power, State Resources Investment Corporation (國家能源投資公司) and CDB. Mr. Fan has become the chief investment officer of CDB and the president of CDBC since November 2013. From 2010 to 2013, Mr. Fan was the Chief Appraisal Officer of CDB. From 1994 to 2010, Mr. Fan had been working at, in chronological order, the Electricity Credit Bureau, First Project Appraisal Bureau, Shijiazhuang Branch, Hebi Branch, and Appraisal Management Bureau of CDB. Before joining CDB, Mr. Fan worked as director of project management division at State Resources Investment Corporation. Mr. Fan is responsible for formulating, developing and reassessing the Group's strategies and policies.

Mr. Shi Jian,

aged 61, is the founder of our Company. He was appointed to our Board on 11 January 2007 and has been the Executive Chairman of our Company since 1 April 2007 and was re-designated as the Vice Chairman of the Board but remain as an Executive Director on 28 March 2014. He will provide his experience and resource in the industry to the Group and share them with the Group.

Mr. Shi served in the People's Liberation Army from 1970 to 1986, the highest rank attained being colonel. From 1993 to 1995, he was the General Manager of the Universal Mansion project in Shanghai from which he obtained substantial experience in the development of commercial property. He has more than 24 years' experience in business management and the property development industry, including over 12 years' experience in new town development in the PRC. Mr. Shi is also a founder and is concurrently the Executive Chairman of SRE Group Limited ("SRE", 1207.hk).

Mr. Zuo Kun,

aged 40, was appointed as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. Mr. Zuo holds a bachelor degree in economics from China Institute of Finance. Mr. Zuo currently is the vice president of CDBC, a controlling shareholder of the Company. Mr. Zuo has an extensive experience in the investment and financial industry. Mr. Zuo joined CDBC in 2009 and has been the vice president of CDBC since March 2011. From 2001 to September 2009, Mr. Zuo had been working at, in chronological order, the International Finance Bureau, Lanzhou Branch, and Executive Office of CDB. Mr. Zuo will be responsible for the duties in absence of the Chairman of the Board and the execution of the Group's business strategies and plans.

Mr. Li Yao Min,

aged 64, was appointed to our Board on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011. Mr. Li was re-designated as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. Mr. Li will assist Mr. Shi to give advice for the Group. From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 20 years of experience in business management and the property development industry, including over 12 years' experience in new town development in PRC. Mr. Li is also a founder of SRE, and was reappointed as the co-chairman and executive director of SRE on 29 August 2013, and resigned on 5 February 2015.

Mr. Liu Heqiang,

aged 45, was appointed as an Executive Director and the chief executive officer on 28 March 2014. Mr. Liu holds a master degree of industrial engineering from University of Science and Technology Beijing. Mr. Liu currently is the general manager of the Direct Investment Division III of CDBC, a controlling shareholder of the Company. Mr. Liu has an extensive experience in the banking and investment industry. Mr. Liu has been appointed as the general manager of Direct Investment Division III of CDBC since December 2009, where he principally engages in investment in urban development related areas. From 1992 to 2009, Mr. Liu had been working at, in chronological order, in State Raw Materials Investment Corporation (國家原材料投資公司), and Northeast Credit Department (東北信貸局), Tianjian Branch, and the Market and Investment Business Bureau, of CDB. Mr. Liu is the president of the Company and is responsible for the management of the business of the Group.

Mr. Zhang Yan,

aged 33, was appointed as a Non-executive Director on 28 March 2014. Mr. Zhang holds a bachelor degree in finance from Tsinghua University. On 22 April 2014, Mr. Zhang has been promoted from assistant general manager to associate general manager at the international business division of CDBC and managing director of the business development division of CDBIH. On 28 November 2014, Mr. Zhang ceased to be the associate general manager at the international business division of CDBC, but was appointed as a Chief Investment Officer of CDBIH at the same day. Mr. Zhang has an extensive experience working for leading international investment banks. Prior to joining CDBC in 2009, Mr. Zhang worked at the global special opportunities group of J.P. Morgan, where he engaged in principal investment business. Mr. Zhang had also worked at a PRC investment banking arm of UniCredit Group where he principally advised on cross-border mergers and acquisitions and private placement.

Ms. Yang Meiyu,

aged 32, was appointed as an Executive Director on 28 March 2014. Ms. Yang holds a master degree in finance from Peking University. Ms. Yang was the senior manager of the Direct Investment Division III of CDBC, a controlling shareholder of the Company. Prior to the joining CDBC, Ms. Yang worked as an investment manager at China Reits Investment where she worked on various fund raising and land development projects. Ms. Yang has joined CDBC since December 2009 where she principally engages in urban development related investment and she also acts as directors and supervisors of various subsidiaries of CDBC. Ms. Yang is the vice president of the Company and is responsible for, among other things, corporate financing, investment and investors' relation management.

Mr. Ren Xiaowei,

aged 43, was appointed as an Executive Director on 28 March 2014. Mr. Ren holds a bachelor degree in engineering from Beijing Machinery and Industrial College (北京機械工業學院). On 22 April 2014, Mr. Ren has been promoted from the senior manager to associate general manager of the direct investment division III of CDBC. Mr. Ren joined CDBC since December 2009. Mr. Ren also worked as assistant general manager and chief operating officer of China Development Caofeidian Investment Company Limited (國開曹妃甸投資有限公司), the vice president and chief investment supervisor of China Development Jilin Investment Company Limited. Mr. Ren has extensive experience in import and export industry. Prior to joining CDBC, Mr. Ren worked as department manager of China National Machinery Import & Export Corporation (中國機械進出口公司) during 1995 to 2003 and as managing director of Bidwiin Tech during 2003 to 2009. Mr. Ren is the vice president of the Company and is responsible for, among other things, the management of urban development projects and construction projects.

Mr. Henry Tan Song Kok,

aged 50, was appointed to our Board on 25 September 2007. He is the Lead Independent Non-executive Director and the Chairman of the Audit Committee of the Company and a member of the Nominating and Remuneration Committees of our Company.

Mr. Tan obtained a bachelor's degree in accountancy with first class honours from the National University of Singapore. He is a fellow of the Institute of Singapore Chartered Accountants, a fellow of the Institute of Chartered Accountants in Australia, a fellow of CPA Australia and a fellow of Singapore Institute of Directors and a member of the Institute of Internal Auditors Inc (Singapore Chapter). Mr. Tan is currently the Managing Director of Nexia TS Public Accounting Corporation and the Chairman of Nexia China. His previous roles include Asia Pacific Chairman and Board member of Nexia International. He also sits on the board of Ascendas Funds Management (S) Limited, which is the Manager of Ascendas REIT, a fund listed on the SGX-ST. He served as President of Spirit of Enterprise from October 2006 to October 2008, a charity organization. Mr. Tan sits on the boards of Chosen Holdings Limited, Raffles Education Corporation Limited and YHI International Limited, all being companies listed on the SGX-ST. He was also an independent non-executive director of Pertama Holdings Limited until 10 January 2014. Mr. Tan has been appointed to Nanyang Technological University's newly-formed Nanyan Business School Alumni Advisory Board on 10 March 2015.

Mr. Kong Siu Chee,

aged 68, was appointed to our Board on 30 November 2006. He is the Independent Non-executive Director and also the Chairman of the Remuneration Committee and a member of the Nominating Committee. Mr. Kong obtained a bachelor's degree in arts from the University of Hong Kong in November 1969 and a master degree in business administration from the Chinese University of Hong Kong in December 1980. He is an associate of The Chartered Institute of Bankers in the United Kingdom. Mr. Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a director of Champion Technology Holdings Limited from 1993 to 1994 and a director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 and 2005, he served as a director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited (renamed as CITIC Bank International Limited in May 2010), and was also a director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005. Mr. Kong has been appointed as an independent non-executive director of Harbin Bank Co. Ltd since October 2013, and he has been an independent non-executive director of Global Strategic Group Limited (formerly known as DIGITALHONGKONG.COM) from 28 March 2014 to 26 October 2014.

Mr. Zhang Hao,

aged 55, was appointed to our Board on 13 February 2012. He is the Independent Non-executive Director and also a member of the Audit Committee. He is currently the vice director and part-time professor of the Yangtze River Basin Development Institute of the East China Normal University. Mr. Zhang graduated from the Department of Economics of the Nanjing University in August 1990. He then obtained a master degree in business administration from the Shanghai Jiaotong University in March 2005. He had previously served in various departments of the provincial government of the People's Republic of China for over 29 years. From August 1981 to August 1996, he worked first as the senior staff member in the Planning Commission of Chongming County and then as the superintendent of the Seawall Project Management of Chongming County. From August 1996 to December 2010, he held various positions including as a senior staff member of the Cooperation Office of the Shanghai Municipal Government, a cadre of the department of district and county economy of the Shanghai Municipal Development Planning Commission and a senior staff member for the department of district and county economy of the Shanghai Municipal Development and Reform Commission.

Mr. E Hock Yap,

aged 59, was appointed to our Board on 29 May 2012. He is the Independent Non-executive Director and also the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He obtained a bachelor's degree in Chemical Engineering at the University of Sheffield, United Kingdom in 1978. He is also a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He started his career with the London office of KPMG as an auditor specializing in insolvency from August 1978 to May 1983. From May 1983 to January 1987, he worked at Chase Manhattan Bank as an investment banker and in various investment banks in the region. He later took up management roles in several financial services companies in the Asia Pacific Region. He served as the Chief Executive Officer and as the Managing Director of Prime Credit Limited during the period from August 1999 to December 2007. He currently works in an investment company which invests in special situations. Mr. Yap had also served as an independent non-executive director of SRE during the period from 28 September 2004 to 29 May 2012.

SENIOR MANAGEMENT

Ms. Gu Biya,

aged 56, joined our Group in November 2006 and was previously appointed to our Board on 30 November 2006. She was responsible for overseeing the development of the Wuxi Project. On 1 June 2009, Ms. Gu resigned from our Board as she had a surgical operation but was re-appointed as Executive Director and Chief Operating Officer on 7 January 2010 upon recovery. She resigned as an Executive Director and chief operating officer on 28 March 2014 and was designated as a Vice President of the Company with effect from 28 April 2014. She was responsible for the operation and management of Wuxi subsidiary of the Company, and after Wuxi Project's disposal, she is now responsible for seeking for other investment opportunities.

Ms. Gu obtained a bachelor's degree in economics and management from the Central Party School in June 1992 and obtained an International Real Estate Advanced Leadership Program Certificate upon completion of a course relating to the financing and management of a real estate company jointly organized by the Harvard University's Graduate School of Design, the graduate school of design of the Harvard University, and the Tsinghua University for real estate professionals in China in March 2005. She was a member of the Shanghai City, Baoshan District Chinese People's Political Consultative Conference National Committee from October 2004 until the change of office bearers of the committee in 2008. She was awarded the 2005 China Construction Industry Top 100 Managers Award in October 2005 from China Management Science Research Institute, China Architectural Culture Center and China Construction Newspaper. Based on the records from Shanghai Changning District Human Resources Service Center, Ms. Gu has over 23 years of management experience in the real estate industry. She has joined the SRE group since 1997. In 2002, she was re-designated as a director and the General Manager of Shanghai Golden Luodian Development Company Limited ("SGLD") and was responsible for the operations of the company until February 2007.

Mr. Mao Yiping,

aged 46, joined SRE in 1993. He subsequently joined our Group in November 2006 and was appointed as an Executive Director on 30 November 2006 and was appointed as Vice President on 22 November 2007. He has been the General Manager for the new town project located in Shenyang Lixiang District ("Shenyang Project") since 1 April 2007 and is responsible for overseeing the development of the Shenyang Project. Mr. Mao obtained a bachelor's degree in mechanical engineering from the Shanghai Jiao Tong University in July 1991 and a master's degree in business administration from the City University of Hong Kong in November 2003. He resigned as an Executive Director on 28 March 2014, and was designated as Vice President of the Company with effect from 28 April 2014.

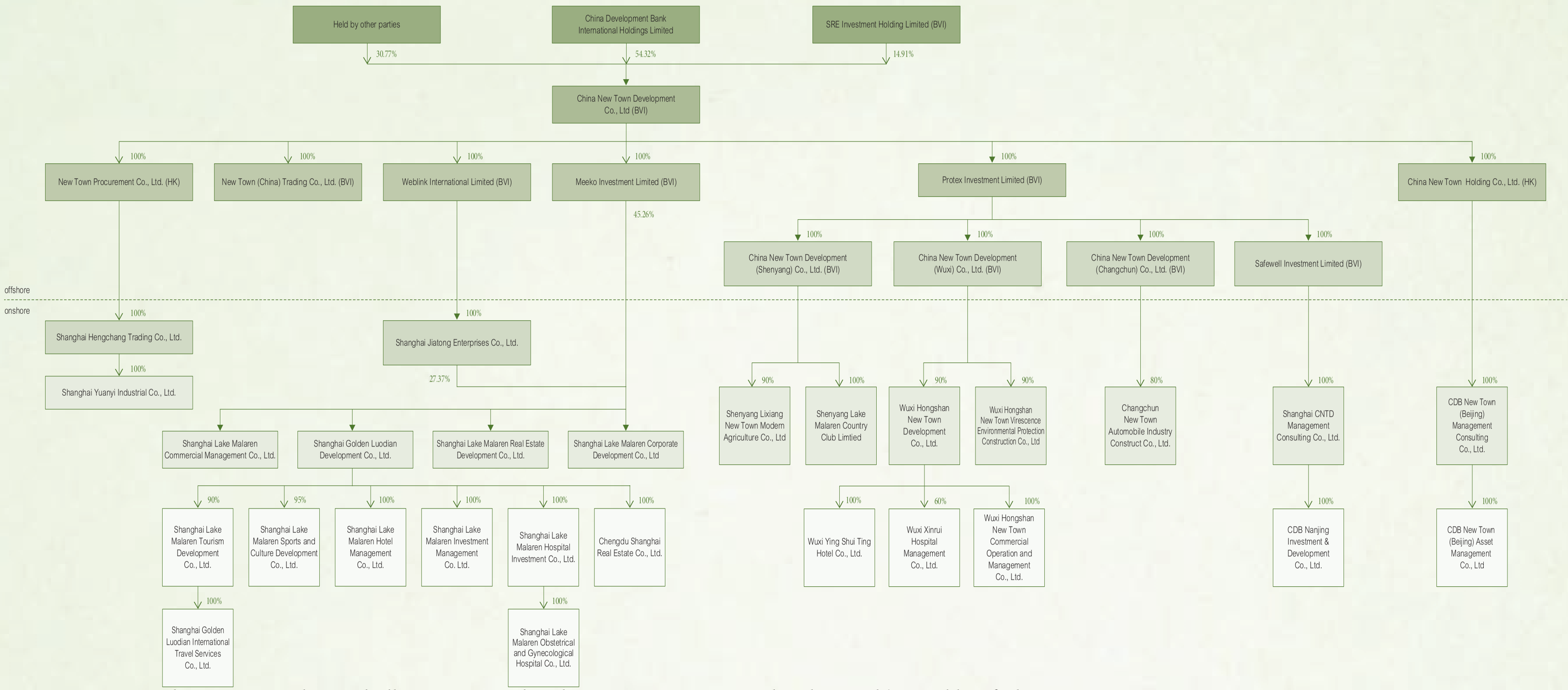
Mr. Wu Haijun,

aged 42, joined our Company in April 2014 and was appointed as Vice President on 28 April 2014, he is responsible for the Administration Department and Changchun New Town Automobile Industry Co. Ltd.. From July 2008 to November 2011, he was the General Manager of the Jilin City Construction Holding Group Co., Ltd.; he also served as General Manager of the Jilin Investment Limited of CDB from April 2011 to April 2012. Mr. Wu obtained a master's degree in business administration from the Jilin University in June 2006.

Mr. Wu Jubo,

aged 49, has been appointed as CFO on 11 March 2015. Mr. Wu graduated from the University of Science and Technology Beijing with a bachelor degree of accounting in January 2005. Mr. Wu holds a PRC professional qualification certificate in accounting and has over 31 years of experience in accounting and finance management. Prior to joining the Company, he was the Chief Accountant at Yangzhou subsidiary of CITIC Pacific Special Steel Group from 1 May 2013 to 1 April 2014. He also worked as the director and financial controller at Kazakhstan KMK Oil Joint Stock and the deputy general manager at Wuxi Heng Yuan Investment Company Limited from 1 May 2010 to 1 May 2013. During the period from 4 April 2004 to 1 May 2010, Mr. Wu was the head of the finance department of CITIC Pacific (Hong Kong) Investment Company Limited, Chief Accountant at Xing Cheng Special Steel Co., Ltd., and director and company secretary of Daye Special Steel Co., Ltd. Mr. Wu would be responsible for matters relating to corporate finance, corporate development and assists in strategic planning, as well as other financial management duties.

Group Structure



1 Except as otherwise expressly stated, all companies within the group are incorporated in the People's Republic of China.
2 Except as otherwise expressly stated, all companies in this corporate structure are wholly-owned by their respective holding companies.
3 Name of accounting firm of the significant subsidiaries as defined in Rule 717 of Listing Manual.
4 The onshore subsidiary has entered into an equity transfer agreement for Wuxi project, which is in the process of change in business registration.

Name of significant subsidiaries	Name of accounting firms
Shanghai CNTD Management Consulting Co., Ltd.	Shanghai Shenzhou Datong Certified Public Accountants
Shanghai Jiatong Enterprises Co., Ltd.	Shanghai Shenzhou Datong Certified Public Accountants
Shanghai Golden Luodian Development Co., Ltd.	Shanghai Shenzhou Datong Certified Public Accountants
Shenyang Lake Malaren Country Club Ltd.	Liao Ning Zheng De Certified Public Accountants
Shenyang Lixiang New Town Modern Agriculture Co., Ltd.	Liao Ning Tian Xin Certified Public Accountants (General Partner)
Changchun New Town Automobile Industry Construct Co., Ltd.	Ji Lin Dian Hua Certified Public Accountants

Note: Local accounting firms are engaged to carry out audits, in accordance with PRC accounting and reporting standards for annual PRC statutory audit. These audits are mainly for annual business registration and tax reporting purposes.

The board of directors (the "Board") and management are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability. Good corporate governance is an integral element of a sound corporation to protect and enhance shareholders' value.

The Board has reviewed its corporate governance practices and confirmed that the Company has complied with all principles and guidelines as set out in the Code of Corporate Governance 2012 (the "Singapore Code") and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "HK Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") (the "HK Listing Rules") (the HK Code together with the Singapore Code are collectively referred to as the "Codes") throughout the financial year ended 31 December 2014 (the "Financial Year") except for Guideline 10.3 of the Singapore Code and code provision C.1.2 of the HK Code regarding monthly performance updates to directors of the Company (the "Directors") for the reasons that, after careful consideration, the management considered that quarterly updates by way of detailed financial results announcement is sufficient for Directors to understand and well note the business performance of the Company. Furthermore, the Company has a unique business model with major revenue arise from land sales. Such sales are expected to be executed in relatively long spans of time given the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sale together with its implication on the Company's performance would be timely communicated to the Directors at early stage and announcements in relation to land auctions would be published immediately after listing and completion of sale of land use rights.

In addition, the Company failed to comply with code provision A.1.7 of the HK Code which stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

Considering the urgency of the issues and certain Directors were travelling on business trip at the time, it was impractical to hold physical board meetings regarding the financing arrangement from CDB Capital and the disposal of the Wuxi Project Group in June and December 2014 respectively. Written resolutions after written discussions were passed by the Directors, including the Independent Non-executive Directors, but excluding certain Directors, being materially interested, who have abstained from voting. For the financing arrangement from CDB Capital, the written board resolution was passed only after the Audit Committee meeting approved it at a meeting held.

The details of above connected transactions were fully disclosed in the announcements dated 27 June 2014, 3 December 2014, 7 December 2014 and 31 December 2014 respectively.

BOARD MATTERS

The Board

The Board has overall responsibility for the proper conduct of the Company's businesses. The Board's primary role is to provide entrepreneurial leadership, set strategic aim and ensure that the necessary financial and human resources are in place for the Group to meet its objectives as well as to protect and enhance long-term shareholders' values. It sets the overall strategy for the Group and reviews management performance. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Committees established by the Board include the Audit Committee, Nominating Committee, Remuneration Committee and Investment Committee and they assist the Board in discharging of its duties. The Board has deliberated and decided to dissolve and discharge the Investment Committee with effect from 3 November 2014, with its responsibilities to be assumed by the Board. The effectiveness of each Committee is also constantly monitored.

The Board meets at least four times a year at approximately quarterly intervals for review of the financial performance, results of each period, material investments and other significant matters of the Group. The Articles of Association of the Company provides for the convening of the Board or Board Committee meetings by way of telephonic or similar communications.

The attendance records of the Directors at the meetings of the Board, the Board Committees and the Annual General Meeting ("AGM") for the Financial Year are set out below:

	Attendance/Number of Meetings (during director's tenure)					
Name	**Board Meeting**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**	**Investment Committee***	**AGM**
Executive Directors						
Shi Jian	7/7	–	–	–		1/1
Liu Heqiang[5]	4/7	–	–	–		1/1
Yang Meiyu[5]	4/7	–	–	–		1/1
Ren Xiaowei[5]	3/7	–	–	–		0/1
Shi Janson Bing[1]	3/3	–	–	–		0/0
Gu Biya[2]	3/3	–	–	–		0/0
Mao Yiping[2]	3/3	–	–	–		0/0
Qian Yifeng[1]	3/3	–	–	–		0/0
Non-executive Directors						
Fan Haibin[6]	4/7	–	–	–		1/1
Zuo Kun[6]	4/7	–	–	–		0/1
Li Yao Min[4]	7/7	–	–	–		0/1
Zhang Yan[6]	4/7	–	–	–		1/1
Non-independent Non-executive Director						
Yue Wai Leung Stan[3]	3/3	–	–	–		0/0
Independent Non-executive Directors						
Henry Tan Song Kok (Lead)	7/7	6/7	2/2	4/4	1/1	1/1
Kong Siu Chee	7/7	–	2/2	4/4	1/1	1/1
Zhang Hao	5/7	6/7	–	–	1/1	0/1
E Hock Yap	7/7	7/7	2/2	4/4		1/1

1 *Mr. Shi Janson Bing and Mr. Qian Yifeng ceased to be Executive Directors on 28 March 2014.*

2 *Ms. Gu Biya and Mr. Mao Yiping ceased to be Executive Directors on 28 March 2014 and continue their office as Vice President on 28 April 2014.*

3 *Mr. Yue Wai Leung Stan ceased to be the Vice Chairman and Non-independent Non-executive Director on 28 March 2014.*

4 *Mr. Li Yao Min was re-designated from Executive Director to Non-executive Director on 28 March 2014.*

5 *Mr. Liu Heqiang, Ms. Yang Meiyu and Mr. Ren Xiaowei were appointed as Executive Directors on 28 March 2014.*

6 *Mr. Fan Haibin, Mr. Zuo Kun and Mr. Zhang Yan were appointed as Non-executive Directors on 28 March 2014.*

* *Dissolved and discharged on 3 November 2014*

Apart from regular Board meetings, the Chairman also held a meeting with Independent Non-executive Directors ("INED") without the presence of Executive Directors during the Financial Year.

Delegation by the Board

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, declaration of interim dividends and proposal of final dividends.

All other matters are delegated to the Board Committees whose actions are reported to and monitored by the Board while the day-to-day operations are delegated to the executive management and carried out under the supervision of the chief executives. All management and staff have defined roles and responsibilities and are subject to the Code of Conduct as set out in the Employee Manual which imposes on them specific obligations to our business.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision D.3.1 of the HK Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules and written guidelines for securities transactions by employees of the Company, and the Company's compliance with the Codes and disclosure in this Corporate Governance Report.

Chairman, Vice Chairmen and Chief Executive Officer

Mr. Fan Haibin is the Chairman of the Board and responsible for ensuring the effectiveness of Board matters, the formulating, developing and reassessing the Group's strategies and policies. Mr. Zuo Kun, Mr. Shi Jian and Mr. Li Yao Min are also the Vice Chairmen of the Board. Mr. Zuo will be responsible for the duties in absence of the Chairman of the Board and the execution of the Group's business strategies and plans; Mr. Shi provides and shares the experience and resources in the industry to or with the Group; and Mr. Li is responsible for assisting Mr. Shi to give advice for the development of the Group. Mr. Shi Janson Bing is the son of Mr. Shi Jian and resigned as Executive Director on 28 March 2014. In addition, Mr. Liu Heqiang is the Chief Executive Officer ("CEO") of the Company and is responsible for overseeing the development of each new town projects and operations of the Company as a whole.

All major decisions made by the Chairman, Vice Chairmen and the CEO are reviewed by the Board. As Mr. Fan Haibin is not an independent director and hence Mr. Henry Tan Song Kok was appointed as Lead INED who will be available to shareholders when they have concerns and when the contact through normal channels has failed to resolve or for which such contact is inappropriate.

Board Composition and Balance

As at 31 December 2014, the Board comprised twelve (12) members: four (4) Executive Directors, four (4) Non-executive Directors and four (4) INEDs. The Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues and no individual or small group should be allowed to dominate the Board's decision making. There is no alternate director appointed in the Board.

The list of Directors and positions held by each Director is set out in the Report of the Directors on pages 18 to 23 of this Annual Report. The INEDs are expressly identified in all corporate communications pursuant to the HK Listing Rules.

During the Financial Year, the Board met the requirements of having at least four INEDs with at least two INEDs possessing appropriate professional qualifications or accounting or related financial management expertise being appointed under the Codes.

The criterion of independence is based on the definition given in the Codes and Rule 3.13 of the HK Listing Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who can interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by director.

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise a sufficient number of Directors to fulfill its responsibilities and act as a group to provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (The number of Directors may be increased where it is considered that additional expertise is required in specific areas, or when an outstanding candidate is identified); and

- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making them difficult to fully discharge their duties.

The INEDs exercise no management functions in the Company or any of its subsidiaries. Although every Director has equal responsibility for the performance of the Group, the role of the INEDs is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders but also of the employees, customers, suppliers and many communities in which the Group conducts businesses. The INED also meet regularly without management present. The Board considers its INEDs to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The INEDs have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors.

The Board is of the view that its current composition of twelve Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.

Insurance cover in respect of legal proceedings and other claims against Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged. During the Financial Year, no legal action was made against any of our Directors in relation to their duties performed for the Company.

Profiles of the Directors and other relevant information are set out on pages 18 to 23 of this Annual Report.

Induction and Training of Directors

Upon appointment, each Director receives appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations and governance practices.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the HK Code on Directors' training. During the Financial Year, all current Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills and provided their records of training to the Company.

Name of Director	Topics of training covered Note
MR FAN HAIBIN *(Chairman and Non-executive Director)*	1, 3, 4
MR SHI JIAN *(Vice Chairman and Executive Director)*	2, 3, 4
MR ZUO KUN *(Vice Chairman and Non-executive Director)*	1, 3, 4
MR LI YAO MIN *(Vice Chairman and Non-executive Director)*	2, 3, 4
MR LIU HEQIANG *(Chief Executive Officer and Executive Director)*	1, 3, 4
MR ZHANG YAN *(Non-executive Director)*	2, 3, 4
MS YANG MEIYU *(Executive Director)*	1, 3, 4
MR REN XIAOWEI *(Executive Director)*	1, 2, 3, 4
MR HENRY TAN SONG KOK *(Lead Independent Non-executive Director)*	1, 2, 3
MR KONG SIU CHEE *(Independent Non-executive Director)*	1, 2, 3
MR ZHANG HAO *(Independent Non-executive Director)*	1, 2, 4
MR E HOCK YAP *(Independent Non-executive Director)*	1, 3, 4

Note: 1 Corporate governance
2 Regulatory updates
3 Finance and accounting
4 Industry updates

NOMINATION MATTERS

Board Membership and Nominating Committee

As at 31 December 2014, the Nominating Committee ("NC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the NC during the Financial Year were as follows:

Mr. E Hock Yap – Chairman
Mr. Kong Siu Chee – Member
Mr. Henry Tan Song Kok – Member

The NC adopted its terms of reference on 13 November 2013 and its principle functions are to:

1. review the structure, size and composition (including skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. identify, review and assess individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. assess the independence of Directors, in particular INEDs, on an annual basis;

4. make recommendations to the Board having regard to the Director's contribution and performance (for instance, attendance, preparedness, participation and candour) on relevant matters relating to the appointment or re-appointment of Directors (including INEDs) in accordance with the Company's Article of Association and succession planning for Directors in particular the Chairman of the Board and the CEO;

5. review the Board diversity policy on a regular basis and recommend revisions, if any, to the Board for consideration and approval; and

6. assess whether or not a director is able to and has been adequately carry out his duties as a director.

The Company has received written annual confirmation from each Director and reviewed the independence of each INED pursuant to the definition provided by the Codes and the HK Listing Rules and was of the view that Messrs Henry Tan Song Kok, Kong Siu Chee, E Hock Yap and Zhang Hao are independent. None of the INEDs served on the Board for more than nine years from the dates of their first appointment.

The NC has reviewed the training and professional development programs participated by the Directors and Company Secretaries. The NC has also reviewed each Director's time of involvement in the Company and considered that it is appropriate taking into consideration of the Directors' board representations held in other listed companies and other major appointments or principal commitments. The NC has reviewed and recommended the Board diversity policy ("Board Diversity Policy") which was adopted by the Board in the Board meeting held on 13 August 2013 for assessing the Board composition. The NC would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The NC would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the NC would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Board, in the Board meeting held on 27 February 2014 accepted recommendation by the NC that the maximum number of listed company board representations which any Director of the Company may hold is eight and all Directors have complied.

Appointment, Re-election and Removal of Directors

The procedures and processes of appointment, re-election and removal of Directors are laid down in the Articles of Association of the Company. Recommendations for appointments and re-appointments of Directors and appointments of the members of various Board Committees are made by the NC and considered by the Board as a whole. The Articles of Association of the Company provides that one-third of the Directors (including non-executive Directors) for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third), who have been longest in office since their last re-election or appointment, shall retire from office by rotation at each AGM of the Company. Each Director should retire at least once every three years. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. In addition, any Director appointed by the shareholders of the Company or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next AGM of the Company and shall then be eligible for re-election at that meeting.

On 28 March 2014, pursuant to the re-constitution of the composition of the Board of the Company with effect immediately after the completion of the subscription of 5,347,921,071 shares in the Company by CDBIH, Mr. Mao Yiping, Ms. Gu Biya, Mr. Shi Janson Bing and Mr. Qian Yifeng ceased to be Executive Directors of the Company; Mr. Yue Wai Leung Stan ceased to be a Non-independent Non-executive Director of the Company; Mr. Shi Jian was re-designated from the Chairman of the Board to the Vice Chairman of the Board but remained as an Executive Director of the Company; and Mr. Li Yao Min was re-designated from an Executive Director, Co-Chairman of the Board and CEO to a Non-executive Director of the Company and Vice Chairman of the Board. On the other side, Mr. Fan Haibin was appointed as Non-executive Director of the Company and Chairman of the Board; Mr. Zuo Kun was appointed as Non-executive Director of the Company and Vice Chairman of the Board; Mr. Liu Heqiang was appointed as Executive Director and CEO of the Company; Mr. Zhang Yan was appointed as a Non-executive Director of the Company; and Ms. Yang Meiyu and Mr. Ren Xiaowei were appointed as Executive Directors of the Company.

The dates of initial appointment, last re-election/re-appointment and other board representations of each of the Directors of the current Board members are set out below:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Fan Haibin	28 March 2014	30 April 2014	Non-executive Chairman	None	None
Shi Jian	11 January 2007	30 April 2013	Executive Vice Chairman	None	Chairman of SRE
Zuo Kun	28 March 2014	30 April 2014	Non-executive Vice Chairman	None	None
Li Yao Min	11 January 2007	30 April 2013	Non-executive Vice Chairman	None	Executive director and co-chairman of SRE (from 29 August 2013 to 5 February 2015)
Liu Heqiang	28 March 2014	30 April 2014	Executive CEO	None	None
Zhang Yan	28 March 2014	30 April 2014	Non-executive Director	None	None
Yang Meiyu	28 March 2014	30 April 2014	Executive Director	None	None
Ren Xiaowei	28 March 2014	30 April 2014	Executive Director	None	None

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Henry Tan Song Kok	25 September 2007	30 April 2014	Lead Independent Non-executive Director	Chairman of Audit Committee, a member of Nominating Committee and Remuneration Committee	INED of Ascendas Funds Management (S) Limited, Chosen Holdings Limited, Raffles Education Corporation Limited and YHI International Limited INED of Pertama Holdings Limited until 10 January 2014
Kong Siu Chee	30 November 2006	30 April 2014	Independent Non-executive Director	Chairman of Remuneration Committee and a member of Nominating Committee	INED of Global Strategic Group Limited (formerly known as DIGITALHONGKONG.COM) from 28 March 2014 – 26 October 2014 INED of Harbin Bank Co. Ltd.
Zhang Hao	13 February 2012	30 April 2012	Independent Non-executive Director	A member of Audit Committee	–
E Hock Yap	29 May 2012	30 April 2013	Independent Non-executive Director	Chairman of Nominating Committee, a member of Audit Committee and Remuneration Committee	INED of SRE from 28 September 2004 to 29 May 2012

Each of the Non-executive Director and INEDs is appointed for a specific term, subject to retirement by rotation once every three years. Appointment letters were issued to each of the Non-executive Director and INEDs respectively and its terms are set out in the Report of the Directors.

Pursuant to Article 86 of the Articles of Association, Mr. E Hock Yap, Mr. Zhang Hao, Mr. Shi Jian and Mr. Li Yao Min shall retire from office by rotation and, being eligible, shall offer themselves for re-election at the forthcoming AGM. The NC recommends re-election of the retiring Directors after assessing their contribution and performance.

Board Performance

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care and in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of the Board's performance is also tested through its ability to give support to management especially in times of crisis and to steer the Company in the right direction.

The Board through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the integrity, background, experience, knowledge and skills relevant to the Company's business and that each Director with his/her special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board by having the Directors complete a questionnaire. The processes identify weaker areas where improvements can be made. The Board and individual Directors can thus direct more effort in those areas to further enhance the effectiveness of the Board.

Access to Information

Annual meeting schedules and agenda of each meeting are normally made available to Directors in advance.

Notice of routine Board meetings is served to all Directors at least 14 days before the meetings. For ad-hoc Board and committee meetings, reasonable notice period is provided.

Meeting materials together with all appropriate, complete, relevant and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company as well as ongoing reports and to enable them to make informed decisions.

All Directors have unrestricted access to the Company's records and information and received detailed financial and operational reports from senior management during the Financial Year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult other employees and seek additional information on request.

All Directors have separate and independent access to the company secretaries. The duly appointed secretaries administer, attend, prepare and keep minutes of the Board and Board Committee meetings. The company secretaries also assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively, and in compliance with the Company's Articles of Association and relevant rules and regulations including requirements of the SGX-ST and HKEx. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The appointment and the removal of the Company Secretory is a matter for the Board as a whole.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

As at 31 December 2014, the Remuneration Committee ("RC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the RC during the Financial Year were as follows:

Mr. Kong Siu Chee – Chairman
Mr. Henry Tan Song Kok – Member
Mr. E Hock Yap – Member

The RC adopted its terms of reference on 13 November 2013 and its principle functions are to:

1. implement and administer any performance incentive schemes of the Company;

2. make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

3. review and determine the specific remuneration packages for all Executive Directors and senior management.

In carrying out their duties, the RC may obtain independent external legal and other professional advise as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for Directors and key management personnel. The expenses of such advice shall be borne by the Company.

Level and Mix of Remuneration

The RC makes recommendations to the Board on remuneration packages of the Executive Directors and senior management taking into account the performance of the Group, as well as the pay and employment conditions in the same industry and comparable companies, while aligning the Executive Directors' interests with those of shareholders and linking rewards to corporate and individual performance.

The INEDs receive directors' fees in accordance with their contributions and taking into account factors such as efforts, time involvement and responsibilities of the INEDs. Directors' fees are subject to approval of the shareholders at the Company's AGM.

The remuneration of the Executive Directors and the key senior executives comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance and other variable components including the grant of share options. Details of the remuneration of Directors are set out in the Report of the Directors.

The annual review of the remuneration packages of the Directors is carried out by the RC and recommendation if any is made to the Board with an aim to ensure the remuneration of the Executive Directors and senior management is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. No Director should involve in deciding his/her own remuneration.

During the Financial Year, the RC met to review and recommend the remuneration of the Executive Directors and fees payable to INEDs.

Disclosure on Remuneration

Details of the Directors' and top 5 key executives' remuneration paid or payable for the Financial Year are set out below:

Directors	Total '000 (S$)	Fixed Salaries	Bonus	Directors' Fees	Mandatory Provident Fund	Band Notes
Executive Directors						
Shi Jian	340	100%				Band B
Liu Heqiang[4] (appointed on 28 March 2014)	97	37%	63%			Band A
Yang Meiyu[4] (appointed on 28 March 2014)	36	43%	57%			Band A
Ren Xiaowei[4] (appointed on 28 March 2014)	66	39%	61%			Band A
Shi Janson Bing[4] (resigned on 28 March 2014)	117	95%			5%	Band A
Gu Biya[4] (resigned on 28 March 2014)	492	81%	19%			Band B
Mao Yiping[4] (resigned on 28 March 2014)	319	94%	1%		5%	Band B
Qian Yifeng[4] (resigned on 28 March 2014)	130	97%	3%			Band A
Non-executive Directors						
Fan Haibin[4] (appointed on 28 March 2014)	–	0				Band A
Zuo Kun[4] (appointed on 28 March 2014)	–	0				Band A
Li Yao Min (re-designated from Executive Director on 28 March 2014)	298	100%				Band B
Zhang Yan[4] (appointed on 28 March 2014)	–	0				Band A
Non-independent Non-executive Director						
Yue Wai Leung Stan[4] (resigned on 28 March 2014)	10	95%			5%	Band B
Independent Non-executive Directors						
Henry Tan Song Kok	83			100%		Band A
Kong Siu Chee	73			100%		Band A
Zhang Hao	44			100%		Band A
E Hock Yap	56			100%		Band A
	2,161					

The exchange rate is calculated on monthly average basis.

Top 5 Key Executives	Fixed Salaries	Bonus	Other Allowances	Band Notes
Mao Yiping (Vice President)	99%	1%		Band B
Gu Biya (Vice President)	81%	19%		Band B
Wu Haijun (Vice President)	41%	59%		Band A
Pun Pak Ho (Vice General Manager of Capital Market Department)	88%	7%	5%	Band A
Wu Jubo (Chief Financial Officer)	50%	50%		Band A

The exchange rate is calculated on monthly average basis.

Notes:

1. Remuneration band

   Band A: Below S$250,000
   Band B: S$250,000 or more

2. All share options under the Management Grant were granted on 27 November 2012 and disclosed on Annual Report 2012.

3. Details of the remuneration of the Directors are set out in the financial statements for the Financial Year on pages 110 to 112 of this Annual Report.

4. Directors and key executive's remuneration paid on pro-rated basis. The aggregate amount of the total remuneration paid to the top 5 key executives (who are not also Directors or the CEO is S$1,286,174).

The remuneration of Mr. Shi Janson Bing, the son of Mr. Shi Jian and Ms. Zuo Xin, the spouse of Mr. Shi Janson Bing and the daughter-in-law of Mr. Shi Jian, for the Financial Year was between the band of S$50,000 and S$100,000.

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the quarterly and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Financial Year.

The financial statements for the Financial Year have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs including operations and finances of the Group and of the Company and effective risk management and sound internal control systems are in place. The Board has received assurance confirming the same from CEO and financial controller. It seeks to present a balanced and informed assessment of the Company's performance, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management

The Board have in place a risk management process and assessment framework.

The Management regularly reviews the Group's business and operational activities to identify areas of potential business risk, which includes the identification and assessment of business risks and take appropriate measures to mitigate these risks. The Group's internal auditor PricewaterhouseCoopers updates this enterprise risk assessment framework previously completed by Ernst & Young and according to the latest condition of the market and the Company and assist the Management with appropriate measures to control and mitigate these risks. The Management and internal auditor reviews all significant control policies and procedures and will highlight any significant potential matters to the Board and the Audit Committee (the "AC").

Internal Control

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the overall internal controls system and risk management of the Group, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Board has engaged PricewaterhouseCoopers to conduct the internal audit review of the internal controls and prepare the reports, monitor and assist the Management to rectify the problem detected in time. The AC reviews the Group's system of internal controls, including financial, operational, compliance, information technology controls, and risk management policies and systems established by the Management. This ensures that such systems are sound and adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding shareholders' investments and the Company's assets.

The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board believes that further improvements can be performed in the current internal control systems and the Company is continuously working towards enhancing the Group's internal control systems. The Board oversees that Management maintains a sound system of risk management and internal controls to safeguard shareholder's interest and Company's assets.

Based on the internal control systems and ERM framework established and maintained by the Group, work performed by the internal auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control systems and with management systems addressing financial, operational, compliance and information technology risks were adequate as at 31 December 2014. The Board received assurance in writing from CEO and financial controller that financial records have been properly maintained and financial statements of the Company give a true and fair view of the Company's operations and finance. The assurance from CEO and financial controller also includes effectiveness of the Company's risk management and internal control systems.

Audit Committee

As at 31 December 2014, the Audit Committee ("AC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the AC during the Financial Year were as follows:

Mr. Henry Tan Song Kok – Chairman
Mr. Zhang Hao – Member
Mr. E Hock Yap – Member

Mr. Henry Tan Song Kok possesses accounting and related financial management expertise and experience. The Board considers that Mr. Zhang Hao has sufficient financial knowledge and experience to discharge his responsibilities as a member of the AC.

The AC adopted its terms of reference on 13 November 2013 and its principal functions are to:

(a) review the financial reporting process, management of financial risks and the audit process;

(b) review the audit plans and results of the external auditors' examination and evaluation of the Group's systems of internal accounting control and any matters which the external auditors wish to discuss (in the absence of management where necessary);

(c) review the scope and results of the internal audit procedures;

(d) review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the external auditors' report on those financial statements;

(e) review the quarterly, interim and annual announcements on the results and financial position of the Company and of the Group;

(f) review the co-operation and assistance given by the management to the Group's external auditors;

(g) evaluate the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;

(h) make recommendation to the Board on the appointment, re-appointment and remuneration of the external auditor of the Company;

(i) evaluate the adequacy and adherence of the internal control systems including administrative, operating and internal accounting control of the Group; and

(j) review interested person transactions and connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Director or executive management to attend its meetings. The AC meets with the internal auditors and the external auditors separately, at least once a year, without the presence of management, to discuss the reasonableness of the financial reporting process, to monitor and review the adequacy of audit arrangements with particular emphasis on the observatories and recommendations of the external auditors.

During the Financial Year, the AC has reviewed the scope and quality of audit by the Company's external auditor, Ernst & Young ("EY") and the independence and objectivity of EY as well as the cost effectiveness. The AC also reviewed the service fee to EY. During the Financial Year, the Company engaged EY for other services relating to the transaction with CDBIH for the share subscription and the disposal of Disposal Assets. The details of audit service fee and non-audit services fee to EY for the financial years ended 31 December 2013 and 2014 are set out below:

RMB'000	2014	2013
Audit service fee	4,050	3,650
Non-audit services fee	–	1,060
Total	4,050	4,710

The Company through the AC, has an appropriate and transparent relationship with EY. In the course of audit of the Group's financial statements, EY has highlighted to the AC matters that require the AC's attention. EY is invited to attend meetings of the AC for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

The Company's annual results for the Financial Year have been reviewed by the AC.

EY's audit opinion on the consolidated financial statements of the Group for the Financial Year is set out in the "Independent Auditors' Report" on pages 50 to 118 of this Annual Report.

The AC is satisfied that the Company's external auditor, EY is able to meet the audit obligations of the Company and recommends to the Board the re-appointment of EY as the Company's external auditor subject to the approval of the shareholders at the forthcoming AGM of the Company.

The Group has appointed different external auditors for its subsidiaries in PRC in order to meet its local statutory regulations. The Board and AC are satisfied that the appointment does not compromise the standard and effectiveness of the audit of the Company. The Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The AC members takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at training and update on recent developments to accounting standards provided by professionals.

Whistle Blowing Policy

The Company has adopted a whistle blowing policy which provides a channel for employees to report serious concerns relating to financial reporting and unethical or illegal conduct.

Throughout the Financial Year, there was no whistle blowing report received.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the AC has also appointed an internal audit function team to enhance our internal controls. The internal audit function team' reports to the Chairman of the AC on any material weakness and risks identified in the course of the audit are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC reviews and approves the annual internal audit plans and reviews the scope and the results of the internal audit according to the procedures issued by the internal audit function team.

INVESTMENT MATTERS

On 3 November 2014, the Board has deliberated and decided to dissolve and discharge the Investment Committee ("IC"). Following to the dissolution and discharge of IC, the Board remains collectively responsible as a whole for any investment decision to be made by the Company. The IC comprised three members, all of whom including the Chairman are INEDs. The chairman and members of the IC during the Financial Year were as follows:

Mr. Kong Siu Chee – Chairman
Mr. Henry Tan Song Kok – Member
Mr. Zhang Hao – Member

The IC performs the following main functions:

1. review the management's recommended investment opportunities, objectives, strategies, policies and guidelines that direct the investment of the portfolio;

2. review the management's recommended portfolio financial goals and requirements, including asset allocation, risk tolerance, investment time horizon and capital adequacy;

3. review and evaluate the performance of the investment portfolio regularly to assure adherence to policy guidelines and monitor progress toward achieving investment objectives; and

4. review the shares purchase, redemption or other share acquisition activities to be conducted by the Company.

COMPANY SECRETARIES

Ms. Low Siew Tian and Ms. Chan Sau Ling of Tricor WP Corporate Services Pte Ltd and Tricor Services Limited respectively, the external service providers, have been engaged by the Company as Joint Company Secretaries during the Financial Year. Their primary contact person at the Company during the Financial Year was Mr. Liu Heqiang, the Chief Executive Officer of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The Company's AGM remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed at the AGM and the operations of the Group.

Under Rule 730A(1) of the Listing Manual of the SGX-ST, an issuer primary-listed on the SGX-ST shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation, and given that the shareholders of the Company are in both Singapore and Hong Kong, Shareholders in both locations should be accorded an opportunity of equal access to meet-in-person the directors of the Company at AGM, the Company had made an application to the SGX-ST for a waiver from compliance with the rule, and has been granted the waiver by the SGX-ST.

Since the shareholders based in Singapore were given the opportunity of access to meet-in-person the directors and senior management of the Company at last year's AGM, the shareholders based in Hong Kong, who hold the majority of the shares of the Company and comprise a substantial proportion of all the shareholders, should be given the same opportunity at this year's AGM, therefore, 2015 AGM will be held in Hong Kong. In this regard, going forward, the Company intends to alternate yearly the venue of its AGMs between Singapore and Hong Kong.

The Company's Articles of Association allows a member entitled to attend and vote at the meeting of the Company to appoint one or more proxies to attend and vote on behalf of him/her and also provides that a proxy need not be a member of the Company. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions. The Company has not made any changes to its Memorandum and Articles of Association during the Financial Year. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's and HKEx's websites.

The Chairmen of the AC, RC, NC and IC are usually available at the Company's AGM to answer any questions from the shareholders relating to the work of these Committees. The Company's external auditor is invited to attend the Company's AGM and will assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

During the Financial Year, notice of at least 20 clear business days was given to the shareholders for the 2014 AGM held on 30 April 2014. Sufficient notice was given in accordance with the Company's Articles of Association, the laws of British Virgin Islands, the SGX Listing Manual and the HK Code.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantial issue at shareholders' meetings, including the election of individual Director. All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the HK Listing Rules and poll results will be posted on the websites of the Company, SGX-ST and HKEx after each shareholder's meeting.

No dividends are paid or payable for the financial year ended 31 December 2014 as the Company made a loss of RMB205,180 thousand in 2014.

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of meeting and responses from the Board and management. These minutes would be available to shareholders upon their request.

The Company organises briefings and meetings with analysts and fund managers regularly to provide them a better understanding of the businesses. In the year, the Company organized investors and shareholders to have a field visit to the projects in Shanghai and Nanjing. In addition, the Company also appointed Aries Consulting Limited as its investor relations consultant to promote investor awareness for the Company.

The Group maintains a corporate website at www.china-newtown.com which contains the Company's publicly disclosed financial information, annual reports, news releases, announcements and corporate developments.

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries to the Board by any of the following ways:

Email	:	ir@china-newtown.com
Contact Number	:	+852 3759 8300
Fax	:	+852 3144 9663
Address	:	Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong

SHAREHOLDERS' RIGHTS TO CONVENE AND PUT FORWARD PROPOSALS AT EXTRAORDINARY GENERAL MEETING

Pursuant to the Company's Articles of Association, extraordinary general meetings may be convened by the Board on requisition of shareholders in writing holding not less than one-twentieth of the total voting rights of the matter for which the meeting is being requested. The written requisition shall be made to the Board or the company secretaries of the Company at the business address or registered office address which are set out in Corporate Information of this Annual Report, to request an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

The Company has adopted the Model Code and Rule 1207(19) of the SGX Listing Manual as the code of conduct regarding securities transactions by Directors. The Directors have confirmed, following specific enquiries by the Company that they have complied with the required standard set out in the Model Code and SGX Listing Manual throughout the Financial Year.

The Company has also established written guidelines with more onerous requirements than the Model Code for securities dealings by employees who are likely to be in possession of unpublished price-sensitive information of the Company. It prohibits the Directors and employees from dealing in the Company's shares on short-term considerations and during the period commencing 30 days before the publication of the Company's financial results for each of the first three quarters of its financial year and 60 days before the publication of the Company's full year financial results (or, if shorter, the period from the end of the relevant financial period or year up to the publication date of the results).

No incident of non-compliance of the written guidelines by the employees was noted by the Company.

MATERIAL CONTRACTS

Save as the service agreements between the Directors and the Company, there were no material contracts entered by the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholders subsisting at the end of the Financial Year.

CONCLUSION

The Company recognizes the importance of good corporate governance practices for maintaining and promoting investor confidence. The Board will continue to review and improve its corporate governance practices on an ongoing basis.

The directors of the Company (the "Directors") are pleased to present the Annual Report together with the audited consolidated financial statements for the financial year ended 31 December 2014 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Group is mainly engaged in large-scale new town planning and development in PRC. The principal activities of its principal subsidiaries are set out in note 3 to the audited consolidated financial statements on pages 79 to 83 of this Annual Report.

RESULTS AND APPROPRIATIONS

The Group's results for the Financial Year are set out in the consolidated statement of comprehensive income on page 51 of this Annual Report.

The Directors resolved not to recommend any payment of final dividend for the Financial Year.

RESERVES

Movements in the reserves of the Group and the Company during the Financial Year are set out in note 26 to the audited consolidated financial statements on pages 106 to 107 of this Annual Report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in note 25 to the audited consolidated financial statements on page 106 of this Annual Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares of the Company on a pro-rata basis to the existing shareholders.

TAXATION IN THE BRITISH VIRGIN ISLANDS ("BVI")

A BVI business company is exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not resident in the BVI). Capital gains realized with respect to any shares, debt obligations or other securities of the company by persons who are not resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

DONATIONS

During the Financial Year, the Group has not made any donation.

FIXED ASSETS

Details of the movements of the Group during the Financial Year for:

– Investment properties are set out in note 17 to the audited consolidated financial statements on pages 98 to 99 of this Annual Report

– Property, plant and equipment are set out in note 16 to the audited consolidated financial statements on page 97 of this Annual Report

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for the Financial Year is set out from page 13 to page 17 of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Financial Year.

MOVEMENT IN SECURITIES

On 28 March 2014, the Company announced that the subscription of 5,347,921,071 shares by CDBIH was completed. As a result, the Company's total number of issued shares changed to 9,846,119,747 shares.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the HKEx (the "HK Listing Rules") during the Financial Year. The details are set out in the Analysis of Shareholdings on page 119 to 120 of this Annual Report.

DIRECTORS

The Directors of the Company in office during the Financial Year were:

Executive Directors

Shi Jian
Liu Heqiang *(appointed on 28 March 2014)*
Yang Meiyu *(appointed on 28 March 2014)*
Ren Xiaowei *(appointed on 28 March 2014)*
Shi Janson Bing *(resigned on 28 March 2014)*
Gu Biya *(resigned on 28 March 2014)*
Mao Yiping *(resigned on 28 March 2014)*
Qian Yifeng *(resigned on 28 March 2014)*

Non-executive Directors

Fan Haibin *(appointed on 28 March 2014)*
Zuo Kun *(appointed on 28 March 2014)*
Li Yao Min *(re-designated from Executive Director to Non-executive Director on 28 March 2014)*
Zhang Yan *(appointed on 28 March 2014)*

Non-independent Non-executive Director

Yue Wai Leung Stan *(resigned on 28 March 2014)*

Independent Non-executive Directors

Henry Tan Song Kok
Kong Siu Chee
Zhang Hao
E Hock Yap

Mr. Shi Jian, Mr. Li Yao Min, Mr. E Hock Yap and Mr. Zhang Hao will be retiring by rotation pursuant to Article 86 of the Company's Articles of Association at the forthcoming Annual General Meeting ("AGM"). Therefore, the Nominating Committee recommends re-election of Mr. Shi Jian, Mr. Li Yao Min, Mr. E Hock Yap and Mr. Zhang Hao after assessing their contribution and performance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out from page 18 to page 23 of this Annual Report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Financial Year.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

From the beginning of the year of 2014 to the date of this Annual Report, none of the Directors is considered to have an interest in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the HK Listing Rules.

INTERESTS IN SIGNIFICANT CONTRACTS OF DIRECTORS, SUBSIDIARIES OF THE COMPANY AND CONTROLLING SHAREHOLDERS

Save as disclosed above and under the section headed "Interested Person Transactions" and "Continuing Connected Transactions" of this Annual Report, none of the Directors, chief executives (direct or indirectly), subsidiaries of the Company or controlling shareholder of the Company and its subsidiaries has entered into any significant contract with the Group during the Financial Year.

MAJOR CUSTOMERS AND SUPPLIERS

We operate on a distinctive business model and the usual concept of customers under the HK Listing Rules is not applicable to us. We receive a significant portion of the land premium from the relevant PRC land authorities when they sell land use rights over the land we develop to third party property developers through public auction, tender or listing.

During the Financial Year, purchases from our single largest supplier accounted for approximately 55% of our total purchases, while purchases from our five largest suppliers accounted for approximately 65% of our total purchases. The Directors were not aware of any interests of any Directors, their associates or any substantial shareholders (including any Director who held more than 5% of the Company's issued share capital) in the 5 largest suppliers or customers.

PENSION SCHEMES

In Hong Kong, we operate a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to our profit and loss account as they become payable. Our contributions as employer vest fully with the employees when we contribute to the scheme. We contribute 5% of the relevant monthly salary to such scheme and our employees contribute the lower of HK$1,250 or 5% of their monthly salary to such scheme as employee mandatory contributions.

In the PRC, we participate in the relevant social insurance contribution plans organized by the relevant local governmental bodies. In accordance with relevant PRC laws, members of our Group operating in the PRC are required to pay a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity (where applicable) for their relevant employees. We are also required by the relevant PRC regulations to register with a competent housing provident fund management center and make contributions to the respective housing provident funds for our employees.

Details of the employer's pension cost for the Financial Year are set out in note 32 of the audited consolidated financial statements from page 110 to page 112 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out from page 25 to page 40 of this Annual Report.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

In accordance with the Listing Manual of the SGX-ST, there is no interested person transactions ("IPT") by the Group during the Financial Year.

CONNECTED TRANSACTIONS

On 27 June 2014, the Company has entered into a financing arrangement (the "Arrangement") with China Development Bank Capital Corporation Limited ("CDB Capital"), pursuant to which CDB Capital will extend a half-year unsecured loan of RMB1 billion to the Company. The Group actually withdrawed RMB500 million.

China Development Bank International Holdings Limited ("CDBIH") is a wholly-owned subsidiary of CDB Capital. As CDB Capital is an associate of CDBIH (which is a controlling shareholder of the Company), the Arrangement constitutes an exempted connected transaction under Rule 14A of the HK Listing Rules and an interested person transaction under Chapter 9 of the SGX Listing Manual.

The Arrangement is of strategic importance to the Company as it will (a) enable the Company to repay the Company's current outstanding credit trust loan and refinance maturing bank loans, achieving immediate cost savings; (b) provide timely capital to speed up the Company's existing projects; (c) provide timely capital to strengthen the Company's onshore working capital to facilitate new project establishment; and (d) open up onshore financing channels.

The interest rate on the Arrangement, determined after arm's length negotiations between the Company and CDB Capital, is 10% per annum and the interest payable on the actual full loan amount is RMB25 million for the half-year period, which would constitute approximately 0.78% of the Group's latest audited net tangible assets of RMB3,219,492 thousand for the financial year ended 31 December 2014.

The Company did not enter into any other transaction within the meaning of Connected Transaction under Chapter 14A of the HK Listing Rules during the Financial Year.

CONTINUING CONNECTED TRANSACTIONS

There were no continuing connected transactions between the Group and its connected persons (as defined under the HK Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the HK Listing Rules for the year ended 31 December 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the Financial Year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules were as follows:

Long Position in shares of the Company (the "Shares")

Name of Director	Number of ordinary shares Personal interests	Family interests	Corporate interests	Total	Approximate percentage of the issued share capital
Shi Jian	6,104,938	1,090(1)	6,816,277,933(2)	6,822,383,961	69.29%
Li Yao Min	8,352,672	–	–	8,352,672	0.085%
Henry Tan Song Kok	600,000	–	–	600,000	0.006%

Notes:

(1) *These 1,090 Shares were held by Ms. Si Xiao Dong, the spouse of Mr. Shi Jian.*

(2) *Pursuant to Part XV of the SFO, Mr. Shi Jian is deemed interested in a total of 6,816,277,933 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment Holding Limited ("SREI") by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SREI as a controlling shareholder; (ii) as both SREI and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the subscription agreement entered between the Company, CDBIH and SREI on 10 October 2013 (the "Subscription Agreement"), SREI is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SREI is deemed interested.*

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at 31 December 2014, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to section 336 of the SFO:

Long Position in the shares of the Company

Name of substantial shareholder	No. of ordinary shares Direct interest	Corporate interest	Other interests	Total	Approximate percentage of shareholding
CDBIH[(1)]	5,347,921,071	–	1,468,356,862	6,816,277,933	69.23%
CDBC[(2)]	–	5,347,921,071	1,468,356,862	6,816,277,933	69.23%
CDB[(2)]	–	5,347,921,071	1,468,356,862	6,816,277,933	69.23%
SREI[(3)]	1,468,356,862	–	5,347,921,071	6,816,277,933	69.23%
Shi Jian[(4)]	6,104,938	6,816,277,933	1,090	6,822,383,961	69.29%

Notes:

(1) *As both SREI and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 Shares held by SREI.*

(2) *CDBIH is a wholly-owned subsidiary of CDBC and CDBC, in turn, is wholly-owned by CDB. Both CDB and CDBC are therefore deemed under Part XV of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH and pursuant to the SFO, both CDB and CDBC are deemed interested in the 6,816,277,933 Shares in which CDBIH is interested.*

(3) *As both SREI and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SREI is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.*

(4) *Please refer to Notes (1) and (2) under the section headed "Securities Interests of Directors and Chief Executive".*

CNTD SHARE OPTION SCHEME (THE "SCHEME")

(a) Purpose of the Scheme

The purpose of the Scheme is to provide the participants working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with incentives to work better for the interests of the Group and/or rewards for their contribution and support to the Group's success and development.

(b) Participants and Eligibility

The Remuneration Committee (the "RC") may, at its discretion, invite any executive or non-executive Directors including Independent Non-executive Directors or any employees (whether full-time or part-time) of any member of the Group or the parent group to take up share options to subscribe for Shares and in determining the basis of eligibility of the participants, the RC would take into account such factors as the RC may at its discretion consider appropriate and recommend to the Board for approval.

Controlling shareholders and their spouse, child, adopted child, step-child, brother, sister and parent shall not be eligible to participate in the Scheme.

(c) Maximum Number of Shares Available for Subscription

The Company shall not grant share options in aggregate exceed 984,611,974 shares of the Company, representing 10.0% of the total number of shares in issue as at the date of this Annual Report, unless the Company obtains an approval from its shareholders.

Notwithstanding the provision above, all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 15.0% of the Shares in issue from time to time.

(d) Maximum Entitlement of Shares of Each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1.0% of the total number of Shares in issue. The total number of Shares issued and to be issued upon exercise of the options granted for any participant who is a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, in the 12-month period shall not representing in aggregate more than 0.1% of the total number of Shares in issue on the relevant date and having an aggregate value, based on the closing price of the Shares as stated in the HKEx's daily quotations sheet on the relevant date, in excess of HKD5 million.

(e) Period for Taking up an Option

The Scheme is subject to the administration of the RC. The RC would take into account the factors in compliance with the listing requirements and the provision of the Scheme as the RC may at its discretion consider appropriate. As at the date of this Annual Report, the RC did not grant any option nor consider the terms and conditions of the grant of options since the adoption of the Scheme.

(f) Minimum Period for Holding an Option before Exercise

Subject to the terms and conditions upon which such option was granted, an option may be exercised by the original participant ("Grantee") at any time during the period to be determined by the RC at its absolute discretion and notified by the RC to each Grantee as being the period during which an option may be exercised and in any event, such period shall not commence until after the first anniversary of the date on which an offer is made to a participant ("Offer Date") and shall not be longer than 10 years from the Offer Date.

(g) Amount Payable on Acceptance of the Option

The option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the Grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the granting thereof is received by the Company within the acceptance period. Such remittance shall in no circumstances be refundable or be considered as part of the subscription price.

(h) Exercise Price

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price solely determined by the RC and shall be at least the highest of:

– The closing price of the Shares as stated in the daily quotations sheet of the HKEx or the SGX-ST on the offer date (whichever is higher); and

– A price being the average of the closing prices of the Shares as stated in the daily quotations sheet of the HKEx or the SGX-ST for the 5 business days immediately preceding the offer date (whichever is higher).

(i) Duration of the Scheme

The Scheme shall be valid and effective for a period of 10 years commenced since the adoption date of 3 September 2010. During the Financial Year, no option of the Company or any corporation in the Group was granted under the Scheme.

DIRECTORS RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the Financial Year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and except that Mr. Fan Haibin, Mr. Shi Jian, Mr. Zuo Kun, Mr. Li Yao Min, Mr. Liu Heqiang, Mr. Zhang Yan, Ms. Yang Meiyu, Mr. Ren Xiaowei, Mr. Shi Janson Bing, Ms. Gu Biya, Mr. Mao Yiping, Mr. Qian Yifeng, and Mr. Yue Wai Leung Stan, have an employment relationship with the Company, and have received remuneration in that capacity. The particulars of the service agreements and the appointment letters are set out below:

Name of Director	Date of service agreement(s)/ appointment letter(s)	Term	Fixed annual remuneration	Termination notice period/ payment in lieu of notice
Executive Directors				
Shi Jian(3)	30 December 2014	22 October 2014 to 21 October 2015	HKD1 million	6 months
Liu Heqiang(4)	30 December 2014	28 March 2014 to 27 March 2015*	HKD1.16 million	6 months
Yang Meiyu(4)	30 December 2014	28 March 2014 to 27 March 2015*	HKD0.83 million	6 months
Ren Xiaowei(4)	30 December 2014	28 March 2014 to 27 March 2015*	HKD0.83 million	6 months
Shi Janson Bing(1)	20 November 2013	22 October 2013 to 21 October 2014	HKD1.6 million	6 months
Gu Biya(1)	25 November 2013	22 October 2013 to 21 October 2014	HKD2 million	6 months
Mao Yiping(1)	25 November 2013	22 October 2013 to 21 October 2014	HKD2 million	6 months
Qian Yifeng(1)	20 October 2011	20 October 2011 to 19 October 2014	HKD0.8 million	6 months
Non-executive Directors				
Fan Haibin(4)	30 December 2014	28 March 2014 to 27 March 2015*	–	1 month
Zuo Kun(4)	30 December 2014	28 March 2014 to 27 March 2015*	–	1 month
Li Yao Min(2)	30 December 2014	22 October 2014 to 21 October 2015	HKD0.8 million	1 month
Zhang Yan(4)	30 December 2014	28 March 2014 to 27 March 2015*	–	1 month
Non-independent Non-executive Director				
Yue Wai Leung Stan(1)	13 August 2013	13 August 2013 to 2014 AGM	HKD0.24 million	1 month
Independent Non-executive Directors				
Henry Tan Song Kok	30 December 2014	22 October 2014 to 21 October 2015	SGD80,000 plus a meeting allowance of SGD2,800	1 month
Kong Siu Chee	30 December 2014	22 October 2014 to 21 October 2015	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Zhang Hao	30 December 2014	22 October 2014 to 21 October 2015	HKD0.26 million	1 month
E Hock Yap	30 December 2014	22 October 2014 to 21 October 2015	HKD0.33 million	1 month

* *Renewal of service will be arranged immediately upon the expiry of his or her term as a director on 27 March 2015.*

(1) *On 28 March 2014, Mr. Yue Wai Leung Stan resigned as a Non-independent Non-executive Director, and Mr. Shi Janson Bing, Ms. Gu Biya, Mr. Mao Yiping and Mr. Qian Yifeng resigned as Executive Directors.*

(2) *On 28 March 2014, Mr. Li Yao Min was re-designated from Executive Director, Co-chairman and Chief Executive Officer to Non-executive Director and vice chairman, and his remuneration was adjusted from HK$1.5 million to HK$0.8 million per annum on 11 March 2015.*

(3) *On 28 March 2014, Mr. Shi Jian was re-designated from Executive Chairman to Vice Chairman, and his remuneration was adjusted from HK$2 million to HK$ 1 million per annum on 11 March 2015.*

(4) *Mr. Liu Heqiang, Ms. Yang Meiyu, Mr. Ren Xiaowei, Mr. Fan Haibin, Mr. Zuo Kun and Mr. Zhang Yan were appointed as Directors on 28 March 2014.*

AUDIT COMMITTEE

The Audit Committee (the "AC") comprises the following members:

Henry Tan Song Kok	*(Lead Independent Non-executive Director and Chairman of the AC)*
Zhang Hao	*(Independent Non-executive Director)*
E Hock Yap	*(Independent Non-executive Director)*

The AC has recommended to the Board the nomination of Ernst and Young ("EY") for re-appointment as the Company's external auditor at the forthcoming AGM of the Company.

The functions performed by the AC are detailed in the Corporate Governance Report.

AUDITORS

The consolidated financial statements for the Financial Year have been audited by EY who will retire and, being eligible, offer themselves for re-appointment at the 2015 AGM. A resolution to re-appoint EY as the external auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the 2015 AGM.

On behalf of the Board

Fan Haibin
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

11 March 2015

Independent Auditors' Report

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

We have audited the accompanying consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 31 December 2014, and the Group's performance and cash flows for the year then ended in accordance with International 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
11 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2014	2013 Restated*
Continuing operations			
Revenue	7	**56,813**	608,256
Cost of sales	8	**(651,195)**	(353,552)
Gross (loss)/profit		**(594,382)**	254,704
Other income	7	**56,401**	32,799
Selling and distribution costs	8	**(8,857)**	(73,060)
Administrative expenses	8	**(82,403)**	(70,082)
Other expenses	7	**(847)**	(18,535)
Operating (loss)/profit		**(630,088)**	125,826
Finance costs	9	**(85,923)**	(114,730)
Gain on disposal of subsidiaries and joint venture	10	**616,091**	–
(Loss)/Profit before tax from continuing operations		**(99,920)**	11,096
Income tax	11	**44,941**	(33,282)
Loss after tax from continuing operations		**(54,979)**	(22,186)
Discontinued operations	15		
Loss after tax from discontinued operations		**(154,191)**	(237,077)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations		**3,990**	–
Loss for the year		**(205,180)**	(259,263)
Other comprehensive income, net of tax		**–**	–
Total comprehensive loss, net of tax		**(205,180)**	(259,263)
Loss/total comprehensive loss attributable to:			
Owners of the parent		**(61,404)**	(212,992)
Non-controlling interests		**(143,776)**	(46,271)
		(205,180)	(259,263)
Loss per share (RMB per share):	14		
Basic loss per share for the year attributable to ordinary equity holders of the parent		**(0.0072)**	(0.0474)
Diluted loss per share for the year attributable to ordinary equity holders of the parent		**(0.0072)**	(0.0474)
Earnings/(loss) per share from continuing operations (RMB per share):	14		
Basic earnings/(loss) per share for the year attributable to ordinary equity holders of the parent		**0.0063**	(0.0086)
Diluted earnings/(loss) per share for the year attributable to ordinary equity holders of the parent		**0.0063**	(0.0086)

* 2013 financial statements have been restated due to the accounting for discontinued operations as disclosed in Note 15.

Statements of Financial Position

As at 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Assets					
Non-current assets					
Investments in subsidiaries	3	**–**	–	**2,991,259**	2,591,259
Investment in an associate	4(a)	**–**	200	**–**	–
Investment in a joint venture	4(b)	**–**	55,656	**–**	–
Investment classified as loans and receivables	5	**490,000**	–	**–**	–
Property, plant and equipment	16	**41,350**	1,631,967	**93**	62
Completed investment properties	17	**–**	740,000	**–**	–
Investment properties under construction	17	**–**	106,000	**–**	–
Prepaid land lease payments	18	**12,034**	244,586	**–**	–
Non-current trade receivables	23	**–**	48,626	**–**	–
Deferred tax assets	11	**41,149**	132,625	**–**	–
Other assets		**–**	47,727	**–**	2,794
Total non-current assets		**584,533**	3,007,387	**2,991,352**	2,594,115
Current assets					
Land development for sale	19	**1,549,079**	5,130,517	**–**	–
Properties under development for sale	20	**–**	1,568,991	**–**	–
Prepaid land lease payments	18	**–**	642,312	**–**	–
Inventories		**–**	5,878	**–**	–
Amounts due from subsidiaries		**–**	–	**371,286**	506,805
Prepayments	21	**8,539**	93,382	**–**	–
Other receivables	22	**1,906,439**	21,832	**128,204**	6
Trade receivables	23	**63,853**	743,272	**1,635**	1
Prepaid income tax		**–**	17,480	**–**	–
Cash and bank balances	24	**795,451**	332,333	**543,542**	1,853
Assets classified as held for sale	15	**4,904,237**	–	**–**	–
Total current assets		**9,227,598**	8,555,997	**1,044,667**	508,665
Total assets		**9,812,131**	11,563,384	**4,036,019**	3,102,780
Equity and liabilities					
Equity					
Owners of the parent:					
Share capital	25	**4,110,841**	2,980,809	**4,110,841**	2,980,809
Other reserves	26	**579,270**	579,270	**1,912,683**	1,912,683
Accumulated losses		**(1,164,295)**	(1,102,891)	**(2,007,038)**	(2,002,889)
		3,525,816	2,457,188	**4,016,486**	2,890,603
Non-controlling interests		**321,620**	522,096	**–**	–
Total equity		**3,847,436**	2,979,284	**4,016,486**	2,890,603

As at 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Non-current liabilities					
Interest-bearing bank and other borrowings	27	–	1,797,870	–	–
Deferred income from sale of golf club membership	28	–	486,208	–	–
Deferred tax liabilities	11	**21,151**	32,195	–	–
Total non-current liabilities		**21,151**	2,316,273	–	–
Current liabilities					
Interest-bearing bank and other borrowings	27	**896,000**	1,338,992	–	198,312
Trade payables	29	**161,534**	2,557,878	–	–
Other payables and accruals	29	**116,883**	872,498	**19,533**	13,865
Amounts due to related parties	30	–	3,500	–	–
Advances from customers	31	–	336,482	–	–
Advances received for the settlement of Disposal Assets	15	**553,549**	–	–	–
Deferred income arising from land development	28	**383,716**	620,221	–	–
Current income tax liabilities		**359,841**	538,256	–	–
Liabilities directly associated with assets classified as held for sale	15	**3,472,021**	–	–	–
Total current liabilities		**5,943,544**	6,267,827	**19,533**	212,177
Total liabilities		**5,964,695**	8,584,100	**19,533**	212,177
Total equity and liabilities		**9,812,131**	11,563,384	**4,036,019**	3,102,780
Net current assets		**3,284,054**	2,288,170	**1,025,134**	296,488
Total assets less current liabilities		**3,868,587**	5,295,557	**4,016,486**	2,890,603

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Fan Haibin
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

Statements of Changes in Equity

For the financial year ended 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

Group

		Equity attributable to equity holders of the parent					
	Notes	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2013	25/26	2,980,809	579,270	(889,899)	2,670,180	570,367	3,240,547
Total comprehensive loss		–	–	(212,992)	(212,992)	(46,271)	(259,263)
Change in non-controlling interests due to dissolution of a subsidiary		–	–	–	–	(2,000)	(2,000)
Dividends	12	–	–	–	–	–	–
As at 31 December 2013 and 1 January 2014	25/26	2,980,809	579,270	(1,102,891)	2,457,188	522,096	2,979,284
Total comprehensive loss		**–**	**–**	**(61,404)**	**(61,404)**	**(143,776)**	**(205,180)**
Placing of 5,347,921,071 new shares		**1,130,032**	**–**	**–**	**1,130,032**	**–**	**1,130,032**
Disposal of subsidiaries		**–**	**–**	**–**	**–**	**(56,700)**	**(56,700)**
Dividends	12	**–**	**–**	**–**	**–**	**–**	**–**
As at 31 December 2014	25/26	**4,110,841**	**579,270**	**(1,164,295)**	**3,525,816**	**321,620**	**3,847,436**

Company

	Notes	Share capital	Other reserves	Accumulated losses	Total
As at 1 January 2013	25/26	2,980,809	1,912,683	(1,972,078)	2,921,414
Total comprehensive loss	13	–	–	(30,811)	(30,811)
As at 31 December 2013 and 1 January 2014	25/26	2,980,809	1,912,683	(2,002,889)	2,890,603
Total comprehensive loss	13	**–**	**–**	**(4,149)**	**(4,149)**
Placing of 5,347,921,071 new shares		**1,130,032**	**–**	**–**	**1,130,032**
As at 31 December 2014	25/26	**4,110,841**	**1,912,683**	**(2,007,038)**	**4,016,486**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2014	2013
Cash flows from operating activities			
(Loss)/profit before tax from continuing operations		**(99,920)**	11,096
Loss before tax from discontinued operations		**(139,574)**	(276,520)
Loss before tax		**(239,494)**	(265,424)
Adjustments for:			
Impairment provision of land development for sale		**604,798**	–
Reversal of impairment of other receivable	7	**(5,800)**	–
Depreciation of property, plant and equipment	16	**22,524**	66,073
Amortisation of prepaid land lease payments	18	**3,826**	6,663
(Gain)/loss on disposal of property, plant and equipment		**(4,902)**	78
Fair value (gain)/loss on completed investment properties	17	**(8,674)**	1,362
Fair value gain on investment properties under construction	17	**–**	(600)
Gain from disposal of subsidiaries and joint venture	10	**(621,039)**	–
Share of loss from associate and joint venture	4(b)	**158**	47
Expenses incurred for the transaction cost of the Disposal		**–**	11,156
Gain from investment classified as loans and receivables	7	**(7,770)**	–
Interest income		**(29,447)**	(22,817)
Interest expense		**190,993**	219,425
Exchange gain		**(12,424)**	(5,910)
		(107,251)	10,053
Decrease in land development for sale		**41,461**	46,651
(Increase)/decrease in properties under development for sale		**(168,987)**	45,609
Decrease in prepaid land lease payments		**67,953**	140,678
Decrease/(increase) in inventories		**655**	(268)
Decrease in prepayments		**7,718**	86,087
Increase in other receivables and assets		**(127,113)**	(3,776)
Decrease/(increase) in trade receivables		**80,393**	(290,668)
Decrease/(increase) in prepaid income tax		**3,872**	(10,330)
Decrease in deferred income from sale of golf club membership		**(16,101)**	(17,180)
Increase in deferred income arising from land development		**2,262**	24,438
Decrease in advances from customers		**(23,309)**	(12,250)
Increase in trade and other payables		**343,346**	143,150
(Decrease)/increase in amounts due to related parties		**(500)**	2,131
Net cash inflow from operating activities		**104,399**	164,325

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2014	2013
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(29,783)**	(216,486)
Proceeds from disposal of property, plant and equipment		**1,766**	155
Payments for investment properties		**(4,261)**	(4,999)
Disposal of subsidiaries and joint venture		**(6,278)**	–
Investments in joint venture		**–**	(6,000)
Investment classified as loans and receivables	5	**(490,000)**	–
Advances received for the settlement of Disposed Assets		**553,549**	–
Interest received		**19,447**	22,817
Refund of prepayments for property, plant and equipment		**–**	222,542
Payments of expenses incurred for the transaction cost of the Disposal		**(6,452)**	(1,644)
Net cash inflow from investing activities		**37,988**	16,385
Cash flows from financing activities			
Cash proceeds from placing of new shares of the Company		**1,138,979**	–
Proceeds from bank and other borrowings		**237,780**	1,406,756
Repayment of bank and other borrowings		**(1,284,059)**	(1,449,070)
Proceeds from borrowing from a related party		**500,000**	–
Cash released from restricted deposits in relation to interest payments for bank borrowings		**195,500**	9,500
Interest paid		**(191,126)**	(240,330)
Net cash inflow/(outflow) from financing activities		**597,074**	(273,144)
Net increase/(decrease) in cash and cash equivalents		**739,461**	(92,434)
Cash and cash equivalents at beginning of year		**136,833**	229,267
Cash and cash equivalents at end of year	24	**876,294**	136,833

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

1. CORPORATE INFORMATION

Corporate information

China New Town Development Company Limited (the "Company") was incorporated on 4 January 2006 in the British Virgin Islands (the "BVI"). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEx") by way of introduction. As a result, the Company is dual listed on the Main Boards of both the SGX-ST and the HKEx.

The Company with its subsidiaries (the "Group") is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China's largest cities of which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds from which are apportioned to the Group on specified bases. From 2014, the Group also entered into arrangements with local governments to work on projects whereby it will be compensated based on a fixed return. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE Group Limited ("SRE"), a company listed on the HKEx since September 2009. During 2012, SRE disposed its entire holding of shares in the Company to SRE's own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution, in October 2012, SRE no longer holds any shares in the Company and ceased to be the parent of the Company. As a result of that distribution, SRE Investment Holding Limited ("SREI"), the parent of SRE, became the largest shareholder of the Company.

On 10 October 2013, the Company, China Development Bank International Holdings Limited ("CDBIH") and SREI entered into a share subscription agreement ("Subscription Agreement") pursuant to which CDBIH has agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the "Subscription"). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDB Capital"), became the largest shareholder of the Company.

In the opinion of the directors of the Company (the "Directors"), as at 31 December 2014, the Company's ultimate holding company is CDB Capital. It holds 54.32% of the issued share capital of the Company as at 31 December 2014.

As an appendix of the Subscription Agreement, there was a disposal master agreement (the "Disposal Master Agreement") between the Company and SREI, pursuant to which the Company has conditionally agreed to sell and SREI has conditionally agreed to purchase, within 24 months upon completion of the Subscription, specified assets and liabilities not relating to the Group's main principal business of planning and development of new town projects in the mainland China (the "Disposal Assets"), for a total consideration of RMB2,069,832,594 in the form of cash payment in installments subject to the terms and conditions contained therein (the "Disposal"). The parties to the Disposal Master Agreement may however, after discussion, agree to dispose of a Disposal Asset to a third party other than SREI and its subsidiaries. The Disposal was conditional on completion of the Subscription which was completed in the first quarter of 2014 as described above. According to the Disposal Master Agreement, the Company's entitled cash consideration in relation to disposing such assets has been fixed and shall not be affected by the subsequent profit or loss associated with such assets. The Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operations of the Group.

In December 2014, with the consent of SREI, China New Town Development (Wuxi) Company Limited, a wholly-owned subsidiary of the Group, entered into an agreement to dispose the Wuxi Project Group to the Wuxi Municipal New District Economic Development Group Limited ("Wuxi Xinfa Group") for a net consideration of RMB1,133,905,524 after immediately deducting a withholding tax of RMB64,893,131. The Wuxi Project Group's principal activities include the planning, developing and operating of the Wuxi Hongshan new town with a site area of approximately 8.6 square kilometres.

(All amounts expressed in RMB'000 unless otherwise specified)

1. CORPORATE INFORMATION (continued)

Corporate information (continued)

The Wuxi Project Group was established in 2007 pursuant to joint venture agreements between the Group and a subsidiary of the Wuxi Xinfa Group. It mainly comprised 90% equity interest in Wuxi Hongshan New Town Development Co., Ltd. ("Wuxi Hongshan Development") and 90% equity interest in Wuxi Hongshan New Town Virescence Environmental Protection Construction Co., Ltd. ("Hongshan Virescence"). A portion of the assets held by these entities are part of Disposal Assets and accordingly consent from SREI was obtained when negotiating this transaction.

For the disposal of the Wuxi Project Group, the consideration attributable to SREI in relation to the assets and liabilities belonging to the Disposal Assets was RMB600,246,164. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB594,246,164, being the amount of the consideration attributable to the Disposal Assets (RMB600,246,164), net of the capital increase of Wuxi Xinrui Hospital (RMB6,000,000), which shall be borne by SREI.

Subsidiaries

The principal activities of the subsidiaries are disclosed in Note 3 below.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (the "IASB").

The financial statements have been prepared under the historical cost convention, except for investment properties and investment properties under construction which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 15. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

(b) Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than twelve months. The Group's current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRSs.

(All amounts expressed in RMB'000 unless otherwise specified)

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements. Though in certain cases, giving rise to new or revised accounting policies, the adoption of these new and revised IFRSs currently has had no significant impact on these financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC-Int 21	Levies
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs issued in January 2014
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs issued in January 2014

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

Judgements

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimates and assumptions

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 disclosed below:

(i) Estimate of fair value of investment properties

Investment properties were revalued at the end of each reporting period using the income approach on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(i) Estimate of fair value of investment properties (continued)

Investment properties under construction are also carried at fair value as determined by independent professional qualified valuers, except if such values cannot be reliably determined. In the exceptional cases when a fair value cannot be reliably determined, such properties are recorded at cost.

For details of change in fair values of investment properties and investment properties under construction in 2014, please see Note 17.

(ii) Carrying amount of land development for sale and properties under development for sale

The Group's land development for sale and properties under development for sale are stated at the lower of cost and net realisable value.

Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land infrastructure and attributable to ancillary public facilities and infrastructure, and its net realisable value, i.e., the revenue to be derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land development for sale based on prevailing market conditions.

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to complete, and net of selling and marketing costs.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land development for sale and properties under development for sale over their net realisable values should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land development for sale and properties under development for sale in the periods in which such estimate is changed will be adjusted accordingly.

(iii) Deferred tax assets and liabilities

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed.

For details of deferred tax assets and liabilities, please see Note 11.

(All amounts expressed in RMB'000 unless otherwise specified)

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(iv) Impairment of receivables

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of impairment of receivables requires management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimation, such difference will have impact on the carrying value of the receivables and the impairment of receivables/reversal of impairment in the period in which such estimate has been changed.

For details of the estimated impairment of receivables, please see Notes 22 and 23.

(v) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.4. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, where the calculations of which involve the use of estimates.

For details of the estimated balance of impairment of property, plant and equipment, please see Note 16.

(vi) Measurement of revenue from land development

Revenue from the development of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses is allocated and recognised separately. The allocation of revenue from the land development to land infrastructure and ancillary public facilities is based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component, as the nature of construction works for the components is similar.

Revenue attributable to land infrastructure is recognised in full upon the sale of the relevant land use rights and the specific construction works are completed. However, revenue attributable to ancillary public facilities is recognised for the portions of ancillary public facilities completed at the sale of the land. The remaining revenue attributable to uncompleted portions of ancillary public facilities is recognised as deferred revenue as a current liability in the statements of financial position, and will be recognised as revenue when the related construction works are completed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income 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 IFRS 5 are stated at cost less any impairment losses.

Investment in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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 unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date less any impairment losses. Goodwill, if any, relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the investment in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in an associate and joint ventures (continued)

The financial statements of the associate or joint venture are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at the end of each reporting period. Also, the fair values of financial instruments measured at amortised cost are disclosed in Note 37.

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 to by the Group.

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 Group uses 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 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – 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 Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing 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.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(b) 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 financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. 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 EIR. The EIR amortisation and the losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income.

This category generally applies to investment classified as loans and receivables, trade receivable and other receivables. For more information on receivables, refer to Notes 5, 22 and 23.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. 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 EIR. The EIR amortisation is included as finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

(d) Available-for-sale (AFS) financial investments

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss and other comprehensive income in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold these assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, the amount recorded in equity is reclassified to profit or loss.

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 Group's consolidated statement of financial position) when:

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

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

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

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred since the initial recognition of the asset (an incurred "loss event") and that loss event 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.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected 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. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in 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. The interest income is recorded as finance income in the statement of profit and loss. Loans together with the 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 Group. If, in a subsequent year, 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 finance costs in the statement of profit and loss.

(b) Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

(b) Available-for-sale (AFS) financial investments (continued)

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, amounts due to related parties and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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 profit or loss.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

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. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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 (10% of the cost) over its estimated useful life. The estimated useful lives for this purpose are as follows:

Hotel properties	Building 30 years, equipment 10 years, fixtures and fittings 5 years
Golf operational assets	Golf course between 40 and 50 years, club buildings 30 years, club equipment 10 years, club fixtures and fittings 5 years
Other buildings	20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

When 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 prospectively if appropriate, at the end of each reporting period.

An item of property, plant and equipment 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 profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties under construction are stated at fair value with changes in fair values recognised in profit or loss.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised as an allowance.

Properties under development for sale

Properties under development for sale are included in current assets at the lower of cost and net realisable value.

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Any excess of cost over the net realisable value of individual items of properties under development is recognised as an allowance.

Inventories

Inventories, which mainly refer to supplies and low-value consumables used in hotel and golf course operations, are accounted for at cost when purchased. Cost of supplies is determined using the first-in, first-out method. Low-value consumables relating to golf course and hotel operations are expensed in full when issued for use.

Inventories are valued at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business, less estimated expenses and related taxes necessary to make the sales. The net realisable value is determined based on contract prices or market prices.

Any excess of cost over the net realisable value of individual items of inventories is recognised as an allowance.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statements 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.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted 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 and other comprehensive income.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets, investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, 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 assessment is made at each reporting date as to whether there is any 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 certain financial assets 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 profit or loss in the period in which it arises.

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 Group is the lessor, assets leased by the Group under operating leases are included in assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases (continued)

Prepaid land lease payments under operating leases are initially stated at cost. The subsequent measurement of prepaid land lease payments is as follows:

i) Prepaid land lease payments incurred for properties other than investment properties and investment properties under construction (after the adoption of IAS 40 revised), they are amortised over the lease terms on the straight-line basis. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in profit or loss.

ii) Prepaid land lease payments included in investment properties and investment properties under construction (after the adoption of IAS 40 revised) are not amortised as they are stated at fair value.

Non-current assets held sale and discontinued

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 15. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenue from land development for sale

The Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses. When the parcels of land are sold by the local governments to land buyers through public auction, tender or listing, the Group is entitled to receive from the local governments a proportion of the proceeds from land sales (including related public utilities fees, if any). As ancillary public facilities are separately identifiable from land infrastructure, such proceeds to be received by the Group are allocated between land infrastructure and ancillary public facilities based on their relative fair values.

Revenue from land development for sale is recognised upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which occurs upon the completion of related construction works as well as the sale of land. Accordingly, at the time of the sale of land, proceeds allocated to the completed land infrastructure and completed ancillary public facilities are recognised as revenue, and proceeds allocated to uncompleted construction works are deferred and recognised as revenue when the related construction works are completed.

Sale of development properties

Revenue from the sale of properties is recognised upon completion of a sale agreement, which refers to the time when properties are completed and delivered to the buyers. Deposits and instalments received on properties sold prior to the completion of the respective sale agreements are included as advances received from the pre-sale of properties under development.

Hotel operations revenue

Hotel operations revenue represents the income from hotel and convention centre rooms and conference facilities, and the sale of related food and beverages, which is recognised when the services are rendered or the goods are sold.

Golf course operations revenue

Golf course operations revenue represents the income from annual fees, the usage of golf courses and ancillary equipment, the provision of golf services, and the provision of golf equipment, food and beverages, etc., which is recognised when the services are rendered or the goods are sold.

Golf club membership revenue

Golf club membership entitles the members to golf operations related services provided during the membership period or to purchase goods or services at prices lower than those charged to non-members. Golf club membership revenue is recognised on the straight-line basis which reflects the expected period when the benefits are provided.

Operating lease income

Operating lease income from investment properties is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the properties together with any further terms for which the lessee has the option to continue to lease the properties, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Property management revenue

Property management revenue is recognised in the periods when the services are rendered.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, 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. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a set of properties acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

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 for the current and prior periods 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 the countries in which the Group operates.

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

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 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 goodwill or 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 taxable temporary differences associated with investments in subsidiaries and associates, 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 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, and 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 associates, 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 the same taxable entity and the same taxation authority.

Dividends

When dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the "PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by the Company with assistance from the valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share, where appropriate.

Foreign currency translation

These financial statements are presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in 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 determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of 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).

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants 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. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the statement of profit or loss and other comprehensive income over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facility services.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Group is in the process of making an assessment of the impact of the new standard.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that these amendments would have significant impact on the Group's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is in the process of making an assessment of the impact of the new standard.

(All amounts expressed in RMB'000 unless otherwise specified)

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. It is not expected that these amendments would have significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Amendment to IAS 1 Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1 to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments to IAS 1 include narrow-focus improvements in the following five areas: Materiality, Disaggregation and subtotals, Notes structure, Disclosure of accounting policies, and Presentation of items of other comprehensive income (OCI) arising from equity accounted investments.

(All amounts expressed in RMB'000 unless otherwise specified)

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The amendments will be effective from annual periods commencing on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce minor clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

The amendments can be applied immediately, and become mandatory for annual periods beginning on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Annual improvements 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2014	2013
Unlisted shares, at cost		**2,024,561**	2,024,561
Less: Allowance for impairment	(a)	**(787,000)**	(787,000)
Advances to subsidiaries, net	(c)	**1,753,698**	1,353,698
		2,991,259	2,591,259

(a) As at 31 December 2014 and 2013, the Company reassessed the impairment on the investment in Shanghai Golden Luodian Development Co., Ltd. ("SGLD") and determined that the carrying amount (net of allowance for impairment) was close to the recoverable amount (the value in use based on estimated future cash flows discounted at a rate of 13% per annum (2013: 13% per annum)). As a result, the Company neither further provided for nor reversed the impairment loss in the Company's separate financial statements for the years ended 31 December 2014 and 2013.

The allowance for impairment on the investment in SGLD, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the investment in SGLD has been fully eliminated upon consolidation and all operating results of SGLD were included in the consolidated financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2014 and 2013, the Group's direct or indirect interests in all subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%) 2014	Proportion of ownership interest (%) 2013	Principal activities
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	1,230,300	**100**	100	Investment holding
Weblink International Limited	British Virgin Islands 17 November 2005	794,261	**100**	100	Investment holding
Protex Investment Limited	British Virgin Islands 18 October 2006	–	**100**	100	Investment holding
New Town (China) Trading Co., Ltd.	British Virgin Islands 31 July 2007	–	**100**	100	Investment holding
New Town Procurement Co., Ltd.	Hong Kong Special Administrative Region 27 January 2011	–	**100**	100	Investment holding
China New Town Holding Co., Ltd.	Hong Kong Special Administrative Region 17 July 2014	–	**100**	–	Investment holding
		2,024,561			

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2014 and 2013, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2014	2013	Effective equity interest (%) 2014	2013	Principal activities
Meeko Investment Limited and Weblink International Limited	SGLD	PRC 26 September 2002 RMB278,100,000	**72.63**	72.63	**72.63**	72.63	Land development
	Shanghai Lake Malaren Sports and Culture Co., Ltd.	PRC 6 July 2004 RMB5,000,000	**95**	95	**69**	69	Golf club management
	Shanghai Lake Malaren Investment Management Co., Ltd.	PRC 28 July 2005 RMB1,680,000	**100**	100	**72.63**	72.63	Investment management
	Shanghai Lake Malaren Hotel Management Co., Ltd.	PRC 25 April 2006 RMB5,000,000	**100**	100	**72.63**	72.63	Hotel management
	Shanghai Lake Malaren Hospital Investment Co., Ltd.	PRC 16 March 2009 RMB200,000,000	**100**	100	**72.63**	72.63	Hospital investment and health consultation
	Shanghai Lake Malaren Tourism Development Co., Ltd.	PRC 29 December 2009 RMB3,000,000	**90**	90	**65.37**	65.37	Travelling information and wedding etiquette service
	Shanghai Golden Luodian International Travel Services Co., Ltd.	PRC 18 June 2010 RMB1,000,000	**100**	100	**65.37**	65.37	Travel service
	Chengdu Shanghai Real Estate Co., Ltd.	PRC 20 December 2010 RMB20,000,000	**100**	100	**72.63**	72.63	Real estate development
	Shanghai Lake Malaren Obstetrical and Gynecological Hospital Co., Ltd.	PRC 17 October 2013 RMB10,000,000	**100**	100	**72.63**	72.63	Gynaecology and obstetrics
	Shanghai Lake Malaren Corporate Development Co., Ltd.	PRC 8 April 2014 RMB70,000,000	**72.63**	–	**72.63**	–	Real estate rental

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2014 and 2013, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2014	Proportion of ownership interest (%) 2013	Effective equity interest (%) 2014	Effective equity interest (%) 2013	Principal activities
	Shanghai Lake Malaren Commercial Management Co., Ltd.	PRC 8 April 2014 RMB70,000,000	**72.63**	–	**72.63**	–	Real estate rental and conference service
	Shanghai Lake Malaren Real Estate Development Co., Ltd.	PRC 8 April 2014 RMB20,000,000	**72.63**	–	**72.63**	–	Property management and hotel service
Weblink International Limited	Shanghai Jia Tong Enterprises Co., Ltd. ("Shanghai Jiatong")	PRC 12 April 2006 RMB1,000,000	**100**	100	**100**	100	Consultation services
Protex Investment Limited	China New Town Development (Changchun) Company Limited	British Virgin Islands 7 September 2006	**100**	100	**100**	100	Investment holding
	China New Town Development (Wuxi) Company Limited	British Virgin Islands 18 October 2006	**100**	100	**100**	100	Investment holding
	China New Town Development (Shenyang) Company Limited	British Virgin Islands 18 October 2006	**100**	100	**100**	100	Investment holding
	Safewell Investment Limited	British Virgin Islands 14 February 2007	**100**	100	**100**	100	Investment holding
	Shenyang Lixiang New Town Modern Agriculture Co., Ltd.	PRC 6 March 2007 RMB747,667,000	**90**	90	**90**	90	Land development
	Shanghai CNTD Management Consulting Co., Ltd.	PRC 21 June 2007 RMB1,513,000	**100**	100	**100**	100	Enterprise investment consultation
	Changchun New Town Automobile Industry Construct Co., Ltd.	PRC 15 November 2007 RMB220,267,000	**80**	80	**80**	80	Land development
	Shenyang Lake Malaren Country Club Co., Ltd.	PRC 6 March 2008 RMB17,704,000	**100**	100	**100**	100	Sports management
	CDBC Nanjing Investment and Development Co., Ltd.	PRC 1 August 2014 RMB90,000,000	**100**	–	**100**	–	Investment and asset management

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2014 and 2013, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2014	2013	Effective equity interest (%) 2014	2013	Principal activities
New Town Procurement Co., Ltd.	Shanghai Hengchang Trading Co., Ltd.	PRC 9 May 2011 USD500,000	**100**	100	**100**	100	Procurement management
	Shanghai Yuanyi Industrial Co., Ltd.	PRC 2 August 2011 RMB3,000,000	**100**	100	**100**	100	Procurement management
China New Town Holding Co., Ltd.	CDBC New Town (Beijing) Management Consulting Co., Ltd.	PRC 20 November 2014 RMB25,000,000	**100**	–	**100**	–	Real Estate Consultation

(c) The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, with no fixed repayment terms and are expected to be settled in cash (other than the amount mentioned in (d) below). The intermediate holding companies used these advances to finance their investment holdings of equity interests in the Group's indirect subsidiaries, details of which are as follows:

	Notes	2014	2013
Amounts due from:			
China New Town Development (Shenyang) Co., Ltd.		**690,897**	690,897
China New Town Development (Wuxi) Co., Ltd.		**658,053**	658,053
China New Town Development (Changchun) Co., Ltd.		**176,320**	176,320
New Town Procurement Co., Ltd.		**3,235**	3,235
Safewell Investment Limited		**1,513**	1,513
China New Town Holding Co., Ltd.		**400,000**	–
Less: Impairment	(d)	**(176,320)**	(176,320)
		1,753,698	1,353,698

(d) Changchun New Town Automobile Industry Co., Ltd. ("CCJV"), a subsidiary, made a full provision of RMB199 million against the outstanding receivables relating to the terminated land development in Changchun, as mentioned in Note 22(b), CCJV incurred a significant loss and it was unable to repay the advances made to it by the Company. As a result, the Company, after performing an impairment assessment on the advances to CCJV, made a full impairment allowance amounting to RMB176 million in its own separate financial statements during the year ended 31 December 2011. Such allowance for impairment, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the advances to subsidiaries have been fully eliminated upon consolidation and all operating results of CCJV were included in the consolidated financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENT IN AN ASSOCIATE AND INVESTMENT IN A JOINT VENTURE

(a) Investment in an associate

Group	2014	2013
Unlisted shares, at cost	–	200

Details of the associate are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%)		Effective equity interest attributable to the Group (%)		Issued and paid-up capital	Authorised share capital	Principal activity
		2014	2013	2014	2013			
Shanghai Malaren Lake Artwork Exhibition Co., Ltd.	PRC 25 April 2006	**20**	20	**14.53**	14.53	RMB 1 million	RMB 1 million	Artwork exhibition

The assets and operating results of the associate are not material to the Group. As at 31 December 2014, the associate had been classified as held for sale.

(b) Investment in a joint venture

In 2011, the Group invested and had a 60% interest in Wuxi New District Xinrui Hospital Management Co., Ltd., a joint venture engaged in medical operations. As at 31 December 2014, the Group no longer has any interest in Wuxi New District Xinrui Hospital Management Co., Ltd., following the disposal of the Wuxi Project.

Summarised financial information of the joint venture, based on its IFRS financial statements, and the reconciliation to the carrying amount of the investment in consolidated financial statements are set out below:

	2014	2013
Current assets	–	15,317
Non-current assets	–	77,443
Current liabilities	–	–
Non-current liabilities	–	–
Equity	–	92,760
Proportion of the Group's ownership	–	60%
Carrying amount of the investment	–	55,656

(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENT IN AN ASSOCIATE AND INVESTMENT IN A JOINT VENTURE (continued)

(b) Investment in a joint venture (continued)

Summarised statement of profit or loss of the joint venture:

	2014	2013
Revenue	–	–
Cost of sales	–	–
Selling expenses	–	–
Administrative expenses	(279)	(85)
Finance costs	–	–
Other income	16	7
Loss before tax	(263)	(78)
Income tax expense	–	–
Net loss for the year	(263)	(78)
Group's share of loss for the year	(158)	(47)

5. INVESTMENT CLASSIFIED AS LOANS AND RECEIVABLES

On 3 November 2014, the Group entered into the Cooperation Framework Agreement with the People's Government of Nanjing Yuhuatai District ("Yuhuatai District Government") and China Development Bank Capital Corporation Limited ("CDB Capital"), controlling shareholder of the Group. Then after, the Group contributed capital of RMB490 million to Nanjing CDB Yuhua Urban Re-development Company Limited ("CDB Yuhua"). The Yuhuatai District Government has agreed that Yuhuatai District Stated-Owned Assets Operations ("Yuhuatai SOAO") shall guarantee 12.8% after-tax fixed return on the Company's capital contribution to CDB Yuhua. The Group will not share the operating profits, nor bear the operating loss of CBD Yuhua, therefore the investment is classified as loans and receivables. As a result, an investment income of RMB7.77 million was recognised and recorded as other receivables as of 31 December 2014.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land development segment, which provides land infrastructure development and construction of ancillary public facilities; and
- Others segment, which includes investment and provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Land development revenue from the Group's share of proceeds from land sales (including related public utility fees, if any) by local authorities accounted for 100% in Shanghai (2013: 50% in Shanghai) of the revenue in the year ended 31 December 2014.

(All amounts expressed in RMB'000 unless otherwise specified)

6. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows:

	Year ended 31 December 2014			
	Land development	Others	Adjustments and eliminations	Total
Segment results				
External sales	56,813	–	–	56,813
Inter-segment sales	–	–	–	–
Total segment sales	56,813	–	–	56,813
Results				
Depreciation	(4,609)	(87)	–	(4,696)
Amortisation	(2,810)	–	–	(2,810)
Segment (loss)/profit	(621,916)	607,919	(85,923)[1]	(99,920)
Segment assets	1,727,251	3,139,494	4,945,386 [2]	9,812,131
Segment liabilities	1,183,412	32,270	4,749,013 [3]	5,964,695
Other disclosures				
Capital expenditure[4]	703	324	117,588	118,615

1 Profit for each operating segment of continuing operations does not include finance costs of RMB85,923 thousand.

2 Assets in segments do not include deferred tax assets of RMB41,149 thousand and assets related to held for sale assets of RMB4,904,237 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax payables of RMB359,841 thousand, interest-bearing bank loans and other borrowings of RMB896,000 thousand, and deferred tax liabilities of RMB21,151 thousand and liabilities related to held for sale assets of RMB3,472,021 thousand as these liabilities are managed on a group basis.

4 Capital expenditure of continuing operations consists of additions of property, plant and equipment of RMB1,027 thousand. Capital expenditure of discontinued operations consists of additions of property, plant and equipment of RMB114,114 thousand and prepaid land lease payments of RMB3,474 thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

6. OPERATING SEGMENT INFORMATION (continued)

An analysis by operating segment is as follows: (continued)

	Year ended 31 December 2013			
	Land development	Others	Adjustments and eliminations	Total
Segment results				
External sales	608,267	(11)	–	608,256
Inter-segment sales	–	–	–	–
Total segment sales	608,267	(11)	–	608,256
Results				
Depreciation	(7,555)	(79)	–	(7,634)
Amortisation	(447)	–	–	(447)
Fair value gain on investment properties under construction	600	–	–	600
Segment profit/(loss)	137,503	(11,677)	(114,730)[1]	11,096
Segment assets	6,112,098	181,264	5,270,022 [2]	11,563,384
Segment liabilities	3,352,398	42,751	5,188,951 [3]	8,584,100
Other disclosures				
Capital expenditure[4]	377	13	181,259	181,649

1 Profit for each operating segment of continuing operations does not include finance costs of RMB114,730 thousand.

2 Assets in segments do not include deferred tax assets of RMB88,601 thousand and assets of discontinued operations of RMB5,181,421 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax payables of RMB525,574 thousand, interest-bearing bank loans and other borrowings of RMB1,299,312 thousand, deferred tax liabilities of RMB21,151 thousand, amount due to related party of RMB3,000 thousand and liabilities of discontinued operations of RMB3,339,914 thousand as these liabilities are managed on a group basis.

4 Capital expenditure of continuing operations consists of additions to prepaid land lease payments (non-current portion) of RMB3 thousand, property, plant and equipment of RMB387 thousand. Capital expenditure of discontinued operations consists of additions of property, plant and equipment of RMB179,797 thousand, and completed investment properties and investment properties under construction of RMB1,462 thousand.

(All amounts expressed in RMB'000 unless otherwise specified)

7. REVENUE, OTHER INCOME AND OTHER EXPENSES

Revenue

	2014	2013
Land development	**56,813**	643,336
Less: Business tax and surcharges	**–**	(35,080)
	56,813	608,256

Other income

	2014	2013
Foreign exchange gain, net	**12,424**	6,470
Interest income	**28,564**	22,622
Government subsidies	**–**	314
Reversal of bad debt provision – other receivables (Note 22 b)	**5,800**	3,100
Gain from investment classified as loans and receivables	**7,770**	–
Others	**1,843**	293
	56,401	32,799

Other expenses

	2014	2013
Foreign exchange loss, net	**–**	5
Bank charges	**734**	2,049
Bad debt provision – trade receivables (Note 23)	**–**	16,247
Others	**113**	234
	847	18,535

(All amounts expressed in RMB'000 unless otherwise specified)

8. EXPENSES BY NATURE

	2014	2013
Cost of land development	**46,397**	353,552
Impairment of land development for sale	**604,798**	–
Depreciation of property, plant and equipment	**4,696**	7,634
Amortisation of prepaid land lease payments	**2,810**	447
Audit fees and non-audit fees	**7,479**	5,385
Audit fees		
– *Auditor of the Company*	**4,050**	3,650
– *Other auditors*	**1,091**	298
Non-audit fees		
– *Auditor of the Company*	**–**	1,060
– *Other auditors*	**2,338**	377
Employee benefits	**34,513**	25,147
Utility expenses	**1,185**	2,799
Property tax, stamp duty and land use tax	**819**	1,099
Advertising	**8,745**	11,698
Expenses incurred for the transaction cost of the Disposal	**–**	10,096
Expense incurred in application for National AAAA Tourist Attraction (Luodian New Town)	**–**	60,000
Property management service expenses	**9,012**	–
Others	**22,001**	18,837
Total cost of sales, selling and distribution costs and administrative expenses	**742,455**	496,694

9. FINANCE COSTS

	2014	2013
Interest on bank loans and other borrowings wholly repayable within five years	**85,923**	114,730
Interest on bank loans and other borrowings not wholly repayable within five years	**–**	–
Less: Interest capitalised	**–**	–
	85,923	114,730

(All amounts expressed in RMB'000 unless otherwise specified)

10. GAIN ON DISPOSAL OF SUBSIDIARIES AND JOINT VENTURE

In December 2014, with the consent of SREI, China New Town Development (Wuxi) Company Limited, a wholly owned subsidiary of the Group, entered into an agreement to dispose the Wuxi Project Group to Wuxi Xinfa Group for a net consideration of RMB1,133,905,524, after immediately deducting a withholding tax of RMB64,893,131. A portion of the assets under the Wuxi Project Group are part of Disposal Assets and accordingly consent from SREI was obtained when negotiating this transaction. It was agreed in principle that gains arising from the disposal of the Wuxi Project Group will largely accrue to continuing operations. In addition, instead of transferring the assets and liabilities relating to discontinued operations to SREI as originally planned, such assets and liabilities will be transferred to Wuxi Xinfa Group.

Year ended 31 December 2014	Notes	Continued operations	Discontinued operations
Net (liabilities)/assets disposed of:			
Interest in a joint venture		–	55,498
Property, plant and equipment	16	38,623	23,110
Completed investment properties	17	–	51,000
Investment properties under construction	17	–	106,000
Prepaid land lease payments (current)		85,349	–
Deferred tax assets		16,460	–
Land development for sale		2,373,650	93,681
Inventories		–	107
Prepayments		–	199
Other receivables		2,407	330,651
Trade receivables		–	57
Cash and bank balances		1,579	4,699
Trade payables		(1,266,681)	(17,504)
Other payables and accruals		(949,044)	(798)
Amount due to related parties		(3,000)	–
Deferred tax liabilities		–	(2,682)
Deferred income arising from land development		(286,649)	–
Current income tax liability		(16,482)	(5,770)
		(3,788)	638,248
Minority interest		(13,750)	(42,950)
Gain on disposal of subsidiaries and joint venture, before tax		616,091	4,948
Consideration		598,553	600,246

After immediately deducting a withholding tax of RMB64,893,131, the net consideration of RMB1,133,905,524 will be settled in cash. RMB608 million was received in January 2015, 95% of consideration will be settled by 31 March 2015 and the remaining 5% consideration will be settled by 31 December 2015.

(All amounts expressed in RMB'000 unless otherwise specified)

10. GAIN ON DISPOSAL OF SUBSIDIARIES AND JOINT VENTURE (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

Year ended 31 December 2014	Continued operations	Discontinued operations
Cash received	–	–
Cash and bank balances disposed of	(1,579)	(4,699)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries and joint venture	(1,579)	(4,699)

11. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC.

Mainland China Withholding Tax

Pursuant to the PRC Corporate Income Tax, 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 Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

The major components of income tax are:

	2014	2013
Income tax charge/(credit):		
Current income tax	(149,174)	–
Deferred tax charge	40,298	33,282
Withholding tax	63,935	–
Income tax charge/(credit) as reported in profit or loss	(44,941)	33,282

(All amounts expressed in RMB'000 unless otherwise specified)

11. INCOME TAX (continued)

A reconciliation between tax charge/(credit) and the product of accounting profit/(loss) multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2014

	CNTD and BVI companies		Mainland China		Total	
Gain/(loss) before tax	**599,060**		**(698,980)**		**(99,920)**	
Tax at the statutory tax rate	**–**	**–**	**(174,745)**	**25.0%**	**(174,745)**	**174.9%**
Tax losses not recognised	**–**	**–**	**27,980**	**-4.0%**	**27,980**	**-28.0%**
Non-deductible expenses for tax purposes	**–**	**–**	**160**	**0.0%**	**160**	**-0.2%**
Previously recognised tax losses written off	**–**	**–**	**37,729**	**-5.4%**	**37,729**	**-37.8%**
Effect of withholding tax	**63,935**	**10.7%**	**–**	**–**	**63,935**	**-64.0%**
Income tax as reported in the statement of profit or loss and other comprehensive income	**63,935**	**10.7%**	**(108,876)**	**15.6%**	**(44,941)**	**44.9%**

Year ended 31 December 2013

	CNTD and BVI companies		Mainland China		Total	
Gain/(loss) before tax	(30,706)		41,802		11,096	
Tax at the statutory tax rate	–	–	10,451	25.0%	10,451	94.2%
Tax losses not recognised	–	–	22,345	53.5%	22,345	201.4%
Non-deductible expenses for tax purposes	–	–	486	1.2%	486	4.4%
Income tax as reported in the statement of profit or loss and other comprehensive income	–	–	33,282	79.7%	33,282	300.0%

(All amounts expressed in RMB'000 unless otherwise specified)

11. INCOME TAX (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2014	2013	2014	2013
Deferred tax assets/(liabilities)				
Net difference between net carrying amount of prepaid land lease payments and land infrastructure under development and their tax base	**(59,149)**	(60,276)	**1,127**	(3,777)
Net difference between net carrying amount of property, plant and equipment and their tax base	**29,922**	30,038	**(116)**	(1,763)
Net difference between net carrying amount of investment properties and their tax base	**(28,453)**	(28,283)	**(170)**	(3,974)
Pre-operation expense	**3,600**	2,821	**779**	2,821
Losses available for offset against future taxable income	**2,957**	65,910	**(62,953)**	23,704
Difference in accounting and tax bases arising from the accounting for golf club revenue and the related costs	**107,885**	107,885	**–**	(3,546)
Provision for impairment of receivables	**6,880**	6,068	**812**	1,440
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(21,151)**	(21,151)	**–**	–
Effect of deferred LAT	**(4,665)**	(11,044)	**6,379**	(6,379)
Others	**8,229**	8,462	**(233)**	98
Net deferred tax assets	**46,055**	100,430		
Deferred income tax charge/(credit)			**(54,375)**	8,624

Deferred tax movement:

	2014	2013
As of 1 January	**100,430**	91,806
Tax income/(expense) recognised in profit or loss	**(40,298)**	(33,282)
Disposal of subsidiaries	**(13,778)**	–
Discontinued operation	**(299)**	41,906
Transfer to held for sale	**(26,057)**	–
As at 31 December	**19,998**	100,430
Deferred tax assets	**41,149**	132,625
Deferred tax liabilities	**(21,151)**	(32,195)

(All amounts expressed in RMB'000 unless otherwise specified)

12. DIVIDENDS

No final dividend to the shareholders has been proposed by the Company in respect of the year ended 31 December 2014 (2013: Nil).

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the parent for the years ended 31 December 2014 and 2013 includes losses of RMB4,149 thousand and RMB30,811 thousand, respectively, which have been dealt with in the financial statements of the Company.

14. EARNINGS/(LOSS) PER SHARE

The calculations of the basic earnings/(loss) per share amounts are based on the earnings/(loss) attributable to ordinary equity holders of the parent for the years ended 31 December 2014 and 2013.

The following reflects the loss and share data used in the basic and diluted loss per share calculations:

	2014	2013
Earnings/(loss) attributable to ordinary equity holders of the parent:		
Continuing operations	**54,622**	(38,668)
Discontinued operations	**(116,026)**	(174,324)
Earnings/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings/(loss) per share	**(61,404)**	(212,992)
Weighted average number of ordinary shares outstanding	**8,571,409,793**	4,498,198,676
Number of ordinary shares used to calculate the diluted earnings/(loss) per share	**8,571,409,793**	4,498,198,676
Basic loss per share (RMB)	**(0.0072)**	(0.0474)
Diluted loss per share (RMB)	**(0.0072)**	(0.0474)
Basic earnings/(loss) per share from continuing operations (RMB)	**0.0063**	(0.0086)
Diluted earnings/(loss) per share from continuing operations (RMB)	**0.0063**	(0.0086)
Basic loss per share from discontinued operations (RMB)	**(0.0135)**	(0.0388)
Diluted loss per share from discontinued operations (RMB)	**(0.0135)**	(0.0388)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval and authorisation of these financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

15. DISCONTINUED OPERATIONS

As discussed in Note 1, on 10 October 2013, the Company, CDBIH and SREI entered into the subscription agreement ("Subscription Agreement"), pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 shares of the Company. The Subscription has been completed in the first quarter of 2014 and the relevant shares have been issued.

As an integral part of the transaction, the Company and SREI entered into the Disposal Master Agreement pursuant to the terms and conditions of which the Company agreed to dispose the Disposal Assets and SREI agreed to purchase the Disposal Assets at total consideration of RMB2,069,832,594, the relevant consideration of which shall be paid in several cash instalments (the "Disposal"). In December 2014, with the consent of SREI, China New Town Development (Wuxi) Company Limited, a wholly-owned subsidiary of the Group, entered into an agreement to dispose the Wuxi Project Group to the Wuxi Xinfa Group. For the disposal of the Wuxi Project, the consideration attributable to SREI in relation to the assets and liabilities belonging to the Disposal Assets was RMB600,246,164. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB594,246,164, being the amount of the consideration attributable to the Disposal Assets (RMB600,246,164), net of the capital increase of Wuxi Xinrui Hospital (RMB6,000,000), which shall be borne by SREI. The first instalment of RMB553,549,000 was received in 2014. As at 31 December 2014, the Disposal Assets were classified as assets held for sale in the financial statements and deemed discontinued operations of the Group.

The financial results of discontinued operations in the following periods are set out below:

	Notes	2014	2013
Revenue		**386,598**	608,047
Cost of sales		**(261,205)**	(587,188)
Gross profit		**125,393**	20,859
Other income		**1,662**	2,051
Selling and distribution costs		**(82,385)**	(99,272)
Administrative expenses		**(90,584)**	(92,634)
Other expenses		**(2,054)**	(2,020)
Fair value gain/(loss) on completed investment properties		**8,674**	(1,362)
Fair value gain on investment properties under construction		**–**	600
Operating loss from discontinued operations		**(39,294)**	(171,778)
Finance costs		**(105,070)**	(104,695)
Share of loss from a joint venture		**(158)**	(47)
Loss before tax from discontinued operations		**(144,522)**	(276,520)
Income tax		**(9,669)**	39,443
Loss for the year from discontinued operations		**(154,191)**	(237,077)
Gain after tax on disposal of subsidiaries and joint venture		**3,990**	–
Total loss for the period from the discontinued operations		**(150,201)**	(237,077)

(All amounts expressed in RMB'000 unless otherwise specified)

15. DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities classified as held for sale as at 31 December 2014 are as follows:

	Notes	2014
Assets		
Investments in an associate		**200**
Property, plant and equipment		**1,623,721**
Completed investment properties	17	**698,000**
Prepaid land leases – long-term		**146,851**
Non-current trade receivables		**110**
Deferred tax assets		**30,722**
Other assets		**43,442**
Properties under construction for sale	20	**1,539,563**
Prepaid land leases – short-term		**469,059**
Inventories		**5,116**
Prepayments		**35,240**
Other receivables		**210,896**
Trade receivables		**6,866**
Prepaid income taxes		**13,608**
Cash and bank balances		**80,843**
Assets classified as held for sale		**4,904,237**
Liabilities		
Non-current interest-bearing bank and other borrowings		**947,690**
Deferred income from sale of golf club memberships		**470,107**
Deferred tax liabilities		**4,665**
Interest-bearing bank and other borrowings		**573,480**
Trade payables		**463,182**
Other payables and accruals		**756,151**
Advances from customers		**249,864**
Current income liabilities		**6,882**
Liabilities directly associated with assets classified as held for sale		**3,472,021**
Net assets directly associated with Disposal Assets		**1,432,216**

The net cash flows related to Disposal Assets are as follows:

	2014	2013
Operating	**360,508**	263,930
Investing	**60,699**	91,459
Financing	**(424,919)**	(367,433)
At the end of the year	**(3,712)**	(12,044)

Loss per share (RMB):	Notes	2014	2013
Basic, loss for the year from discontinued operations	14	**(0.0135)**	(0.0388)
Diluted, loss for the year from discontinued operations	14	**(0.0135)**	(0.0388)

(All amounts expressed in RMB'000 unless otherwise specified)

16. PROPERTY, PLANT AND EQUIPMENT

Group	Hotel properties	Golf operational assets	Other buildings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Original cost							
At 1 January 2013	753,690	737,132	75,566	70,118	50,752	429,106	2,116,364
Transfers from CIP	–	19,448	465,158	–	–	(484,606)	–
Additions	–	–	–	26,760	929	152,495	180,184
Disposals	–	–	–	(370)	(3,992)	–	(4,362)
At 31 December 2013	753,690	756,580	540,724	96,508	47,689	96,995	2,292,186
Additions	–	3,132	101,596	7,989	2,326	98	115,141
Transfers to held for sale	(729,690)	(759,712)	(566,714)	(88,328)	(27,993)	(71,345)	(2,243,782)
Disposals of subsidiaries	(24,000)	–	(18,413)	(413)	(2,807)	(25,517)	(71,150)
Disposals	–	–	(2,571)	(7,566)	(4,634)	–	(14,771)
At 31 December 2014	–	–	54,622	8,190	14,581	231	77,624
Accumulated depreciation							
At 1 January 2013	209,088	125,749	20,614	44,811	36,440	–	436,702
Provided during the year	25,223	21,691	6,331	7,675	5,153	–	66,073
Disposals	–	–	–	(347)	(3,782)	–	(4,129)
At 31 December 2013	234,311	147,440	26,945	52,139	37,811	–	498,646
Provided during the year	6,053	5,380	6,520	2,512	2,059	–	22,524
Transfers to held for sale	(239,344)	(152,820)	(6,157)	(39,621)	(20,546)	–	(458,488)
Disposals of subsidiaries	(1,020)	–	(5,514)	(384)	(2,499)	–	(9,417)
Disposals	–	–	(5,857)	(7,025)	(4,109)	–	(16,991)
At 31 December 2014	–	–	15,937	7,621	12,716	–	36,274
Impairment							
At 1 January 2013	145,583	–	–	–	–	15,990	161,573
Recognised during the year	–	–	–	–	–	–	–
Reversals	–	–	–	–	–	–	–
At 31 December 2013	145,583	–	–	–	–	15,990	161,573
Recognised during the year	–	–	–	–	–	–	–
Reversals	–	–	–	–	–	–	–
Transfers to held for sale	(145,583)	–	–	–	–	(15,990)	(161,573)
At 31 December 2014	–	–	–	–	–	–	–
Net carrying amount							
At 1 January 2013	399,019	611,383	54,952	25,307	14,312	413,116	1,518,089
At 31 December 2013	373,796	609,140	513,779	44,369	9,878	81,005	1,631,967
At 31 December 2014	–	–	38,685	569	1,865	231	41,350

Certain of the properties of held for sale assets had been pledged for interest-bearing bank and other borrowings granted to the Group (see Note 27).

(All amounts expressed in RMB'000 unless otherwise specified)

17. COMPLETED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION

Group

Completed investment properties	**2014**	**2013**
At the beginning of the year	**740,000**	739,900
Add: Transfer from investment properties under construction	**326**	1,462
Add: Gain/(loss) from increase/(decrease) in fair value	**8,674**	(1,362)
Less: Disposal of a subsidiary	**(51,000)**	–
Less: Transfer to held for sale	**(698,000)**	–
At the end of the year	**–**	740,000

Investment properties under construction	**2014**	**2013**
At the beginning of the year	**106,000**	105,400
Add: Construction costs	**326**	1,462
Less: Transfer to completed investment properties	**(326)**	(1,462)
Add: Gain from fair value	**–**	600
Less: Disposal of a subsidiary	**(106,000)**	–
At the end of the year	**–**	106,000

The investment properties owned by the Group consist of few commercial properties, and comprise both completed investment properties and investment properties under construction. The fair values were valued by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professionally qualified valuer.

The following amounts relating to the completed investment properties and investment properties under construction have been recognised in profit or loss of discontinued operations:

	2014	**2013**
Completed investment properties:		
Rental income	**15,337**	15,116
Gain/(loss) from increase/(decrease) in fair value	**8,674**	(1,362)
Other direct operating expenses	**–**	–
Investment properties under construction:		
Gain from increase in fair value	**–**	600

As at 31 December 2014, of completed investment properties that was transferred and classified as held for sale, RMB606 million of the completed investment properties was pledged for interest-bearing bank and other borrowings (2013: RMB606 million).

Fair value hierarchy disclosures for investment properties have been provided in Note 37.

(All amounts expressed in RMB'000 unless otherwise specified)

17. COMPLETED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER CONSTRUCTION (continued)

Changes in fair values of investment properties are recognised in profit or loss. The Group's interests in completed investment properties at their net book values are analysed as follows:

Description and location	Existing use	Tenure	Unexpired lease term	2014	2013
Scandinavia Street Shanghai, PRC	Retail street	Leasehold	40.8 years	**488,000**	479,000
Shopping mall Shanghai, PRC	Supermarket	Leasehold	35.0 years	**210,000**	210,000
Retail Street in Wuxi Project, Wuxi, PRC	Retail street	Leasehold	32.9 years	–	51,000
				698,000	740,000

The Group's investment properties of Scandinavia Street in Shanghai is held under a long-term (not less than 50 years) lease, investment properties of shopping mall in Shanghai are held under medium-term (less than 50 years but not less than 10 years) leases, which had been reclassified as assets held for sale. Retail Street in Wuxi are held under medium-term (less than 50 years but not less than 10 years) leases, which had been disposed. These investment properties are all situated in Mainland China.

Description of valuation techniques used and key inputs to valuation on investment properties:

For completed investment properties, as there is no active market and absence of similar properties in the same location and condition, the valuations were performed based on the income approach. The following main inputs have been used.

Completed investment properties	2014	2013
Yield		
Scandinavia Street, Shanghai	**5.5 – 6%**	5.5 – 6%
Shopping mall, Shanghai	**4 – 5%**	4 – 5%
Retail Street in Wuxi Project	**4 – 5%**	4 – 5%

A significant increase/(decrease) in the yield rate would result in a significant decrease/(increase) in the fair value of the investment properties.

For investment properties under construction, in arriving at fair value, reference is made to the comparable sales evidence available in the relevant market, after taking into account the construction costs and the costs that will be expended to complete the development.

(All amounts expressed in RMB'000 unless otherwise specified)

18. PREPAID LAND LEASE PAYMENTS

The Group's prepaid land lease payments represent prepaid operating lease payments and their movements are analysed below:

Group	2014	2013
In Mainland China, held on:		
– Leases of between 10 and 50 years	**12,034**	424,783
– Leases of over 50 years	**–**	462,115
	12,034	886,898

Group	2014	2013
At beginning of year	**886,898**	1,034,469
Additions	**3,474**	3
Disposals with the sale of completed properties	**(76,488)**	(128,567)
Disposal of subsidiaries	**(172,734)**	–
Amortisation charged to profit or loss	**(3,826)**	(6,663)
Amortisation capitalised as properties under development for sale	**(9,380)**	(12,344)
Transfer to held for sale	**(615,910)**	–
At the end of the year	**12,034**	886,898

As at 31 December 2013, RMB642,312 thousand of the above prepaid land lease payments had been classified as current assets.

As at 31 December 2014, of prepaid land lease payments that was transferred and classified as held for sale, RMB526,653 thousand of the prepaid lease payments was pledged for interest-bearing bank and other borrowings (2013: RMB537,377 thousand).

19. LAND DEVELOPMENT FOR SALE

Group	2014	2013
At lower of cost and net realisable value:		
Mainland China	**1,549,079**	5,130,517

Land development for sale represents the cost of land development within the districts of the new town development projects. Though the Group does not have ownership title or land use rights to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in those new town development projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales (including related public utility fees, if any).

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

As mentioned in Note 2.4 accounting policy of revenue recognition on land development for sale, revenue is recognised depending on the timing of sales of related parcel of land by authorities, which is uncertain and out of the control of the Group. Upon the sales of related land plots by authorities, the amounts of land development for sale were recognised and recorded as cost of sales (see Note 8).

(All amounts expressed in RMB'000 unless otherwise specified)

19. LAND DEVELOPMENT FOR SALE (continued)

Impairment charge to state land development for sale at net realisable value

At Luodian New Town, the total area of 6.8 sq km of prepared land can be divided into a Western and Eastern portion of 3.4 sq km and 3.4 sq km respectively. To date, all land parcels in the Western portion had been sold while none of the land in the Eastern portion is sold. The Directors performed an assessment of the land development for sale at Luodian and determined that additional costs need to be incurred beyond what had been originally committed, to improve the infrastructure for the area to promote the overall attractiveness of the Eastern land parcel. Although, further costs incurred to improve the overall attractiveness of the location may result in higher selling prices for the prepared land, this has not been taken into consideration on grounds of prudence when assessing impairment. As a result, RMB605 million of impairment charge was recognised for land development for sale at SGLD to state it at net realisable value.

20. PROPERTIES UNDER DEVELOPMENT FOR SALE

Group	2014	2013
At cost:		
In Shanghai City, PRC	–	1,270,713
In Wuxi City, PRC	–	44,808
In Chengdu City, PRC	–	268,177
	–	1,583,698
Provision for the excess of cost over net realisable value:	–	(14,707)
	–	1,568,991

	2014	2013
Properties under development expected to be recovered:		
Within one year	–	1,144,267
After one year	–	424,724
	–	1,568,991

As at 31 December 2014, properties under development for sale with an amount of RMB1,539,563 thousand had been classified as held for sale (see Note 15). RMB1,167 million of the properties under development for sale was pledged for interest-bearing bank and other borrowings (2013: RMB1,294 million).

21. PREPAYMENTS

Group	2014	2013
Prepayments	**8,539**	93,382

The prepayments as at 31 December 2014 mainly included a prepayment of RMB8,536 thousand (31 December 2013: nil) for renovation and rental prepayments for the headquarter premises (31 December 2013: RMB37 million for the construction of Wuxi Ecological Park).

(All amounts expressed in RMB'000 unless otherwise specified)

22. OTHER RECEIVABLES

Group	Notes	2014	2013
Other receivables			
Net disposal consideration	10	**1,133,906**	–
Due from Wuxi Project Group	(a)	**760,237**	–
Other income receivable from CDB Yuhua	5	**7,770**	
Due from Changchun committee	(b)	**182,569**	188,369
Due from constructor	(c)	**–**	21,000
Others		**22,722**	40,028
		2,107,204	249,397
Less: Impairment	(b)/(c)	**(200,765)**	(227,565)
Other receivables, net		**1,906,439**	21,832

An aged analysis of the other receivables is as follows:

		2014	
	Other receivables	Less: allowance for impairment	Other receivables, net
Within 6 months	**1,904,097**	**–**	**1,904,097**
6 months to 1 year	**2**	**–**	**2**
1 year to 2 years	**90**	**–**	**90**
2 years to 3 years	**–**	**–**	**–**
Over 3 years	**203,015**	**(200,765)**	**2,250**
	2,107,204	**(200,765)**	**1,906,439**

		2013	
	Other receivables	Less: allowance for impairment	Other receivables, net
Within 6 months	5,605	–	5,605
6 months to 1 year	8,706	–	8,706
1 year to 2 years	1,815	–	1,815
2 years to 3 years	5,257	–	5,257
Over 3 years	228,014	(227,565)	449
	249,397	(227,565)	21,832

The Group does not hold any collateral or other credit enhancements over these balances.

Except for the above impaired receivables, none of the balances is either past due or impaired.

(a) RMB760 million due from Wuxi Project Group. The Group had been providing financing to the Wuxi Project Group prior to its disposal. Such amounts need to be settled and will be fully recoverable from the Wuxi Project Group in addition to consideration for the disposal.

(All amounts expressed in RMB'000 unless otherwise specified)

22. OTHER RECEIVABLES (continued)

(b) In December 2009, the Group entered into an agreement ("the 2009 Agreement") with the Changchun Auto Industry Development Zone Administrative Committee ("the Changchun Committee") to cease the land development by the Group in Changchun. Pursuant to the 2009 Agreement, although no detailed repayment schedule had been set out in the 2009 Agreement, the Changchun Committee agreed to fully repay the Group within a year from the date of the 2009 Agreement (i) the cost of construction, which shall be determined by independent qualified professional parties after conducting construction audits, and, (ii) the cost of relocation that has been incurred by the Group in accordance with the relevant relocation agreement, and compensate the Group for finance costs (including certain related miscellaneous expenditure) at an interest rate of 10% per annum based on the time elapsed since the actual date when such finance costs were incurred by the Group. In December 2010, due to the delay in construction audits and other necessary procedures, the Changchun Committee issued a letter requesting to extend the repayment of the remaining balances from the end of 2010 to no later than the end of 2011. However, up to 31 December 2011, the total repayment from the Changchun Committee were only approximately RMB61 million. In year 2011, the Group agreed with the Changchun Committee to offset part of the receivable with its payable of relocation cost to the Committee of RMB74 million. The remaining balance of approximately RMB199 million was still outstanding as at 31 December 2011. Since the balance was already aged for more than two years as at 31 December 2011 and the Changchun Committee had failed to honour the extended repayment term and ceased to co-operate with the Group in spite of all the efforts of the Group to collect the receivable, though the Group would continue to pursue repayments, the Group has made a full provision of RMB199 million against the outstanding balance after considering the situation. In the year 2014, the Group received RMB6 million (2013: RMB3 million, 2012: RMB8 million) from the Changchun Committee and the provision was reduced by the same amount (2013: RMB3 million, 2012: RMB8 million). Considering the amounts received in 2014, 2013 and 2012 were only small portions of the receivable, and there was no evidence that the Changchun Committee would continue to repay, full provision continued to be made against the RMB183 million outstanding balance as at 31 December 2014.

(c) There is no balance due from a third-party constructor at 31 December 2014 (2013: RMB21 million), as such assets had been classified as held for sale. In December 2008, due to illegal occupation of agricultural land for the purpose of constructing a golf course, the Liaoning Department of Land and Resources established that as a case for investigation, and issued the Administrative Penalty Decision Notice regarding the case in 2010. Although the Group had instructed the third-party constructor to terminate the construction of the golf course on the agricultural land, the constructor still continued such construction and therefore the constructor agreed to compensate the Group by RMB24 million in 2010. However, only RMB3 million of compensation was received and RMB21 million remained outstanding. Considering the fact that it is overdue for more than two year and no amount was further collected from the constructor, though the Group would continue to pursue repayment, a full provision of RMB21 million was made in 2011.

(All amounts expressed in RMB'000 unless otherwise specified)

23. TRADE RECEIVABLES

Group	2014	2013
Receivables from land development for sale	**62,218**	800,761
Receivables from the sale of properties	**–**	1,530
Receivables from the sale of golf club membership	**–**	2,178
Others	**1,635**	3,676
Trade receivables, gross	**63,853**	808,145
Less: Impairment for receivables from land development for sale	**–**	(16,247)
Trade receivables, net	**63,853**	791,898

An aged analysis of the trade receivables is as follows:

	2014		
	Trade receivables	**Less: allowance for impairment**	**Trade receivables, net**
Within 6 months	**31,635**	**–**	**31,635**
6 months to 1 year	**–**	**–**	**–**
1 year to 2 years	**–**	**–**	**–**
2 years to 3 years	**–**	**–**	**–**
Over 3 years	**32,218**	**–**	**32,218**
	63,853	**–**	**63,853**

	2013		
	Trade receivables	**Less: allowance for impairment**	**Trade receivables, net**
Within 6 months	1,959	–	1,959
6 months to 1 year	670,584	–	670,584
1 year to 2 years	24,969	–	24,969
2 years to 3 years	6,233	–	6,233
Over 3 years	104,400	(16,247)	88,153
	808,145	(16,247)	791,898

The above balances are unsecured and interest-free.

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

Group	2014	2013
At beginning of the year	**16,247**	–
Impairment losses recognised	**–**	16,247
Disposal of subsidiaries	**(16,247)**	–
At the end of the year	**–**	16,247

The provision for impairment of trade receivables, which was recognised in 2013, was a full provision for an individually impaired trade receivable. As at 31 December 2014, there was no such impairment after the disposal of subsidiaries.

(All amounts expressed in RMB'000 unless otherwise specified)

23. TRADE RECEIVABLES (continued)

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2014	2013
Neither past due nor impaired	**63,853**	789,720
Past due but not impaired:		
Within 120 days	**–**	–
Over 120 days	**–**	2,178
	63,853	791,898

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company 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. The Group does not hold any collateral or other credit enhancements over these balances.

24. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
Cash on hand	**534**	738	**40**	2
Cash at banks	**875,760**	136,095	**543,502**	1,851
Cash and cash equivalents	**876,294**	136,833	**543,542**	1,853
Restricted bank deposits	**–**	195,500	**–**	–
Cash at banks and on hand to discontinued operations	**(80,843)**	–	**–**	–
	795,451	332,333	**543,542**	1,853

Cash at banks earns interest at floating rates based on daily bank deposit rates.

There were no restricted bank deposits as at 31 December 2014 (2013: RMB195.5 million, of which RMB195.3 million were placed as collateral for the bank loans and interest).

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

RMB equivalent of the following currencies	Group		Company	
	2014	2013	2014	2013
SG$	**168**	142	**168**	142
RMB	**788,130**	330,430	**536,229**	–
HK$	**7,052**	1,526	**93**	1,526
US$	**101**	235	**7,052**	185
	795,451	332,333	**543,542**	1,853

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 Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

For the financial year ended 31 December 2014

(All amounts expressed in RMB'000 unless otherwise specified)

25. SHARE CAPITAL

Group and Company

	2014		2013	
	Number of shares (thousand)	**Amount***	Number of shares (thousand)	Amount*
Ordinary shares authorised	**10,000,000**		10,000,000	
Ordinary shares issued and fully paid:				
Share capital at the beginning of the year	**4,498,199**	**2,980,809**	4,498,199	2,980,809
Placing of new shares	**5,347,921**	**1,130,032**	–	–
Share capital at the end of the year	**9,846,120**	**4,110,841**	4,498,199	2,980,809

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share split into 75,000 shares.

The holders of ordinary shares are entitled to receive dividends as and when they are declared by the Board of Directors and approved by the shareholders. Each ordinary share carries one vote per share without restrictions.

26. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Other reserves	Total
At 1 January 2013, 31 December 2013 and 2014	224,032	163,433	191,805	579,270

Company

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Other reserves	Total
At 1 January 2013, 31 December 2013 and 2014	1,557,445	163,433	191,805	1,912,683

There were no movements in other reserves during the year ended 31 December 2014.

(All amounts expressed in RMB'000 unless otherwise specified)

26. OTHER RESERVES (continued)

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company applied the pooling of interest method to account for the business combination under common control that occurred on 20 December 2006. This therefore represents the difference between the Company's share of net assets of the Group and the sum of share capital and retained earnings that should be recorded as a result of applying the pooling of interest method.

Capital contribution received upon the repurchase of convertible bonds

This represents the capital contribution from SRE Investment Holding Limited in connection with the Company's repurchase of convertible bonds.

Other reserves

This represents the fair value change of the equity component of certain convertible bonds issued by the Company upon its repurchase.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of interest-bearing bank and other borrowings which were all denominated in RMB are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
Bank and other borrowings – secured	**246,000**	2,398,862	–	198,312
Bank and other borrowings – unsecured	**650,000**	738,000	–	–
	896,000	3,136,862	–	198,312

The interest-bearing bank and other borrowings are repayable as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
Within 6 months	**679,000**	510,452	–	198,312
6 months to 9 months	**100,000**	32,270	–	–
9 months to 12 months	**117,000**	796,270	–	–
1 year to 2 years	–	1,003,580	–	–
2 years to 5 years	–	507,360	–	–
Over 5 years	–	286,930	–	–
	896,000	3,136,862	–	198,312

The Group's interest-bearing bank borrowings in RMB bore interest at floating rates at 5.9% per annum for the year ended 31 December 2014 (2013: ranging from 5.9% to 7.86% per annum).

In 2014, the Group's other borrowing from a related party of RMB500,000 thousand (see Note 33) bore interest at a fixed rate of 10% per annum.

In 2013, the Group's other borrowings from a third party trust of RMB450,000 thousand bore interest as a fixed rate of 14.6% per annum.

(All amounts expressed in RMB'000 unless otherwise specified)

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Long-term and short-term bank borrowings – secured

As at 31 December 2014, bank borrowings of RMB246,000 thousand (2013: RMB1,948,862 thousand) were pledged by the Group's certain properties, which were classified as assets held for sale, including property plant and equipment, investment properties under construction, properties under development for sale, prepaid land lease payments as well as bank deposits, whose net carrying amounts at 31 December 2014 were RMB313,876 thousand (2013: RMB429,424 thousand), Nil (2013: RMB606,096 thousand), Nil (2013: RMB1,248,998 thousand), RMB191,666 thousand (2013: RMB449,503 thousand) and Nil (2013: RMB195,300 thousand), respectively.

As at 31 December 2013, RMB450,000 thousand is a loan from a third party trust fund which is secured by pledge of the Group's 90% equity interest in Wuxi Hongqing, and entitlement to certain economic benefits (e.g., right to dividends, if any) in the equity interest of Wuxi Hongqing, use rights of two pieces of land and the title to the properties thereon (whose total net carrying amount at 31 December 2013 was RMB326,557 thousand). The loan is also guaranteed by SREI and Mr. Shi Jian. The loan was repaid during the year.

Other borrowing – unsecured

As at 31 December 2014, the other borrowing of RMB500,000 thousand is a short-term loan from CDB Siyuan (Beijing) Investment Fund Limited, which is a fund managed by a subsidiary of CDB Capital. The other borrowing of RMB150,000 thousand is an interest free loan from Shanghai Luodian Old Town Real Estate Limited.

As at 31 December 2014, the Group had no undrawn credit facilities (2013: RMB116.7 million).

28. DEFERRED INCOME

Group	Notes	2014	2013
Deferred revenue arising from:			
Sale of golf club membership	(i)	–	486,208
Land development for sale	(ii)	**383,716**	620,221
		383,716	1,106,429

Notes:

(i) The revenue arising from the sale of golf club membership is deferred and recognised on the straight-line basis over the expected period when the related benefits would be provided. As at 31 December 2014, golf club has been classified as assets held for sale.

(ii) The deferred revenue arising from land development for sale represents the portion of amounts received/receivable from the land authorities as a result of the sales of parcels of land developed by the Group that are not yet recognised as revenue, because the developments of the ancillary public facilities of land sold are still in progress. The amounts received/receivable are non-refundable unless the Group fails to complete the development work. The deferred income is classified as a current liability as the remaining development work is expected to be provided within the normal operating cycle.

(All amounts expressed in RMB'000 unless otherwise specified)

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Group	2014	2013
Trade payables	**161,534**	2,557,878
Accruals for commission of golf club membership	**–**	25,059
Payroll and welfare	**5,356**	2,234
Other taxes payable:		
Business tax payable	**12,715**	334,581
Property tax payable	**–**	46,464
Land use tax payable	**–**	14,901
Other miscellaneous tax	**61**	28,445
Estimated payables to constructors for the Changchun project	**8,618**	9,818
Receipts in excess of the Group's estimated share of land sales proceeds	**26,477**	28,405
Obligation to construct a food market in Chengdu	**–**	13,723
Payables in relation to international golf tournament	**–**	21,578
Advance of public facility fee from local government	**–**	160,200
Other advance from local government	**–**	14,000
Construction deposit	**–**	24,500
Sponsorship of National Ballet	**–**	10,000
Payable for transaction cost of the Disposal	**12,106**	12,306
Payable for expense incurred in application for National AAAA Tourist Attraction (Luodian New Town)	**3,200**	40,730
Others	**48,350**	85,554
	278,417	3,430,376

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year, among which trade payables of approximately RMB61 million (2013: approximately RMB1,969 million) are contracted with no specified due date.
- Payroll and welfare are normally settled within the next month.
- Other payables and other tax payables are non-interest-bearing and are normally settled when they are due or within one year.

An aged analysis of the Group's trade payables as at the reporting dates is as follows:

	2014	2013
Within 1 year	**20,089**	601,623
1 to 2 years	**26,784**	435,602
Over 2 years	**114,661**	1,520,653
	161,534	2,557,878

(All amounts expressed in RMB'000 unless otherwise specified)

30. AMOUNTS DUE TO RELATED PARTIES

Group	Notes	2014	2013
Amounts due to related parties:			
Wuxi Xinrui Hospital Management Co., Ltd.	33(a)(ii)	–	3,000
Shanghai Lake Malaren Property Management Co., Ltd.		–	500
		–	3,500

31. ADVANCES FROM CUSTOMERS

Group

Advances from customers mainly represented the pre-sale income of properties when they are still under development. As contracted with customers, advances amounting to a substantial portion of the sales consideration are paid to the Group shortly from the signing of the pre-sale contracts. Such amounts held by the Group are non-interest-bearing. Business tax, generally calculated at a rate of 5% on the advances received, is imposed by the tax authorities. As at 31 December 2014, advances from customers had been classified as held for sale.

32. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors)

Group	2014	2013
Included in administrative expenses:		
Wages and salaries	**25,266**	22,416
Social welfare other than pensions	**1,127**	953
Pension – defined contribution plan	**2,041**	871
Staff welfare and bonuses	**6,079**	907
	34,513	25,147

Directors' remuneration

Details of the directors' remuneration are as follows:

	2014	2013
Fees	**1,217**	1,381
Other emoluments:		
Salaries, allowances and benefits in kind	**8,874**	9,337
Equity-settled share option expense	–	–
Pension scheme contributions	**91**	165
	10,182	10,883

(All amounts expressed in RMB'000 unless otherwise specified)

32. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2014	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
Shi Jian	–	1,585	–	1,585
Li Yao Min	–	1,387	–	1,387
Gu Biya*	–	2,291	–	2,291
Mao Yiping*	–	1,485	63	1,548
Liu Heqiang	–	449	–	449
Shi Janson Bing*	–	547	28	575
Yang Meiyu	–	169	–	169
Qian Yifeng*	–	607	–	607
Ren Xiaowei	–	306	–	306
Yue Wai Leung Stan*	–	48	–	48
Henry Tan Song Kok	399	–	–	399
Kong Siu Chee	351	–	–	351
Zhang Hao	206	–	–	206
E Hock Yap	261	–	–	261
	1,217	8,874	91	10,182

* Resigned as director in year 2014.

Year ended 31 December 2013	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
Shi Jian	–	1,214	–	1,214
Li Yao Min	–	1,396	–	1,396
Gu Biya	–	1,358	–	1,358
Mao Yiping	–	1,363	43	1,406
Yang Yonggang*	–	921	–	921
Shi Janson Bing	–	830	42	872
Song Yiqing*	–	415	17	432
Qian Yifeng	–	509	–	509
Yue Wai Leung Stan	–	1,331	63	1,394
Henry Tan Song Kok	395	–	–	395
Lam Bing Lun Philip*	176	–	–	176
Kong Siu Chee	350	–	–	350
Zhang Hao	203	–	–	203
E Hock Yap	257	–	–	257
	1,381	9,337	165	10,883

The directors have not waived any remuneration as listed above.

* Resigned as director in year 2013.

(All amounts expressed in RMB'000 unless otherwise specified)

32. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Five highest paid employees

The five highest paid employees of the Group during the year included four (2013: five) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining one (2013: none) non-director, highest paid employees for the year are as follows:

	2014	2013
Salaries, housing allowances, other allowances and benefits in kind	**794**	–

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

	2014	2013
HK$1,000,001 – HK$1,500,000	**1**	–

33. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As mentioned in Note 1, in the opinion of the Directors, as of 31 December, the Company's ultimate holding company is China Development Bank International Holdings Limited ("CDBIH"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDB Capital").

(a) In addition to the transactions detailed in Notes 30 and 32, the Group had the following material transactions with related parties during the years ended 31 December 2014 and 2013:

	Notes	2014	2013
Transactions with fellow subsidiaries, the parties significantly influenced by or whose significant voting power resides with, directly or indirectly, some members of key management personnel of the Company:			
Loan obtained from CDB Siyuan	(i)	**500,000**	–
Loan obtained from jointly-controlled company	(ii)	**–**	3,000

Notes:

(i) During the year ended 31 December 2014, Shanghai Jiatong Enterprise Co., Ltd, a subsidiary of the Group, obtained an half-year loan from CDB Siyuan (Beijing) Investment Fund Limited, which is a fund managed by a subsidiary of CDB Capital. Interest for the loan is charged at 10% per annum and the loan had been fully repaid subsequent to the balance sheet date.

(ii) During the year ended 31 December 2013, Wuxi Hongshan New Town Development Co., Ltd., a subsidiary of the Group, which was disposed in 2014, obtained an interest-free loan of RMB3 million from Wuxi Xinrui Hospital Management Co., Ltd., a joint venture company.

(All amounts expressed in RMB'000 unless otherwise specified)

33. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

	2014	2013
Wages and salaries	**12,563**	15,670
Pension – defined contribution plan	**127**	197
	12,690	15,867

Further details of directors' remuneration are included in Note 32.

34. COMMITMENTS AND CONTINGENCIES

At the end of each reporting period, the Group had capital commitments and commitments in respect of land development or properties under development for sale as follows:

Group	2014	2013
Commitments in respect of land development for sale:		
Contracted but not provided for	**163,377**	828,753
Authorised but not contracted for	**4,891,152**	4,558,827
Properties under development for sale:		
Contracted but not provided for	–	58,838
Authorised but not contracted for	–	–
Investment properties under construction:		
Contracted but not provided for	–	2,376
Authorised but not contracted for	–	153,578
Property, plant and equipment and leasehold land:		
Contracted but not provided for	**40**	369,356
Authorised but not contracted for	–	2,440,239
Total	**5,054,569**	8,411,967

The Group had significant commitments as it had entered into two township development projects in Shanghai and Shenyang and these commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, trade and other payables, other borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank loans and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 27.

The following table demonstrates the sensitivity to reasonably possible changes in interest rate, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	2014	2013
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
(Decrease)/increase in profit before tax	**(2,460)/2,460**	(19,619)/19,619

Foreign currency risk

All the Group's operating entities operate in Mainland China with most of the transactions denominated in Renminbi. The Group is exposed to foreign exchange risk arising from golf membership fees received in United States dollars. In addition, the Group has raised a certain amount of funds in Hong Kong dollars and US dollars via bank borrowings. The Group has not hedged its foreign exchange rate risk.

The RMB is not a freely convertible currency, the conversion of the RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

The following table demonstrates the sensitivity to reasonably possible changes in the US$ and HK$ exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the carrying amount of monetary assets and liabilities). The Group's equity is not affected, other than the consequential effect on the accumulated losses (a component of the Group's equity) of the changes in the profit before tax as disclosed below.

	2014	2013
Increase/(decrease) in the US$ exchange rate	**10%/(10%)**	10%/(10%)
(Decrease)/increase in profit before tax	**(2,017)/2,017**	(6,084)/6,084
Increase/(decrease) in the HK$ exchange rate	**10%/(10%)**	10%/(10%)
(Decrease)/increase in profit before tax	**(421)/421**	(15,583)/15,583

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

Credit risk arises from cash and bank balances, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2014 and 2013, a large portion of the net receivables were from the revenue derived from land development for sale, and there was a significant other receivable as mentioned in Note 22, therefore there was a concentration of risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in Notes 23 and 22.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents or to have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group

31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans and other borrowings	–	503,951	396,794	–	–	–	900,745
Trade payables	100,698	–	–	–	–	60,836	161,534
Other liabilities	103,135	–	–	–	–	–	103,135
	203,833	503,951	396,794	–	–	60,836	1,165,414

31 December 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans and other borrowings	199,891	148,106	1,168,678	1,683,642	345,809	–	3,546,126
Trade payables	588,776	–	–	–	–	1,969,102	2,557,878
Other liabilities	448,771	–	–	–	–	–	448,771
	1,237,438	148,106	1,168,678	1,683,642	345,809	1,969,102	6,552,775

Company

All of the Company's financial liabilities as at 31 December 2014 were repayable on demand as at each of the reporting dates.

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, convertible bonds or new shares.

As the Group is engaged in land and property development, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Net debt includes interest-bearing bank and other borrowings and excludes cash and bank balances. Equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	2014	**2013**
Interest-bearing bank and other borrowings	**896,000**	3,136,862
Less: Cash and bank balances	**(795,451)**	(332,333)
Net debt	**100,549**	2,804,529
Capital:		
Total equity	**3,847,436**	2,979,284
Capital and net debt	**3,947,985**	5,783,813
Gearing ratio	**2.55%**	48.49%

Collateral held

The Group did not hold any collateral as at 31 December 2014 and 2013.

(All amounts expressed in RMB'000 unless otherwise specified)

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets	**2014**	**2013**
Loans and receivables		
– Other receivables	**1,906,439**	21,832
– Trade receivables	**63,853**	791,898
– Cash and bank balances	**795,451**	332,333
– Investment classified as loans and receivables	**490,000**	–
	3,255,743	1,146,063
Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing bank and other borrowings	**896,000**	3,136,862
– Trade payables	**161,534**	2,557,878
– Others	**116,883**	451,607
	1,174,417	6,146,347

Company

Financial assets	**2014**	**2013**
Loans and receivables		
– Other receivables	**128,204**	6
– Cash and bank balances	**543,542**	1,853
	671,746	1,859
Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing bank and other borrowings	**–**	198,312
– Trade payables and others	**19,533**	13,865
	19,533	212,177

(All amounts expressed in RMB'000 unless otherwise specified)

37. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instrument. For financial instruments where there is no active market or when current market prices are not available, their fair values are determined using valuation techniques (Note 2.4).

The Group's financial assets mainly include cash and bank balances and receivables. The Group's financial liabilities mainly include interest-bearing bank and other borrowings, and payables. The fair values of the Group's and the Company's financial instruments are not materially different from their carrying amounts.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The following table shows the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures of assets measured at fair value as at 31 December 2014:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment properties (Note 17):					
Scandinavia Street, Shanghai	31 December 2014	488,000	–	–	488,000
Shopping mall, Shanghai	31 December 2014	210,000	–	–	210,000

As at 31 December 2014, the investment properties listed above had been classified as assets held for sale.

There have been no transfers between Level 1 and Level 2 during the year ended 31 December 2014.

The Group did not have any financial liability measured at fair value as at 31 December 2014.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2015.

As at 5 March 2015

(All amounts expressed in RMB'000 unless otherwise specified)

ISSUED AND FULLY PAID-UP CAPITAL

Issued and Fully Paid-up Capital	:	RMB4,110,841,000
Total number of Issued shares excluding treasury shares	:	9,846,119,747
Total number of treasury shares	:	0
Class of shares	:	Ordinary shares of no par value
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 5 MARCH 2015

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	180	2.56	2,151	0.00
100 – 1,000	904	12.85	889,508	0.01
1,001 – 10,000	2,600	36.96	12,849,176	0.13
10,001 – 1,000,000	3,274	46.55	313,514,006	3.18
1,000,001 AND ABOVE	76	1.08	9,518,864,906	96.69
	7,034	100.00	9,846,119,747	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 5 MARCH 2015

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	CHINA DEVELOPMENT BANK INTERNATIONAL HOLDINGS LIMITED	5,347,921,071	54.32%
2	HKSCC NOMINEES LIMITED	3,697,081,404	37.55%
3	RAFFLES NOMINEES (PTE) LTD	67,641,500	0.69%
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	49,369,000	0.50%
5	CIMB SECURITIES (SINGAPORE) PTE LTD	34,075,906	0.35%
6	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	21,710,000	0.22%
7	LIM & TAN SECURITIES PTE LTD	20,715,400	0.21%
8	UOB KAY HIAN PTE LTD	19,957,250	0.20%
9	DBS NOMINEES PTE LTD	18,213,507	0.18%
10	LEE CHOONG ONN	16,164,000	0.16%
11	MAYBANK KIM ENG SECURITIES PTE LTD	15,195,900	0.15%
12	OCBC SECURITIES PRIVATE LTD	12,940,000	0.13%
13	PHILLIP SECURITIES PTE LTD	11,311,400	0.11%
14	CITIBANK NOMINEES SINGAPORE PTE LTD	11,048,800	0.11%
15	HSBC (SINGAPORE) NOMINEES PTE LTD	10,586,000	0.11%
16	YAP KHEK HENG	10,000,000	0.10%
17	SHIE YONG FAH	8,218,000	0.08%
18	DMG & PARTNERS SECURITIES PTE LTD	7,824,000	0.08%
19	ALPHA SECURITIES PTE LTD	7,500,000	0.08%
20	BANK OF SINGAPORE NOMINEES PTE LTD	6,864,000	0.07%
		9,394,337,138	95.41%

Note:

%: Based on 9,846,119,747 shares (excluding shares held as treasury shares) as at 5 March 2015.

As at 5 March 2015

(All amounts expressed in RMB'000 unless otherwise specified)

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 5 March 2015.

	As at the Latest Practicable Date					
	Direct Interest		Deemed Interest pursuant to the SFA		Deemed Interest pursuant to the SFO	
	No. of Shares	Approx. %(1)	No. of Shares	Approx. %(1)	No. of Shares	Approx. %(1)
CDBIH(2)(3)	5,347,921,071	54.32	–	–	1,468,356,862	14.91
CDBC(2)(3)	–	–	5,347,921,071	54.32	6,816,277,933	69.23
CDB(2)(3)	–	–	5,347,921,071	54.32	6,816,277,933	69.23
SRE Investment(4)	1,468,356,862	14.91	–	–	5,347,921,071	54.32
Shi Jian(5)(6)	6,104,938	0.062	6,816,277,933	69.23	6,816,279,023	69.23

Notes:

(1) The percentage interests are calculated based on the total number of Shares in issue as at the Latest Practicable Date, being 9,846,119,747 Shares.

(2) CDBIH is a wholly-owned subsidiary of CDBC, in turn, is wholly-owned by CDB. Both CDB and CDBC are therefore deemed under Part XV of the SFO to be interested in the 6,816,277,933 Shares in which CDBIH is interested.

(3) As both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 Shares held by SRE Investment.

(4) As both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.

(5) Pursuant to Section 4 of the SFA, Mr. Shi Jian is deemed interested in a total of 6,816,277,933 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) as both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed to be interested in the 5,347,921,071 Shares held by CDBIH, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SRE Investment is deemed interested.

(6) Pursuant to Part XV of the SFO, Mr. Shi Jian is deemed interested in a total of 6,816,279,023 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) as both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH under the SFO, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SRE Investment is deemed interested; and (iii) Mr. Shi Jian is deemed interested in 1,090 Shares held by Ms. Si Xiao Dong by virtue of the fact that she is his spouse.

FREE FLOAT

As at 5 March 2015, approximately 30.62% of the total number of issued shares of the Company was held in the hands of the public (on the basis of information available to the Company). The Company has no outstanding treasury shares, preference shares or convertible equity securities in issue.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司