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TOP SPRING INTERNATIONAL HOLDINGS LIMITED

萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- For the year ended 31 December 2014, the Group achieved contracted sales plus subscribed pre-sales of approximately HK$10,679.5 million, approximately 1.7% higher than the 2014 sales target of HK$10.5 billion. The Group recorded contracted sales of properties and contracted sales of car park units of approximately HK$10,319.5 million, of which HK$9,801.1 million was from contracted sales of properties with contracted saleable GFA of approximately 548,872 sq.m. and ASP of contracted sales of properties of approximately HK$17,856.8 per sq.m., representing a decrease of approximately 3.2%, an increase of approximately 29.1% and a decrease of approximately 25.0%, respectively, as compared with 2013. The Group has set a target for the total contracted sales in 2015 to be HK$10.5 billion with reference to its saleable resources with value estimated at approximately HK$15.4 billion.

- In 2014, the Group acquired two new projects in Shenzhen and a new project in Sanhe City of Hebei Province with the total estimated saleable/leasable GFA of approximately 513,348 sq.m. at a total consideration and/or estimated maximum cash compensation of approximately RMB821.3 million (equivalent to approximately HK$1,038.5 million). In addition, the Group expanded its first investment outside the PRC in 2014 by acquiring 25% of the interests over two new projects in Manchester City of the United Kingdom.

- As at 31 December 2014, the Group had a total of 25 projects over 12 cities in various stages of development with a total estimated net saleable/leasable GFA of approximately 5,636,488 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Xulian Project and Shenzhen Junan Project (all are redevelopment projects) and Middlewood Locks Property and The Hat Box (both are overseas projects), the remaining estimated land bank of the Group of approximately 3,644,998 sq.m. has an average land cost of approximately RMB2,669.3 per sq.m. (equivalent to approximately HK$3,337.9 per sq.m.).

- Turnover for the year ended 31 December 2014 increased by approximately 21.3% to approximately HK$6,971.0 million from approximately HK$5,746.5 million for the year ended 31 December 2013.

- For the year ended 31 December 2014, the Group generated recurring rental income of approximately HK$340.9 million (2013: approximately HK$197.6 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, serviced apartments and car park units. As at 31 December 2014, the investment property portfolio had a total leasable GFA of approximately 463,054 sq.m. and a fair value of approximately HK$9,298.7 million, representing approximately 21.7% of the Group's total asset value.

- Gross profit margin increased to approximately 41.9% for the year ended 31 December 2014 from approximately 40.0% for the year ended 31 December 2013.

- For the year ended 31 December 2014, despite the net profit of the Group recorded a decrease of approximately 26.1% as compared with 2013, the core net profit of the Group increased by approximately 76.7%.

- Basic earnings per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2014 was approximately HK$0.65, representing a decrease of approximately 28.6% as compared with 2013.

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 31 December 2014 was approximately HK$4.3 (as at 31 December 2013: approximately HK$4.0).

- As at 31 December 2014, the net gearing ratio of the Group was reduced to approximately 81.6% from approximately 100.6% as at 31 December 2013.

- The Board has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2014 (for the year ended 31 December 2013: HK11 cents per Share). Together with the interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs, total dividend declared for 2014 amounts to HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs. The dividend payout ratio for the year ended 31 December 2014 was approximately 33.6% (for the year ended 31 December 2013: approximately 24.1%).

CONSOLIDATED ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Top Spring International Holdings Limited (the "Company") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
Turnover	*2&3*	**6,971,024**	5,746,528
Direct costs		**(4,050,764)**	(3,446,121)
Gross profit		**2,920,260**	2,300,407
Valuation gains on investment properties		**416,301**	1,117,664
Other revenue	*4*	**251,898**	124,468
Other net income	*5*	**42,079**	405,650
Selling and marketing expenses		**(309,355)**	(254,968)
Administrative expenses		**(643,373)**	(533,644)
Profit from operations		**2,677,810**	3,159,577
Finance costs	*6(a)*	**(652,594)**	(671,779)
Share of profits less losses of associates		**11,892**	–
Share of losses of joint ventures		**(779)**	(5,017)
Profit before taxation	*6*	**2,036,329**	2,482,781
Income tax	*7*	**(1,030,472)**	(1,120,941)
Profit for the year		**1,005,857**	1,361,840
Attributable to:			
Equity shareholders of the Company		**921,603**	1,284,458
Non-controlling interests		**84,254**	77,382
Profit for the year		**1,005,857**	1,361,840
Earnings per share (HK$)	*8*		
Basic		**0.65**	0.91
Diluted		**0.65**	0.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 *HK$'000*	2013 *HK$'000*
Profit for the year	**1,005,857**	1,361,840
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(168,486)**	165,832
Share of other comprehensive income of associates and joint ventures	**(17,044)**	4,572
	(185,530)	170,404
Total comprehensive income for the year	**820,327**	1,532,244
Attributable to:		
Equity shareholders of the Company	**760,025**	1,446,596
Non-controlling interests	**60,302**	85,648
Total comprehensive income for the year	**820,327**	1,532,244

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2014

		2014		2013	
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
– Investment properties			**9,298,671**		9,295,306
– Other property, plant and equipment			**425,138**		474,355
– Interests in leasehold land held for own use under operating leases			**4,330**		4,701
			9,728,139		9,774,362
Interest in associates			**163,030**		–
Interest in joint ventures			**350,067**		166,238
Other financial assets			**194,246**		33,469
Restricted and pledged deposits			**194,955**		1,407,161
Deferred tax assets			**501,953**		620,734
			11,132,390		12,001,964
Current assets					
Inventories		**20,336,578**		15,877,394	
Other financial assets		**125,047**		–	
Trade and other receivables	*10*	**1,720,448**		2,059,293	
Prepaid tax		**48,951**		43,929	
Restricted and pledged deposits		**3,133,318**		3,170,483	
Cash and cash equivalents		**6,374,760**		5,606,262	
		31,739,102		26,757,361	
Current liabilities					
Trade and other payables	*11*	**15,106,242**		10,026,262	
Bank and other borrowings		**8,487,467**		9,070,702	
Tax payable		**4,288,902**		4,872,872	
		27,882,611		23,969,836	
Net current assets			**3,856,491**		2,787,525
Total assets less current liabilities			**14,988,881**		14,789,489

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2014 (CONTINUED)

		2014		2013	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current liabilities					
Bank and other borrowings		**6,653,577**		5,989,594	
Loans from joint ventures		**–**		1,223,687	
Deferred tax liabilities		**1,377,701**		1,301,124	
			8,031,278		8,514,405
NET ASSETS			**6,957,603**		6,275,084
CAPITAL AND RESERVES					
Share capital			**116,073**		115,530
Reserves			**6,000,462**		5,530,466
Total equity attributable to equity shareholders of the Company			**6,116,535**		5,645,996
Non-controlling interests			**841,068**		629,088
TOTAL EQUITY			**6,957,603**		6,275,084

NOTES:

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 March 2011.

The principal activity of the Company is investment holding and the principal activities of the Group are property development, property investment, hotel operations and provision of property management and related services in the People's Republic of China ("PRC").

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2014 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules").

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

These developments have had no material impact on the Group's consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Property development: this segment develops and sells residential properties and shops within the shopping arcades.

– Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently, the Group's investment property portfolio is located entirely in the PRC.

– Hotel operations: this segment operates hotels to provide hotel services to general public.

– Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential properties and shopping arcades.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all tangible, non-current and current assets with the exception of interest in associates and joint ventures, investments in financial assets, prepaid tax, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation". To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, valuation changes on investment properties and additions to non-current segment assets used by the segments in their operations.

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

2013

	Property development *HK$'000*	Property investment *HK$'000*	Hotel operations *HK$'000*	Property management and related services *HK$'000*	Total *HK$'000*
Revenue from external customers	5,336,316	197,559	66,538	146,115	5,746,528
Inter-segment revenue	–	26,965	–	166,844	193,809
Reportable segment revenue	5,336,316	224,524	66,538	312,959	5,940,337
Reportable segment profit/ (loss) (adjusted EBITDA)	1,680,689	160,778	(3,171)	(88,274)	1,750,022
Interest income from bank deposits	87,001	1,332	–	2,782	91,115
Interest expense	(637,785)	(10,047)	–	(23,947)	(671,779)
Depreciation and amortisation for the year	(33,247)	(961)	(22,917)	(1,095)	(58,220)
Valuation gains on investment properties	–	1,117,664	–	–	1,117,664
Reportable segment assets	27,833,291	9,448,108	323,237	233,576	37,838,212
Additions to non-current segment assets during the year	46,753	3,783,673	6,325	7,280	3,844,031
Reportable segment liabilities	(24,505,402)	(1,490,224)	–	(186,490)	(26,182,116)

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

2014

	Property development HK$'000	Property investment HK$'000	Hotel operations HK$'000	Property management and related services HK$'000	Total HK$'000
Revenue from external customers	6,422,060	340,851	56,025	152,088	6,971,024
Inter-segment revenue	–	29,047	–	277,573	306,620
Reportable segment revenue	6,422,060	369,898	56,025	429,661	7,277,644
Reportable segment profit/(loss) (adjusted EBITDA)	1,987,503	228,475	1,863	(69,921)	2,147,920
Interest income from bank deposits	115,716	2,200	–	1,563	119,479
Interest expense	(526,388)	(38,565)	–	(87,641)	(652,594)
Depreciation and amortisation for the year	(18,459)	(810)	(21,935)	(1,707)	(42,911)
Valuation gains on investment properties	–	416,301	–	–	416,301
Reportable segment assets	31,322,529	9,613,984	290,984	166,958	41,394,455
Additions to non-current segment assets during the year	1,055	44,094	13,641	4,242	63,032
Reportable segment liabilities	(28,377,850)	(1,570,338)	(14,267)	(91,313)	(30,053,768)

2 SEGMENT REPORTING (CONTINUED)

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**7,277,644**	5,940,337
Elimination of inter-segment revenue	**(306,620)**	(193,809)
Consolidated turnover *(Note 3)*	**6,971,024**	5,746,528
Profit		
Reportable segment profit derived from Group's external customers	**2,147,920**	1,750,022
Share of profits less losses of associates	**11,892**	–
Share of losses of joint ventures	**(779)**	(5,017)
Other revenue and net income	**293,977**	530,118
Depreciation and amortisation	**(47,658)**	(58,693)
Finance costs	**(652,594)**	(671,779)
Valuation gains on investment properties	**416,301**	1,117,664
Unallocated head office and corporate expenses	**(132,730)**	(179,534)
Consolidated profit before taxation	**2,036,329**	2,482,781
Assets		
Reportable segment assets	**41,394,455**	37,838,212
Interest in associates	**163,030**	–
Interest in joint ventures	**350,067**	166,238
Other financial assets	**319,293**	33,469
Prepaid tax	**48,951**	43,929
Deferred tax assets	**501,953**	620,734
Unallocated head office and corporate assets	**93,743**	56,743
Consolidated total assets	**42,871,492**	38,759,325
Liabilities		
Reportable segment liabilities	**(30,053,768)**	(26,182,116)
Tax payable	**(4,288,902)**	(4,872,872)
Deferred tax liabilities	**(1,377,701)**	(1,301,124)
Unallocated head office and corporate liabilities	**(193,518)**	(128,129)
Consolidated total liabilities	**(35,913,889)**	(32,484,241)

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

3 TURNOVER

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
Sale of properties	**6,422,060**	5,336,316
Rental income	**340,851**	197,559
Hotel operations	**56,025**	66,538
Property management and related services income	**152,088**	146,115
	6,971,024	5,746,528

4 OTHER REVENUE

	2014	2013
	HK$'000	*HK$'000*
Bank interest income	**183,840**	92,592
Other interest income	**24,317**	336
Construction management service income	**10,594**	–
Rental income from operating leases, other than those relating to investment properties	**9,867**	9,355
Government grant	**2,476**	15,132
Others	**20,804**	7,053
	251,898	124,468

5 OTHER NET INCOME

	2014	2013
	HK$'000	*HK$'000*
Net gain on disposal of a subsidiary	**12,710**	186,640
Gain on a bargain purchase from acquisition of a subsidiary	**–**	91,242
Fair value change on derivative financial instruments	**–**	45,436
Net gain on early repayment of a secured other borrowing	**–**	44,530
Net exchange (loss)/gain	**(31,389)**	37,990
Net (loss)/gain on sale of other property, plant and equipment	**(1,513)**	432
Net gain on sale of investment properties	**54,204**	–
Others	**8,067**	(620)
	42,079	405,650

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2014	2013
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank and other borrowings wholly repayable:		
– within five years	**1,068,394**	898,424
– after five years	**111,504**	104,665
	1,179,898	1,003,089
Interest on loans from joint ventures	**15,340**	89,280
Interest on amounts due to a non-controlling shareholder	**13,584**	12,949
Other borrowing costs	**96,602**	58,955
	1,305,424	1,164,273
Less: Amount capitalised *(Note)*	**(652,830)**	(492,494)
	652,594	671,779

Note: The borrowing costs have been capitalised at rates ranging from 6.40% to 12.00% (2013: 6.15% to 10.3553%) per annum for the year ended 31 December 2014.

	2014	2013
(b) Staff costs		
Salaries, wages and other benefits	**226,972**	226,831
Contributions to defined contribution retirement plans	**24,865**	19,074
Equity settled share-based payment expenses	**14,948**	69,475
	266,785	315,380

	2014	2013
	HK$'000	*HK$'000*

(c) Other items

	2014	2013
	HK$'000	*HK$'000*
Depreciation and amortisation	**48,863**	61,444
Less: Amount capitalised	**(1,205)**	(2,751)
	47,658	58,693
Cost of properties sold	**3,810,337**	3,194,810
Rental income from investment properties *(Note)*	**(340,851)**	(197,559)
Less: Direct outgoings	**24,297**	12,125
	(316,554)	(185,434)
Provision on inventories	**70,690**	16,085
Impairment losses on hotel properties	**10,906**	–
Auditors' remuneration		
– audit services	**6,117**	5,762
– other services	**1,512**	5,124
Operating lease charges:		
– minimum lease payments for land and buildings	**37,605**	24,391

Note: Included contingent rental income of HK$13,749,000 (2013: HK$15,943,000) for the year ended 31 December 2014.

7 INCOME TAX

Income tax in the consolidated income statement represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**297,317**	370,692
Provision for Land Appreciation Tax ("LAT")	**471,906**	502,456
Withholding tax	**49,368**	55,881
	818,591	929,029
Deferred tax		
Origination and reversal of temporary differences	**211,881**	191,912
	1,030,472	1,120,941

Pursuant to the rules and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2013 and 2014.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2014 (2013: 25%).

LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned in the PRC by a Hong Kong subsidiary and profit arising from the disposal of a subsidiary at the applicable tax rates.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$921,603,000 (2013: HK$1,284,458,000) and the weighted average number of 1,407,573,000 shares (2013: 1,405,474,000 shares) in issue during the year, calculated as follows:

	2014	2013
	'000	*'000*
Weighted average number of shares		
Issued ordinary shares	**1,155,303**	1,001,868
Effect of share options exercised and bonus perpetual subordinated convertible securities ("PCSs") converted	**3,175**	1,787
Effect of bonus issue of shares (with PCSs as an alternative)	**249,095**	401,819
Weighted average number of shares	**1,407,573**	1,405,474

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$921,603,000 (2013: HK$1,284,458,000) and the weighted average number of 1,418,222,000 shares (2013: 1,429,174,000 shares) in issue during the year, calculated as follows:

	2014	2013
	'000	*'000*
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,407,573**	1,405,474
Effect of deemed issue of shares under the Company's share options schemes for nil consideration	**10,649**	23,700
Weighted average number of shares (diluted)	**1,418,222**	1,429,174

9 DIVIDENDS

Dividends payable to equity shareholders of the Company and the holders of PCSs attributable to the year

	2014	2013
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK11 cents (2013: HK11 cents) per ordinary share and unit of PCSs	**154,951**	154,685
Final dividend proposed after the balance sheet date of HK11 cents (2013: HK11 cents) per ordinary share and unit of PCSs	**154,983**	154,685
	309,934	309,370

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

10 TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Debtors, prepayments and deposits	**1,331,169**	2,059,288
Amount due from an associate *(Note (i))*	**14,133**	–
Amounts due from non-controlling shareholders *(Note (ii))*	**375,146**	5
	1,720,448	2,059,293

Notes:

(i) The balance is unsecured, interest-free and recoverable on demand. The balance is neither past due nor impaired.

(ii) Apart from the amount due from a non-controlling shareholder of HK$5,000 (2013: HK$5,000) which is interest-free, all of the balances are unsecured, interest-bearing at 3% per annum and recoverable on demand. The balances are neither past due nor impaired.

(iii) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis at the balance sheet date:

	2014	2013
	HK$'000	*HK$'000*
Current or under 1 month overdue	**66,378**	62,172
More than 1 month overdue and up to 3 months overdue	**16**	485
More than 3 months overdue and up to 6 months overdue	**7,519**	226
More than 6 months overdue and up to 1 year overdue	**129**	289
More than 1 year overdue	**3,126**	6,355
	77,168	69,527

(iv) The Group maintains a defined credit policy and the exposures to the credit risks are monitored on an ongoing basis. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

(v) The Group's certain rental receivables were pledged to secure bank loans.

11 TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Creditors and accrued charges	**4,965,273**	3,188,183
Rental and other deposits	**127,830**	124,820
Receipts in advance	**9,248,237**	6,183,858
Amounts due to non-controlling shareholders *(Note (i))*	**750,522**	514,693
Amount due to a related company *(Note (ii))*	**14,380**	14,708
	15,106,242	10,026,262

Notes:

(i) Apart from the amounts due to non-controlling shareholders of HK$510,340,000 (2013: HK$299,204,000) which are interest-free, all of the balances are unsecured, interest-bearing at 20% (2013: 10%) above the 1-year RMB benchmark lending rate as determined by the People's Bank of China and repayable within one year or on demand.

(ii) The balance is unsecured, interest-free and repayable on demand.

(iii) Included in trade and other payables are trade creditors with the following ageing analysis at the balance sheet date:

	2014	2013
	HK$'000	*HK$'000*
Due within 1 month or on demand	**1,891,230**	726,454
Due after 1 month but within 3 months	**5,806**	58,894
Due after 3 months but within 6 months	**370,738**	797,439
Due after 6 months but within 1 year	**96,453**	275,850
Due after 1 year	**149,336**	461,121
	2,513,563	2,319,758

12 CAPITAL COMMITMENTS

	2014	2013
	HK$'000	*HK$'000*
Contracted for	**4,656,726**	3,683,846
Authorised but not contracted for	**3,304,346**	2,538,894
	7,961,072	6,222,740

Capital commitments were mainly related to development expenditure for the Group's properties under development.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business in 2014

(1) Contracted Sales

In 2014, the Group recorded contracted sales of properties and contracted sales of car park units of approximately HK$10,319.5 million (of which approximately HK$9,801.1 million was from contracted sales of properties), representing an increase of approximately 2.0% over 2013. The contracted saleable gross floor area ("GFA") was approximately 548,872 sq.m., representing an increase of approximately 29.1% over 2013. The increase in contracted saleable GFA was driven by the Group's enhanced sales efforts as well as the additional resources available for sale in 2014. The average selling price ("ASP") of the Group's contracted sales of properties in 2014 was approximately HK$17,856.8 per sq.m. (2013: approximately HK$23,810.5 per sq.m.), representing a decrease of approximately 25.0% as compared with 2013. The decrease in the Group's overall ASP was mainly due to large proportions of contracted sales of properties were generated from contracted sales of residential units in various projects other than those situated in Shenzhen (2014: approximately 87.3%; 2013: approximately 58.1%) which generally yielded a lower overall ASP. In addition, the Group first launched the sale of car park units with contracted sales amount of approximately HK$518.4 million from 3,072 car park units in 2014. The Group has set a target for the total contracted sales in 2015 to be HK$10.5 billion with reference to its saleable resources with value estimated at approximately HK$15.4 billion.

A breakdown of the total contracted sales of the Group during the year ended 31 December 2014 is set out as follows:

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Shenzhen	The Spring Land – Shenzhen					
	– residential	3,986	0.7	127.4	1.3	31,961.9
	– retail	3,047	0.6	254.6	2.6	83,557.6
Sub-total		7,033	1.3	382.0	3.9	54,315.4
Nanjing	The Spring Land – Nanjing					
	– residential	28,206	5.1	899.7	9.2	31,897.5
	– retail	5,689	1.1	284.7	2.9	50,043.9
Sub-total		33,895	6.2	1,184.4	12.1	34,943.2
Nanjing	The Sunny Land – Nanjing					
	– residential	46,555	8.5	911.0	9.3	19,568.3
Nanchang	Nanchang Fashion Mark					
	– residential	240,838	43.8	3,811.3	38.9	15,825.2
	– retail	11,315	2.1	386.4	3.9	34,149.4
Sub-total		252,153	45.9	4,197.7	42.8	16,647.4

City	Project and Type of Project	Contracted Saleable GFA *sq.m.*	*%*	Contracted Sales *HK$ million*	*%*	Contracted ASP *HK$/sq.m.*
Hangzhou	The Spring Land – Hangzhou					
	– residential	70,303	12.8	1,862.5	19.0	26,492.5
Hangzhou	Hangzhou Hidden Valley					
	– residential	7,840	1.4	147.3	1.5	18,788.3
Huizhou	Huizhou Hidden Bay					
	– residential	24,504	4.5	258.8	2.6	10,561.5
Changzhou	Changzhou Fashion Mark					
	– residential	8,829	1.6	90.4	0.9	10,239.0
	– retail	7,196	1.3	76.5	0.8	10,630.9
Sub-total		16,025	2.9	166.9	1.7	10,415.0
Changzhou	Changzhou Le Leman City					
	– residential	72,939	13.3	515.4	5.3	7,066.2
	– retail	10,761	1.9	116.0	1.2	10,779.7
Sub-total		83,700	15.2	631.4	6.5	7,543.6
Tianjin	Tianjin Le Leman City					
	– residential	6,392	1.2	54.2	0.6	8,479.3
	– retail	472	0.1	4.9	0.0	10,381.4
Sub-total		6,864	1.3	59.1	0.6	8,610.1
Total		548,872	100.0	9,801.1	100.0	17,856.8

City	Project	Number of Contracted Sales of Car Parks *unit*	*%*	Contracted Sales *HK$ million*	*%*	Contracted ASP *HK$/unit*
Shenzhen	The Spring Land – Shenzhen	107	3.5	20.4	3.9	190,654.2
Nanjing	The Spring Land – Nanjing	719	23.4	137.1	26.5	190,681.5
Nanchang	Nanchang Fashion Mark	1,350	43.9	254.7	49.1	188,666.7
Hangzhou	The Spring Land – Hangzhou	255	8.3	57.2	11.0	224,313.7
Changzhou	Changzhou Fashion Mark	163	5.3	21.2	4.1	130,061.3
Changzhou	Changzhou Le Leman City	478	15.6	27.8	5.4	58,159.0
		3,072	100.0	518.4	100.0	168,750.0

(2) Projects Completed, Delivered and Booked in 2014

For the year ended 31 December 2014, the Group completed constructions of The Spring Land – Shenzhen Phase 6B, partial of The Spring Land – Nanjing, Nanchang Fashion Mark (Lot South) and Changzhou Le Leman City Phase 8 (5-B), Hangzhou Hidden Valley Phase 2, Huizhou Hidden Bay Phase 1 and Tianjin Le Leman City (Lot 4) Phase 1 with total saleable and leasable GFA of approximately 509,119 sq.m.

For the year ended 31 December 2014, the Group's property development business in Shenzhen, Nanjing, Nanchang, Hangzhou, Changzhou, Chengdu and Tianjin achieved a turnover from sale of properties (excluding sale of car park units), after deduction of sales return, of approximately HK$6,360.2 million with saleable GFA of approximately 321,029 sq.m. being recognised, representing an increase and a decrease of approximately 19.2% and 4.3%, respectively, over the year ended 31 December 2013. The recognised ASP for the sale of properties was approximately HK$19,811.9 per sq.m. for the year ended 31 December 2014, representing an increase of approximately 24.6% compared with approximately HK$15,902.8 per sq.m. for the year ended 31 December 2013.

For the year ended 31 December 2014, the Group delivered and recognised the sale of car park units for the first time, with a total recognised sales amount and ASP of approximately HK$61.9 million and HK$88,176.6 per unit respectively from the sale of 702 car park units.

Details of the projects completion and sale of properties and car park units of the Group recognised in 2014 are listed below:

City	**Project and Type of Project**	**Saleable/ leasable GFA of Properties Completed** *sq.m.*	**Saleable GFA Booked** *sq.m.*	**Sale of Properties Recognised** *HK$ million*	**Recognised ASP** *HK$/sq.m.*
Shenzhen	The Spring Land – Shenzhen				
	– residential	56,833	61,754	1,801.3	29,169.0
Nanjing	The Spring Land – Nanjing				
	– residential	93,473	78,203	2,429.3	31,064.0
	– commercial	2,602	–	–	N/A[(3)]
Sub-total		96,075	78,203	2,429.3	31,064.0
Nanchang	Nanchang Fashion Mark				
	– residential	31,923	31,567	592.0	18,753.8
	– retail	5,735	5,604	277.1	49,446.8
Sub-total		37,658	37,171	869.1	23,381.1

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed *sq.m.*	Saleable GFA Booked *sq.m.*	Sale of Properties Recognised *HK$ million*	Recognised ASP *HK$/sq.m.*
Hangzhou	Hangzhou Hidden Valley				
	– residential	22,860	2,723	59.5	21,850.9
Huizhou	Huizhou Hidden Bay *(Note 1)*				
	– residential	132,765	–	–	N/A[3]
Changzhou	Changzhou Fashion Mark				
	– residential	–	11,230	130.9	11,656.3
	– retail	–	1,320	66.8	50,606.1
Sub-total		–	12,550	197.7	15,753.0
Changzhou	Changzhou Le Leman City				
	– residential	126,033	115,320	881.9	7,647.4
	– retail	7,546	5,600	62.8	11,214.3
Sub-total		133,579	120,920	944.7	7,812.6
Chengdu	Chengdu Fashion Mark				
	– office	–	60	0.8	13,333.3
Tianjin	Tianjin Le Leman City				
	– residential	27,362	8,963	75.4	8,412.4
	– retail	1,987	290	2.7	9,310.3
Sub-total		29,349	9,253	78.1	8,440.5
Less: Sales return *(Note 2)*					
Hangzhou	Hangzhou Hidden Valley				
	– residential		(602)	(13.0)	21,594.7
Changzhou	Changzhou Fashion Mark				
	– residential		(53)	(0.8)	15,094.3
Changzhou	Changzhou Le Leman City				
	– residential		(950)	(6.5)	6,842.1
Sub-total			(1,605)	(20.3)	12,648.0
Total		509,119	321,029	6,360.2	19,811.9

City	Project	Number of Car Park Units Booked	Sale of Car Park Units Recognised	Recognised ASP
		unit	*HK$ million*	*HK$/unit*
Shenzhen	The Spring Land – Shenzhen	107	19.6	183,177.6
Changzhou	Changzhou Fashion Mark	117	16.1	137,606.8
Changzhou	Changzhou Le Leman City	478	26.2	54,811.7
Total		702	61.9	88,176.6

Note 1: Construction on phase 1 of Huizhou Hidden Bay was completed in December 2014 but was yet to be delivered to the purchasers as at 31 December 2014. From 22 January 2015, the date of commencement of delivery, to 20 March 2015, saleable GFA of approximately 45,101 sq.m. had been booked and delivered.

Note 2: The amount of approximately HK$20.3 million represented sales return of three units, one unit and six units of residential apartment in Hangzhou Hidden Valley, Changzhou Fashion Mark and Changzhou Le Leman City, respectively.

Note 3: N/A means not applicable.

(3) *Investment Properties*

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark and Shanghai Shama Century Park in the PRC. As at 31 December 2014, the total fair value of the investment properties of the Group was approximately HK$9,298.7 million, representing approximately 21.7% of the Group's total asset value. The investment property portfolio which the Group held for the purpose of leasing to third parties had a total leasable GFA of approximately 463,054 sq.m. of which investment properties under operation with a leasable GFA of approximately 262,711 sq.m. had a fair value of approximately HK$7,864.4 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk and retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk, which were completed but yet to operate as at 31 December 2014, had leasable GFA of approximately 21,450 sq.m. and 2,893 sq.m., respectively, and fair value of approximately HK$188.8 million and HK$157.6 million, respectively. The investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which was under development as at 31 December 2014, had leasable GFA of approximately 176,000 sq.m., and a fair value of approximately HK$1,087.9 million. The Group recorded approximately HK$337.7 million (net of deferred tax) (for the year ended 31 December 2013: approximately HK$837.9 million) as gain in fair value of its investment properties for the year ended 31 December 2014.

The Group carefully plans and selects tenants based on factors such as a project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. The Group attracts large-scale anchor tenants which assist it in enhancing the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 31 December 2014, the GFA taken up by its anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 45.4% (as at 31 December 2013: approximately 48.6%) of the Group's total leasable area in its investment properties under operation.

For the year ended 31 December 2014, the Group generated steady recurring rental income of approximately HK$340.9 million, representing an increase of approximately 72.5% as a result of an increase in the leasable GFA and average rental rates from approximately HK$197.6 million for the year ended 31 December 2013. The average monthly rental income of the Group's investment properties under operation for the year ended 31 December 2014 was approximately HK$115.0 per sq.m. (for the year ended 31 December 2013: approximately HK$101.4 per sq.m.). The increase in the average monthly rental income was partly attributable to the increased rental rates of the Group's existing investment properties under operation and partly attributable to the rental income generated from Shanghai Shama Century Park which the Group acquired on 28 September 2013 with an average monthy rental income of approximately HK$201.5 per sq.m. for the year ended 31 December 2014. The occupancy rate of all of the investment properties under operation of the Group achieved approximately 94.0% as at 31 December 2014 (as at 31 December 2013: approximately 93.5%).

The Group also achieved satisfactory results on the pre-leasing of investment properties which have yet to commence operation. As at 31 December 2014, 100% of the leasable GFA of the retail assets of Changzhou Le Leman City Phase 9 (2–B) – Fashion Walk was committed. The Group currently expects the pre-leasing of The Spring Land – Shenzhen Phase 6B – Fashion Walk to take place in the first half of 2015.

The Group's investment property under development as at 31 December 2014, Nanchang Fashion Mark, is expected to complete construction and shall commence operation in 2018.

Details of the Group's investment properties as at 31 December 2014 and the Group's rental income for the year ended 31 December 2014 are set out as follows:

Investment Properties	Leasable GFA as at 31 December 2014	Fair Value as at 31 December 2014	Rental Income for the year ended 31 December 2014	Average Monthly Rental Income per sq.m. for the year ended 31 December 2014	Occupancy Rate as at 31 December 2014
	(Note 7)				
	sq.m.	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,511.8	75.2	81.0	99.7
Dongguan Landmark (Shopping mall and car park units)	20,172	534.0	25.3	104.5	100.0
Hangzhou Landmark (Shopping mall)	24,667	401.4	31.2	105.4	100.0
Shenzhen Water Flower Garden (Retail assets)	4,992	246.3	18.1	302.2	100.0
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) *(Note 1)*	3,356	190.1	10.6	352.8	74.6
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	669.0	21.6	80.9	99.4
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets) *(Note 2)*	3,521	200.1	7.3	227.3	76.0
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets) *(Note 2)*	1,529	115.2	3.0	193.7	84.4
Changzhou Le Leman City Phase 11 (Retail asset) *(Note 3)*	16,858	133.8	1.7	18.2	46.2
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	819.1	38.2	83.1	100.0
Shanghai Shama Century Park (Serviced apartments and car park units)	49,357	3,043.6	108.7	201.5	91.1
Sub-total	262,711	7,864.4	340.9	115.0	94.0
Investment properties completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset) *(Note 4)*	21,450	188.8	–		
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets) *(Note 5)*	2,893	157.6	–		
Sub-total	24,343	346.4	–		

Investment Properties	Leasable GFA as at 31 December 2014	Fair Value as at 31 December 2014	Rental Income for the year ended 31 December 2014	Average Monthly Rental Income per sq.m. for the year ended 31 December 2014	Occupancy Rate as at 31 December 2014
	(Note 7)				
	sq.m.	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
Investment property under development					
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) *(Note 6)*	176,000	1,087.9	–		
Sub-total	176,000	1,087.9	–		
Total	463,054	9,298.7	340.9		

Note 1: The unoccupied areas of the retail assets in The Spring Land – Shenzhen Phase 1 – Fashion Walk mainly represent The Spring Land – Shenzhen's sales centre with leasable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: The retail assets of The Spring Land – Shenzhen Phases 5 and 6A – Fashion Walk commenced operation in 2014. For The Spring Land – Shenzhen Phase 6A – Fashion Walk, leasable GFA of approximately 2,270 sq.m. was sold and delivered during the year of 2014.

Note 3: The retail asset of Changzhou Le Leman City Phase 11 is a Habilitation and Recreation Centre for leasing purpose.

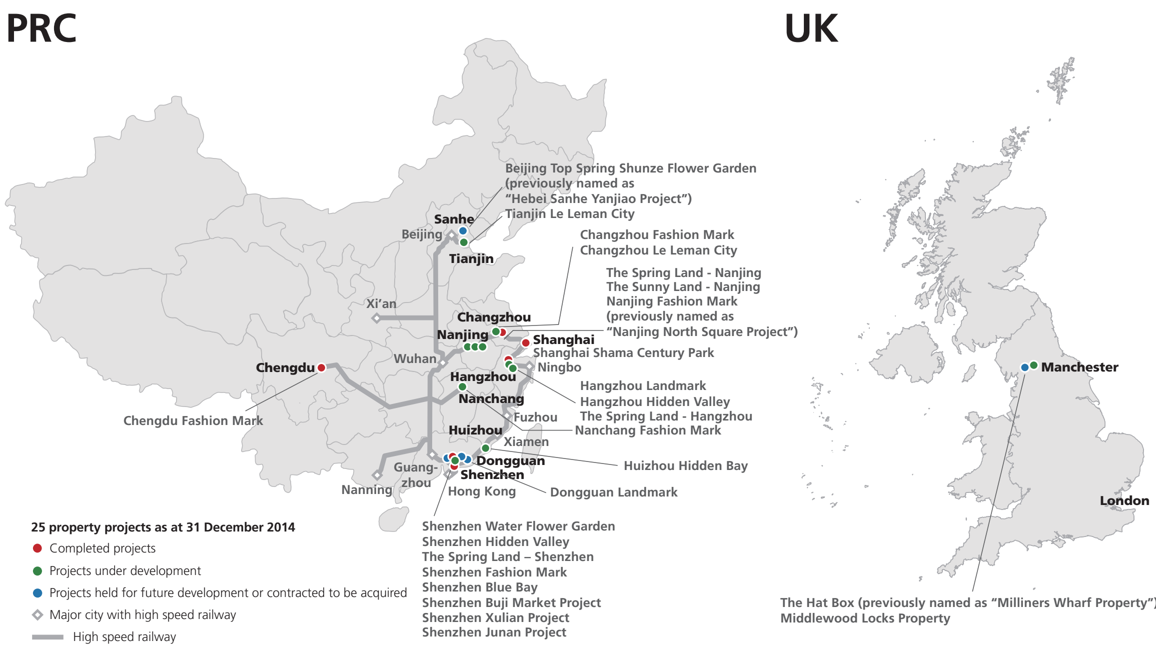
Note 4: The retail asset of Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk is expected to commence operation in the near future. As at 31 December 2014, 100% of the total leasable GFA was pre-leased to a supermarket store and the expected average monthly rental income would be approximately HK$36.5 per sq.m.

Note 5: The retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk were completed but yet to operate as at 31 December 2014, in which the Group intends to lease out in the first half of 2015.

Note 6: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. This investment property is expected to complete construction and shall commence operation in 2018. This investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purposes with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m and 20,000 sq.m., respectively.

Note 7: The leasable GFA as at 31 December 2014 excludes car park units.

(4) Land Bank as at 31 December 2014



The Group is specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2014, the Group had a total of 25 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of approximately 602,637 sq.m. of completed property developments, an estimated net saleable/leasable GFA of approximately 896,981 sq.m. under development, an estimated net saleable/leasable GFA of approximately 2,502,754 sq.m. held for future development and an estimated net saleable/leasable GFA of approximately 1,634,116 sq.m. contracted to be acquired, totalling an estimated net saleable/leasable GFA of approximately 5,636,488 sq.m.

In 2014, the Group acquired two new projects in Shenzhen and a new project in Sanhe City of Hebei Province with the total estimated saleable/leasable GFA of approximately 513,348 sq.m. at a total consideration and/or estimated maximum cash compensation of approximately RMB821.3 million (equivalent to approximately HK$1,038.5 million). In addition, the Group expanded its first investment outside the PRC in 2014 by acquiring 25% of the interests over two new projects in Manchester City of the United Kingdom.

As at 31 December 2014, the Group had a total of 25 projects over 12 cities in various stages of development with a total estimated net saleable/leasable GFA of approximately 5,636,488 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project and Shenzhen Xulian Project and Shenzhen Junan Project (all are redevelopment projects) and Middlewood Locks Property and The Hat Box (both are overseas projects), the remaining estimated land bank of the Group of approximately 3,644,998 sq.m. has an average land cost of approximately RMB2,669.3 per sq.m. (equivalent to approximately HK$3,337.9 per sq.m.).

Project no.	City	Project	Type of Property	Estimated Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,976	100
2	Shenzhen	The Spring Land – Shenzhen	Residential/ Commercial	35,488	100
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark	Residential/ Commercial	88,734	100
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	119,425	100
6	Dongguan	Dongguan Landmark	Commercial	20,172	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	43,724	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	49,357	70
11	Tianjin	Tianjin Le Leman City	Residential/ Commercial	20,096	58
12	Huizhou	Huizhou Hidden Bay	Residential/ Commercial	132,765	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	487	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	17,872	100
Sub-total				**602,637**	

Project no.	City	Project	Type of Property	Estimated Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Projects Under Development					
5	Changzhou	Changzhou Le Leman City	Residential	48,976	100
11	Tianjin	Tianjin Le Leman City	Commercial	7,547	58
12	Huizhou	Huizhou Hidden Bay	Residential	56,541	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	405,031	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	51,653	100
15	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	160,501	100
16	Nanjing	Nanjing Fashion Mark	Residential/ Commercial	42,895	100
17	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial/ Office	112,169	100
18	Manchester	The Hat Box	Residential	11,668	25
Subtotal				**896,981**	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	99,933	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	278,903	100
11	Tianjin	Tianjin Le Leman City	Commercial	826,757	58
12	Huizhou	Huizhou Hidden Bay	Residential	318,102	51
13	Nanchang	Nanchang Fashion Mark	Commercial/ Office	345,959	70
19	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
20	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55
21	Sanhe	Beijing Top Spring Shunze Flower Garden	Residential/ Commercial	321,751	51
22	Manchester	Middlewood Locks Property	Residential/ Commercial	250,000	25
Subtotal				**2,502,754**	

Project no.	City	Project	Type of Property	Estimated Net Saleable/ Leasable GFA *sq.m.*	Interest Attributable to the Group *%*
Projects Contracted To Be Acquired					
20	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55
23	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/ Office	1,239,691	100
24	Shenzhen	Shenzhen Xulian Project	Industrial/ Commercial	104,507	100
25	Shenzhen	Shenzhen Junan Project	Industrial	87,090	40
Subtotal				**1,634,116**	
Total				**5,636,488**	

Details of land bank in major cities are set out below:

Region	Estimated Net Saleable/ Leasable GFA *sq.m.*	Average land cost[1] *HK$/sq.m.*
Shenzhen and surrounding regions (including Dongguan and Huizhou)	2,268,501	1,244.2
Nanjing	272,921	10,761.5
Nanchang	751,477	3,044.3
Shanghai	49,357	N/A[2]
Sanhe	321,751	2,785.5
Hangzhou	461,060	9,203.3
Changzhou	357,068	728.1
Chengdu	38,285	1,783.8
Tianjin	854,400	869.0
Manchester	261,668	N/A[2]
Total	5,636,488	3,337.9

Note 1: The average land cost excludes Shanghai Shama Century Park, Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Xulian Project, Shenzhen Junan Project, Middlewood Locks Property and The Hat Box.

Note 2: N/A means not applicable.

Details of the new projects acquired or additional interests acquired and interest agreed to be disposed of in existing projects from 1 January 2014 to the date of this announcement are set out below:

New projects acquired or additional interests in existing project acquired from 1 January 2014 to the date of this announcement

New projects acquired or additional interests in existing project acquired:

City, Country	Project	Total Consideration and/or Total Estimated Maximum Cash Compensation	Estimated Saleable/ Leasable GFA	Estimated Number of Car Park Units	Interest Attributable to the Group %
Sanhe, PRC	Beijing Top Spring Shunze Flower Garden[1]	RMB365,527,755	321,751 sq.m.	N/A[7]	51
Nanjing, PRC	Nanjing Fashion Mark[2]	RMB26,660,000	44,256 sq.m.	300	100
Manchester, the United Kingdom ("UK")	Middlewood Locks Property/ The Hat Box[3]	£10,000,000	250,000 sq.m./ 11,668 sq.m.	TBC[6]/135	25
Shenzhen, PRC	Shenzhen Junan Project[4]	RMB280,000,000	87,090 sq.m.	TBC[6]	40
Shenzhen, PRC	Shenzhen Xulian Project[5]	RMB175,788,488	104,507 sq.m.	TBC[6]	100

Notes:

(1) On 23 January 2014, the Group entered into a capital injection agreement with independent third parties. Pursuant to the capital injection agreement, the Group agreed to inject capital in 三河市學者之家投資有限公司 (Sanhe City Xue Zhe Zhi Jia Investment Limited*), which owns Beijing Top Spring Shunze Flower Garden (previously named as "Hebei Sanhe Yanjiao Project"), in the total amount of RMB228,140,000 (equivalent to approximately HK$289,737,800) and to provide a shareholder's loan in an amount of RMB137,387,755 (equivalent to approximately HK$174,482,449) to Sanhe City Xue Zhe Zhi Jia Investment Limited. Since 27 March 2014 (the date of completion of this transaction), the Group has had a 51% interest in Beijing Top Spring Shunze Flower Garden. For details, please refer to the Company's announcement dated 23 January 2014.

(2) On 6 May 2014, the Group entered into an equity transfer agreement with an independent third party. Pursuant to the equity transfer agreement, the Group agreed to acquire 10% of the equity interests in 華潤交通設施投資(南京)有限公司 (China Resources Transportation Infrastructure Investment (Nanjing) Limited*) ("China Resources (Nanjing)") which owns Nanjing Fashion Mark (previously named as "Nanjing North Square Project") at a consideration of RMB26,600,000 (equivalent to approximately HK$33,446,000). The completion of the transaction took place on 6 June 2014. As a result, together with the 90% of the equity interests in China Resources (Nanjing) acquired by the Group on 2 January 2014, Nanjing Fashion Mark is wholly-owned by the Group. For details of the acquisition of the 90% of the equity interests in China Resources (Nanjing), please refer to the Company's announcement dated 31 December 2013.

(3) On 2 July 2014, the Group entered into a share purchase agreement with an independent third party. Pursuant to the share purchase agreement, the Group conditionally agreed to purchase 25% of the issued share capital of Fairbriar Real Estate Limited (formerly known as "Scarborough Real Estate Limited") which indirectly owned the Middlewood Locks Property and The Hat Box (previously named as "Milliners Wharf Property"), which are located in Manchester, UK as at the date of the completion of this transaction, being 1 August 2014, at a consideration of £5,700,000 (equivalent to approximately HK$75,753,000), and to provide a shareholder's loan of not more than £4,300,000 (equivalent to approximately HK$57,147,000). For details, please refer to the Company's announcement dated 2 July 2014.

(4) On 21 October 2014, the Group entered into a cooperation framework agreement with independent third parties. Pursuant to the cooperation framework agreement, the Group agreed to, among others, acquire 40% of the equity interests, contribute capital and increase capital in 深圳市燕翰實業有限公司 (Shenzhen Yanhan Shiye Company Limited*), which owns Shenzhen Junan Project, in the total amount of RMB60,000,000 (equivalent to approximately HK$75,600,000) and to provide a shareholder's loan in the amount of RMB220,000,000 (equivalent to approximately HK$277,200,000). Since 23 October 2014 (the date of completion of this transaction), the Group has had a 40% interest in Shenzhen Junan Project. For details, please refer to the Company's announcement dated 21 October 2014.

(5) On 11 November 2014, the Group entered into a share transfer agreement with independent third parties. Pursuant to the share transfer agreement, the Group agreed to acquire the entire equity interests in 深圳市磐業科技開發有限公司 (Shenzhen Pan Ye Technology Development Limited*) ("Shenzhen Pan Ye") which owns Shenzhen Xulian Project, a redevelopment project, at an aggregate consideration of approximately RMB121,598,404 (equivalent to approximately HK$153,213,990). The maximum outstanding cash compensation payable by Shenzhen Pan Ye in relation to redevelopment of Shenzhen Xulian Project is approximately RMB54,190,084 (equivalent to approximately HK$68,279,506). The completion of the transaction took place on 19 November 2014. For details, please refer to the Company's announcement dated 11 November 2014.

(6) TBC means to be confirmed.

(7) N/A means not applicable.

The Group intends to continue to leverage its experience in identifying land with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, the Group intends to continue to acquire new land or project in locations with vibrant economies and strong growth potential, in particular, Shenzhen, Shanghai, Nanjing, Nanchang and Beijing Yanjiao of the PRC.

Interest in existing project agreed to be disposed of:

On 15 September 2014, the Group entered into a cooperation agreement with an independent third party. Pursuant to the cooperation agreement, the Group agreed to establish a project company which will be 60% owned by the Group and 40% owned by 北京陽光順澤投資有限公司 (Beijing Yang Guang Shunze Investment Company Limited*), respectively, for the redevelopment and sale of Shenzhen Fashion Mark, of which is currently wholly-owned by the Group. Subject to the approval from the PRC Government, the Group shall transfer the redevelopment right of Shenzhen Fashion Mark to the project company at a consideration of RMB1,007,754,100 (equivalent to approximately HK$1,269,770,116). Upon completion of the transaction, the project company will be the redeveloper of Shenzhen Fashion Mark. For details, please refer to the Company's announcement dated 15 September 2014.

(5) Expected Project Commencement and Completion in 2015

In 2015, the Group intends to commence construction on six projects with a total estimated saleable/leasable GFA of approximately 598,049 sq.m.

Details of the projects with expected commencement of construction in 2015 are set out below:

City	**Project**	**Estimated Saleable/ Leasable GFA** *sq.m.*
Shenzhen	Shenzhen Junan Project	87,090
Shenzhen	Shenzhen Xulian Project	104,507
Sanhe	Beijing Top Spring Shunze Flower Garden – partial	90,920
Changzhou	Changzhou Le Leman City Phase 10 (5-A)	38,999
Tianjin	Tianjin Le Leman City (Lot 4) Phase 3A	26,533
Manchester	Middlewood Locks Property	250,000
Total		598,049

The Group also intends to complete the construction on five projects with a total estimated saleable/leasable GFA of approximately 590,866 sq.m. in 2015.

Details of the projects with expected completion in 2015 are set out below:

City	**Project**	**Estimated Saleable/ Leasable GFA** *sq.m.*
Nanjing	The Spring Land – Nanjing	51,653
Nanjing	The Sunny Land – Nanjing – partial	91,857
Nanchang	Nanchang Fashion Mark (Lot South)	110,462
Nanchang	Nanchang Fashion Mark (Lot North)	175,749
Hangzhou	The Spring Land – Hangzhou	112,169
Changzhou	Changzhou Le Leman City Phase 8 (5-B)	48,976
Total		590,866

BUSINESS REVIEW

2014 was a year full of difficulties yet challenging and competitive for the PRC property developers. This can be witnessed from a number of listed property developers not achieving their 2014 full year contracted sales target. According to the information from the National Bureau of Statistics of the People's Republic of China ("NBS"), the saleable GFA of commodity properties sold in 2014 amounted to approximately 1.21 billion sq.m. while the sales revenue amounted to approximately RMB7.63 trillion (equivalent to approximately HK$9.60 trillion), showing a year-over-year decrease of approximately 7.6% and 6.3%, respectively. This signified the end of the high growth and high margin era and the beginning of the Silver Age (that is, a period which is still profitable but not the prime one) for the PRC property market. The Group observed that the tightening of bank credit and the distortion of supply and demand in several cities especially during the first three quarters in 2014 resulted in the decline of the overall property price which led to a slowdown of the economy. As such, the Central Government of the PRC introduced a series of market supporting policies such as the relaxing or lifting of the housing purchase restrictions at the provincial or district government level in non-first-tier cities. The information from NBS also showed that the total site area of land acquired by all property developers nationwide decreased by approximately 14.0% year-over-year. Furthermore, the inventory, being the saleable GFA of commodity properties for sale, reached approximately 622 million sq.m. as at the end of 2014, showing an increase of approximately 129 million sq.m. compared with the end of 2013. As such, it is expected that property developers will regard the reduction of their inventory as their primary objective in 2015.

In 2014, the Group launched 10 projects across 7 cities in the PRC. With the experience and effort of the Group's sales team, the Group still managed to reach contracted sales plus subscribed pre-sales of approximately HK$10,679.5 million from the sale of properties and car park units (of which subscribed pre-sales amounted to approximately HK$360.0 million), exceeding the 2014 sales target set at HK$10.5 billion notwithstanding the unfavourable market condition. Despite the fierce market competitions, the Group had great success in all of its project launches in 2014. It is worth mentioning that Nanchang Fashion Mark, a mixed-used community project, generated a total of approximately HK$4,197.7 million of contracted sales in 2014 which ranked first in terms of contracted sales amount in Nanchang City and ranked sixth in terms of contracted sales amount in the Central China Region. The project achieved remarkable results and was also awarded the "Most influential and fashionable project in China for the year 2014". The Spring Land – Hangzhou was also ranked in the top 10 in terms of sales amount for the best-selling residential projects in the Greater Hangzhou area. In addition, The Sunny Land – Nanjing, through the Group's first innovative "Forever Oxygen, Forever Purity" system and the concept of "fresh air supply at home", was honoured with the title of "The Role Model for the Most Environmental Friendly Project in the PRC".

In 2014, the Group's rental income from investment properties showed a significant growth compared with 2013, increasing from approximately HK$197.6 million in 2013 to approximately HK$340.9 million in 2014, representing an increase of approximately 72.5%. This was mainly due to the overall increased efficiency of leasing (the efficiency of leasing was assessed by the rental income generated per sq.m. of the property leased) for the operating investment property portfolio and the increase of the leasable GFA of the Group due to the acquisition of Shanghai Shama Century Park in the second half of 2013. In addition, the Group's occupancy rate of the investment properties stayed at a very high level. As at 31 December 2014, the Group's overall occupancy rate was approximately 94.0% (approximately 93.5% as at 31 December 2013). As at 31 December 2014, the total leasable GFA in the Group's operating investment portfolio increased from approximately 257,900 sq.m. as at 31 December 2013 to approximately 262,711 sq.m. Taking into account the projects that are completed but yet to operate or to be developed in the next three years, the future leasable GFA of the Group's investment property portfolio will reach approximately 463,054 sq.m. Its fair value as at the end of 2014 was approximately HK$9,298.7 million, representing approximately 21.7% of the Group's total asset value.

In 2014, the Group continued with a cautious and realistic approach to search for new land reserves and acquire new projects. In January 2014, the Group acquired 51% of the interests of a residential project in Sanhe City of Hebei Province (close to Shunyi district of Beijing) at a total consideration of approximately RMB365.5 million (equivalent to approximately HK$464.2 million). The estimated saleable GFA of this project was approximately 321,751 sq.m. The project will be divided into three phases. The Group expects to launch the pre-sale of the first phase during the second half of 2015. In addition, the Group successfully expanded into the overseas property market in July 2014 through the co-development of two projects in Manchester, UK with the Scarborough Group from the UK and Metros Holdings Limited from Singapore. The two projects are named the Middlewood Locks Property and The Hat Box. Middlewood Locks Property is a mixed-use community project with a size of approximately 250,000 sq.m. It will be one of the largest mixed-use communities in Manchester and the construction will commence in the second half of 2015. The Hat Box is a relatively smaller residential project with 144 residential units, 135 car park units and approximately 371.6 sq.m. of commercial amenities. There was an internal pre-sale of the residential units and car park units during the end of 2014 and the reception was very good. It is expected that the official external sale will take place in mid 2015. The Group owns 25% of the interests in these two projects in Manchester with a total investable amount of not exceeding £10 million (equivalent to approximately HK$132.9 million). Besides, although Shenzhen is a city with scarce land supply, the Group managed to secure two hard-earned "Industrial land modification" projects (meaning these projects will require demolition of the existing industrial buildings and the redevelopment of new buildings) in Shenzhen. One of these projects is located in the Shenzhen Nanshan area with an estimated saleable GFA of approximately 87,090 sq.m. The Group owns 40% of the interests in this project, and aims to achieve a handsome return in this investment by the injection of a relatively smaller investment amount and through a series of other channels including construction management fee, escrow arrangement, shareholder loan interests and investment return etc. The other project is located in the Shenzhen Longhua New District with an estimated saleable GFA of approximately 104,507 sq.m. The project is wholly-owned by the Group. Construction of the project will commence during the second half of 2015 and is expected to be completed in the first half of 2017.

In 2014, the Group commenced construction with saleable/leasable GFA of approximately 385,000 sq.m. in four projects, decreased by approximately 44%, as compared with 2013. As at 31 December 2014, the Group completed construction of seven projects with saleable/leasable GFA of approximately 509,119 sq.m., increased by approximately 65.0% as compared with 2013. As at 31 December 2014, the total estimated saleable/leasable GFA of projects under development and held for future development was approximately 3,399,735 sq.m. in 14 projects.

To conclude, in 2014, on top of achieving relatively satisfactory results in property contracted sales, rental income and preserving core net profit, the Group also put much effort in improving the execution abilities, product innovations, cost control in all dimensions and sales strategy and model through continuous development and accumulation of experience. Together with the Group's information technology system that incorporates the new internet mindset, all these create better values for the Group's product innovations and contribute to the continued increase in customer satisfactory level. In 2014, the Group excelled in strategic cooperation, such as forming a joint venture with the Scarborough Group and Metro Holdings Limited in developing overseas projects. The Group also reached strategic cooperation with 廣州尚品宅配家居股份有限公司 (Guangzhou Shang Pin Zhai Pei Furniture Holdings Limited*) to set up the "Cloud Furniture" to provide one-stop furniture purchasing service and with 無錫航天飛鄰測控技術有限公司 (Aerospace Feeling Measuring and Control Technology Co.*) to create the healthy concept of "fresh air supply at home" by utilising aerospace technology in filtering $PM_{2.5}$ (that is, particles with particle sizes of 2.5 microns or less, which are commonly referred to as fine suspended particles or $PM_{2.5}$) up to 98%. In addition, the establishment of the Group's new business development centre in the first half of 2014 demonstrated the Group's determination to look for future transformations and development directions. During the second half of 2014, the Group contracted to acquire 43% of the equity interests in 深圳市中央大廚房物流配送有限公司 (Shenzhen Green Port Co., Ltd*) (a company which provides logistic services of safety food) and acquired 4.28% of the equity interests in 雲南金控股權投資基金股份有限公司 (Yunnan Jinkong Equity Investment Fund Company*) (a fund company aiming to cooperate with Yunnan local enterprises in exploring the potentials of biomedical, modern agriculture and tourism projects in Yunnan). Finally, in November 2014, the Group and Beijing Huaxia Shunzhe Investment Group formed a joint venture named Top Spring Shunze Healthcare (Hong Kong) Limited to enter into a cooperation framework agreement with the famous US Weill Cornell Medical College. The cooperation mainly focuses on the medical and healthcare centres business in the PRC, and the first project is expected to operate in Shenzhen.

FUTURE OUTLOOK

The Group foresees 2015 to be another challenging year for the PRC property market with increasing inventories, continued slowing down of the real economy, lowering of profit margins for property projects, and higher gearing and financing costs. All these factors are adding more pressure to the operations of PRC developers and prompting them to take more cautious measures going forward. In addition, the annual government report unveiled by Mr Li Keqiang, the Premier of the State Council of the PRC, during the 12th National People's Congress on 5 March 2015 also emphasised on the complexity and austerity that the global economy is facing. Indeed, the changes in overseas economies in 2015, the uncertainty in the European debt crisis, and the continued strength of the US dollar will hamper the domestic and export-oriented economy in the PRC. At the same time, the 2015 GDP growth target of 7% appears to be a high benchmark during the slowing economic reform, indicating that the goal of maintaining growth will be difficult. On a constructive note, the new Central Government has led a team focused on increasing economic efficiency, strengthening campaigns for anti-corruption, and allowing more corporate competition in new areas. Also, the financial market has entered into an easing cycle with lowered borrowing rates and lowered reserve-requirement ratio. Lowered interest rates will effectively increase the purchasing power of buyers for properties. Larger discounts for residential mortgages will become more common as the policy gradually relaxes. Under these initiatives, both the Chinese economy and property sector are expected to undergo a degree of integration. At the same time, the Group believes the Central Government and local governments will adopt an accommodating approach to the real estate industry, which is considered to be a core industry, by means of policies such as relaxing home purchase and mortgage restrictions. This will also stimulate domestic economic development.

The Group is cautious in the outlook of its property sales in 2015, due to pressures on profit margin and inventory clearance as a result of the price cut strategy by competitors and the excess in property supply in second- and third-tier cities due to over expansion in urbanization. The Group's saleable resources in 2015 will be approximately RMB12.3 billion (equivalent to approximately HK$15.4 billion) which is estimated from the total value of approximately 664,000 sq.m. of saleable GFA and 4,449 car park units. The Group's strategy in 2015 will be to improve sales by combining different saleable resources, such as residential properties, retail shops, commercial properties and car park units, in order to boost the sale rate and accelerate the rate of return. The Group has set a target for the total contracted sales in 2015 to be HK$10.5 billion, and while this is equivalent to the 2014 target, the Group is of the view that it would not be appropriate at this stage to increase business size and scale by reliance on a high turnover operating model. Instead, through creative and productive project design, the Group will emphasise on enhancing the value of projects and hence increasing profit margins. The Group has an experienced and dynamic sales team, and will launch new sales incentive plans, including an employee partnership programme this year. The Group believes this will encourage and motivate its staff to be more efficient and committed, bringing about more valuable projects and improving sales result for the Group.

In terms of land replenishment and project development strategy, the Group will continue to focus on cities where a competitive advantage exists, such as Shenzhen, Shanghai, Nanjing, Nanchang and Beijing Yanjiao, for new developments. The Group is also seeking new business opportunities and profit models, such as healthcare and wellness related property projects, themed property projects, construction management service and expansion in overseas property markets. Exploring these diverse projects will strengthen the Group's existing businesses. As for developing new business areas, the Group established a new business development centre in 2014 for exploring possible diversification directions. The Group will take advantage of the opportunities created by transformation of Chinese society and its economy, and the resulting market demands. An emphasis is placed on the healthcare business, and the Group entered into a framework agreement with the US Weill Cornell Medical College in late 2014. The Group aims to create a top-tier integrated investment and operation platform in healthcare and wellness. For development opportunities, the focus will be on the demand for healthcare and wellness, with an emphasis on care for the elderly and children, and especially on valuable resources such as domestic and international brand-name hospitals, family clinic care, and centralised logistic platform for healthy food supply chains. The Group intends to develop complementing facilities such as healthcare management, cultural organisations, retirement facilities, and international childcare centres. The Group aims to build quality mixed-use communities integrated with healthcare and wellness concepts to add value to property developments and create new channels for profit growth.

In 2015, the Group's mandate will be "strengthening existing businesses while developing new businesses". The Group will continue to maintain the existing competence in the PRC property market and to maximise the interests of shareholders while expanding into new areas to increase value. In addition, the Group will put greater efforts in corporate governance, company culture, product design, sales philosophy and social responsibility. Finally, the Group will adhere to the concept of "integrity, innovation, quality, and efficiency" while forging a new style at a new pace to write a new chapter.

FINANCIAL REVIEW

In 2014, the Group's consolidated turnover and profit attributable to equity shareholders of the Company reached approximately HK$6,971.0 million and HK$921.6 million, respectively, increased by approximately 21.3% and decreased by approximately 28.2%, respectively, as compared with 2013. For the year ended 31 December 2014, the Group's basic earnings per Share decreased by approximately 28.6% as compared with 2013 to approximately HK$0.65. Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs increased by approximately 7.5% as compared with approximately HK$4.0 as at 31 December 2013 to approximately HK$4.3 as at 31 December 2014.

In order to maintain a stable dividend policy, the Board has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2014 (for the year ended 31 December 2013: HK11 cents per Share), subject to the approval by shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company. Together with the interim dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs, total dividend declared for 2014 amounts to HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs. The dividend payout ratio for the year ended 31 December 2014 was approximately 33.6% (for the year ended 31 December 2013: approximately 24.1%).

Turnover

Turnover represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed.

Turnover for the year ended 31 December 2014 increased by approximately 21.3% to approximately HK$6,971.0 million from approximately HK$5,746.5 million for the year ended 31 December 2013. This increase was primarily due to an increase in the Group's sale of properties and rental income. The Group has recognised property sales of approximately HK$6,422.1 million, accounting for approximately 92.1% of the total turnover. The remaining approximately 7.9% represented rental income, income from hotel operations and property management and related services income.

Turnover from sale of properties increased by approximately 20.3% in 2014 as compared with 2013 primarily due to an increase of approximately 24.6% in average recognised ASP, from approximately HK$15,902.8 per sq.m. (excluding sale of car park units), after deduction of sales return, in 2013, to approximately HK$19,811.9 per sq.m. (excluding sale of car park units), after deduction of sales return, in 2014, which offset a slight decrease of approximately 4.3% in total saleable GFA sold and delivered from approximately 335,558 sq.m. in 2013 to approximately 321,029 sq.m. in 2014. Rental income increased primarily due to an increase in both the leasable GFA and average rental rates of the Group's investment properties under operation for the year ended 31 December 2014. Income from hotel operations decreased mainly due to decreases in the average room rate and the occupancy rate of the Group's hotel property. Such decreases were mainly attributable to the intense competition in hotel business in the same region. As a result of an increase in the leased GFA of the Group's investment properties, and sold and delivered GFA of the Group's residential properties, the property management and related services income also increased.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. The Group recognises the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

The Group's direct costs increased to approximately HK$4,050.8 million for the year ended 31 December 2014 from approximately HK$3,446.1 million for the year ended 31 December 2013. This increase was primarily attributable to the relatively higher land and construction costs included in the Group's completed and delivered properties, in particular The Spring Land – Nanjing, for the year ended 31 December 2014.

Gross profit

The Group's gross profit increased by approximately 26.9% to approximately HK$2,920.3 million for the year ended 31 December 2014 from approximately HK$2,300.4 million for the year ended 31 December 2013. The Group reported a gross profit margin of approximately 41.9% for the year ended 31 December 2014 as compared with approximately 40.0% for the year ended 31 December 2013. The increase in gross margin was primarily driven by the lower proportion of recognised sales being generated (excluding sale of car park units), after deduction of sales return, from the Group's Changzhou projects in 2014 (approximately 17.8% in 2014 versus approximately 38.8% in 2013), in particular Changzhou Le Leman City, which offered relatively lower gross profit margin.

Other revenue

Other revenue increased by approximately HK$127.4 million, or approximately 102.4%, to approximately HK$251.9 million in 2014 from approximately HK$124.5 million in 2013. The change was primarily attributable to the increase in the bank and other interest income to approximately HK$208.2 million in 2014 from approximately HK$92.9 million in 2013 and the other additional revenue of HK$10.6 million from the construction management service.

Other net income

Other net income decreased from approximately HK$405.7 million in 2013 to approximately HK$42.1 million in 2014. The change was primarily attributable to a decrease of the net gain on disposal of subsidiaries to approximately HK$12.7 million in 2014 from approximately HK$186.6 million in 2013 and a one-off gain on a bargain purchase from the acquisition of a subsidiary of approximately HK$91.2 million being recognised in 2013. For the year ended 31 December 2014, the other net income mainly consisted of recognition of sale of retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk of approximately HK$54.2 million, a net gain of approximately HK$12.7 million on disposal of a subsidiary, offset by the net exchange loss of HK$31.4 million being recognised in 2014.

Selling and marketing expenses

Selling and marketing expenses increased by approximately 21.3% to approximately HK$309.4 million for the year ended 31 December 2014 from approximately HK$255.0 million for the year ended 31 December 2013. The increase was primarily attributable to more advertising and promotion expenses incurred for the launch of the Group's new projects for pre-sale in 2014 as compared with 2013. Selling and marketing expenses accounted for approximately 3.0% of contracted sales in 2014 (2013: approximately 2.5%).

Administrative expenses

Administrative expenses increased by approximately 20.6% to approximately HK$643.4 million for the year ended 31 December 2014 from approximately HK$533.6 million for the year ended 31 December 2013. The increase was mainly due to an increase in the salaries, rental and office expenses as a result of the increase in number of headcounts of administrative staff and the establishment of new project companies in the PRC in 2014, respectively, which was in line with the Group's business development.

Valuation gains on investment properties

Valuation gains on investment properties decreased by approximately 62.8% to approximately HK$416.3 million for the year ended 31 December 2014 from approximately HK$1,117.7 million for the year ended 31 December 2013. The decrease was partly attributable to the investment property of Nanchang Fashion Mark which contributed a valuation gain of approximately HK$486.8 million and partly attributable to the intended use of certain areas in The Spring Land – Shenzhen Phases 5, 6A and 6B – Fashion Walk being changed to leasing purpose during the year ended 31 December 2013 which contributed valuation gain of approximately HK$408.2 million being recognised for the year ended 31 December 2013. For the year ended 31 December 2014, however, the total valuation gain of Nanchang Fashion Mark, The Spring Land – Shenzhen Phase 5, 6A and 6B – Fashion Mark was approximately HK$194.2 million, representing a decrease of approximately HK$700.8 million as compared with 2013.

Finance costs

Finance costs decreased by approximately 2.9% to approximately HK$652.6 million for the year ended 31 December 2014 from approximately HK$671.8 million for the year ended 31 December 2013. The decrease was primarily attributable to the increase in percentage of interest expense being qualified for capitalisation from approximately 42.3% for the year ended 31 December 2013 to approximately 50.0% for the year ended 31 December 2014.

Income tax

Income tax expenses decreased by approximately 8.1% to approximately HK$1,030.5 million for the year ended 31 December 2014 from approximately HK$1,120.9 million for the year ended 31 December 2013. The decrease was mainly attributable to the decrease in taxable profit generated for the year ended 31 December 2014. Consequently, there was a decrease in the provision for CIT and LAT by approximately HK$73.4 million and HK$30.6 million, respectively.

Net profit margin and core net profit

The net profit margin of the Group (profit for the year to turnover) decreased from approximately 23.7% in 2013 to approximately 14.4% in 2014. The core net profit[note], however, increased by approximately 76.7% from approximately HK$396.0 million for the year ended 31 December 2013 to approximately HK$699.6 million for the year ended 31 December 2014.

Note: The core net profit is defined as net profit excluding the valuation gains on investment properties (net of deferred tax), fair value change on derivative financial instruments, net gain on early repayment of a secured other borrowing and net exchange gain or loss recognised in the consolidated income statement of the Group.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK$84.3 million for the year ended 31 December 2014 (for the year ended 31 December 2013: approximately HK$77.4 million). The change was primarily due to a net profit of approximately HK$419.4 million which was mainly generated from sale of properties and valuation gain of Nanchang Fashion Mark, in which 30% of its equity interests is attributable to the non-controlling interest, offset by the losses incurred by other non-wholly owned subsidiaries for the year ended 31 December 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2014, the carrying amount of the Group's cash and bank deposits was approximately HK$9,703.0 million (as at 31 December 2013: approximately HK$10,183.9 million), representing a decrease of approximately 4.7% as compared with that as at 31 December 2013.

For the year ended 31 December 2014, the Group had net cash generated from operating activities of approximately HK$2,987.6 million, net cash used in investing activities of approximately HK$697.2 million and net cash used in financing activities of approximately HK$1,401.4 million.

Borrowings and charges on the Group's assets

The Group had aggregate borrowings (including bank and other borrowings and amount due to a non-controlling shareholder) as at 31 December 2014 of approximately HK$15,381.2 million, of which approximately HK$8,727.6 million is repayable within 1 year, approximately HK$6,063.4 million is repayable after 1 year but within 5 years and approximately HK$590.2 million is repayable after 5 years. As at 31 December 2014, the Group's bank loans of approximately HK$12,214.0 million (as at 31 December 2013: approximately HK$13,920.4 million) were secured by certain investment properties, hotel properties, other land and buildings, leasehold land held for development for sale, properties under development for sale, completed properties for sale, wealth management products, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$21,213.1 million (as at 31 December 2013: approximately HK$21,800.8 million). As at 31 December 2014, the Group's other borrowings of approximately HK$2,522.5 million (as at 31 December 2013: approximately HK$463.3 million) were secured by certain properties under development for sale and equity interests in certain subsidiaries within the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$1,333.0 million (as at 31 December 2013: approximately HK$1,789.4 million) and HK$2,969.4 million (as at 31 December 2013: approximately HK$2,512.3 million) as at 31 December 2014 which were denominated in Hong Kong dollars and US dollars respectively.

As at 31 December 2014, the Group had bank borrowings of approximately HK$2,743.0 million and other borrowings of approximately HK$2,058.3 million which bore fixed interest rates ranging from 2.6% to 12.0% per annum.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 8.2% in 2014 (2013: approximately 9.1%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (total borrowings net of cash and cash equivalents, and restricted and pledged deposits) by the total equity. The Group's net gearing ratio decreased from approximately 100.6% as at 31 December 2013 to approximately 81.6% as at 31 December 2014. The net gearing ratio decreased as a result of the increase in the total equity due to the increase in the Group's retained earnings.

Foreign exchange risk

As at 31 December 2014, the Group had cash balances denominated in RMB of approximately RMB7,627.6 million (equivalent to approximately HK$9,538.1 million), and in US dollars of approximately US$4.7 million (equivalent to approximately HK$36.3 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or US dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

NET ASSETS PER SHARE

Net assets per Share of the Company as at 31 December 2014 and 31 December 2013 are calculated as follows:

	As at 31 December 2014	As at 31 December 2013
Net assets attributable to equity shareholders of the Company *(HK$'000)*	**6,116,535**	5,645,996
Number of issued ordinary Shares *('000)*	**1,160,734**	1,155,303
Number of outstanding PCSs *('000)*	**248,201**	250,921
Number of Shares for the calculation of net assets per Share *('000)*	**1,408,935**	1,406,224
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$) (Note)*	**4.3**	4.0

Note: The net assets per share attributable to equity shareholders of the Company and the holders of PCSs is calculated as if the holders of PCSs have converted the PCSs into Shares as at 31 December 2014 and 31 December 2013.

CONTINGENT LIABILITIES

As at 31 December 2014, save for the guarantees of approximately HK$4,101.2 million (as at 31 December 2013: approximately HK$4,190.0 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities as at 31 December 2014.

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans until it completes the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to its purchasers. If a purchaser defaults on a mortgage loan, the Group may have to repurchase the underlying property by paying off the mortgage. If the Group fails to do so, the mortgagee bank may auction the underlying property and recover any shortfall from the Group as the guarantor of the mortgage loan.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During the year ended 31 December 2014, the Group did not have any material acquisitions or disposals of assets save as disclosed in this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group employed a total of 1,800 employees (as at 31 December 2013: 1,697 employees) in the PRC and Hong Kong. Of which, 124 were under the headquarters team, 473 were under the property development division and 1,203 were under the retail operation and property management division. For the year ended 31 December 2014, the total staff costs incurred was approximately HK$266.8 million (for the year ended 31 December 2013: approximately HK$315.4 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, fringe benefits, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2014, 2,186,000 (for the year ended 31 December 2013: 3,069,500) share options had been exercised by the grantees and a total number of 177,333 and 7,513,331 (for the year ended 31 December 2013: 3,092,996 and 177,000) share options had been cancelled and lapsed respectively upon the resignation of certain grantees. As a result, 20,584,525 (as at 31 December 2013: 30,461,189) share options were outstanding as at 31 December 2014 under the pre-IPO share option scheme.

During the year ended 31 December 2014, the Company has granted all awarded Shares to certain eligible employees under the share award scheme. As a result, based on the Directors' knowledge, no (as at 31 December 2013: 7,123,200) awarded Share was outstanding as at 31 December 2014 under the share award scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012 and 20 June 2013, the Group granted 15,720,000 share options (Lot 1) and 14,000,000 share options (Lot 2), respectively, under the post-IPO share option scheme at the exercise prices of HK$2.264 per Share (adjusted) and HK$4.14 per Share respectively to Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the post-IPO share option scheme for the year ended 31 December 2014 is as follows:

	As at 1 January 2014	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 31 December 2014
Lot 1	19,740,000	–	(525,000)	(1,603,000)	(1,302,000)	16,310,000
Lot 2	11,700,000	–	–	(1,100,000)	–	10,600,000
	31,440,000	–	(525,000)	(2,703,000)	(1,302,000)	26,910,000

ANNUAL GENERAL MEETING

An annual general meeting (the "AGM") of the Company is scheduled to be held on Friday, 22 May 2015, notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2014 (for the year ended 31 December 2013: HK11 cents) to Shareholders and holders of PCSs whose names appear on the register of members or the register of holders of PCSs of the Company on Thursday, 11 June 2015. Upon approval by the Shareholders at the AGM, it is expected that the final dividend will be payable on Tuesday, 16 June 2015.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF THE PCSs

For the purposes of determining the eligibility of the Shareholders to attend and vote at the AGM and their entitlements to the proposed final dividend, the register of members and the register of holders of the PCSs of the Company will be closed as set out below:

(i) For determining the eligibility of the Shareholders to attend and vote at the AGM:

The register of members and the register of holders of the PCSs of the Company will be closed from Wednesday, 20 May 2015 to Friday, 22 May 2015 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for attending and voting at the AGM, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar ("Hong Kong Share Registrar"), Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 19 May 2015; and (b) in the case of the PCSs, the notice of conversion in prescribed form, together with the relevant certificate of the PCSs and confirmation that any amounts required to be paid by the holder of the PCSs have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 8 May 2015.

The record date for such purposes is Friday, 22 May 2015.

(ii) For determining the entitlement of the Shareholders and the holders of PCSs to the proposed final dividend:

The register of members and the register of holders of the PCSs of the Company will be closed from Tuesday, 9 June 2015 to Thursday, 11 June 2015 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for the proposed final dividend, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 8 June 2015; and (b) in the case of the PCSs, all transfers of PCSs accompanied by the relevant certificate of the PCSs must be lodged with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 1 June 2015.

The record date for such purposes is Thursday, 11 June 2015.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the Code Provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") during the year ended 31 December 2014 and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, except for the following deviations:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2014, Mr WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company. The Board believes that the serving by the same individual as the chairman and the chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

In respect of Code Provision E.1.2 of the CG Code, Mr CHENG Yuk Wo, an independent non-executive Director and the chairman of the independent board committee, was unable to attend the extraordinary general meeting of the Company held on 22 October 2014 due to other business engagement.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

Details of the Company's corporate governance practices will be set out in the Company's 2014 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2014.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting principles and practice adopted by the Group and has reviewed the consolidated annual results of the Group for the year ended 31 December 2014. The audit committee of the Board comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Mr BROOKE Charles Nicholas and Professor WU Si Zong.

SCOPE OF REVIEW

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkex.com.hk and at the website of the Company at www.topspring.com. The annual report will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
TOP SPRING INTERNATIONAL HOLDINGS LIMITED
WONG Chun Hong
Chairman

Hong Kong, 26 March 2015

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Ms LI Yan Jie, Mr LEE Sai Kai David and Mr CHEN Feng Yang; the non-executive Director is Mr CHIANG Kok Sung Lawrence; and the independent non-executive Directors are Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo and Professor WU Si Zong.

Note: Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of figures preceding them.

* *For identification purposes only*