OCT 華僑城亚洲

Overseas Chinese Town (Asia) Holdings Limited
華僑城(亞洲)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366

Annual Report
2014

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Corporate Information

Board of Directors	**Executive Directors** Ms. Wang Xiaowen *(Chairman)* Ms. Xie Mei *(Chief Executive Officer)* Mr. Lin Kaihua **Non-executive Director** Mr. Zhou Ping **Independent Non-executive Directors** Mr. Lu Gong Ms. Wong Wai Ling Professor Lam Sing Kwong Simon
Audit Committee	Ms. Wong Wai Ling *(Chairman)* Professor Lam Sing Kwong Simon Mr. Zhou Ping
Remuneration Committee	Ms. Wong Wai Ling *(Chairman)* Professor Lam Sing Kwong Simon Mr. Zhou Ping
Nomination Committee	Ms. Wang Xiaowen *(Chairman)* Ms. Wong Wai Ling Professor Lam Sing Kwong Simon
Qualified Accountant and Company Secretary	Mr. Fong Fuk Wai *(FCPA, FCCA, ACA)*
Head Office and Principal Place of Business	Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Registered Office	Clifton House PO Box 1350 GT 75 Fort Street Grand Cayman Cayman Islands
Auditor	RSM Nelson Wheeler Certified Public Accountants 29th Floor, Caroline Centre, 28 Yun Ping Road, Causeway Bay Hong Kong

Corporate Information

Hong Kong Legal Advisor	Loong & Yeung Suites 2001-2006 20/F, Jardine House, 1 Connaught Place Central, Hong Kong
Principal Bankers	Nanyang Commercial Bank Hang Seng Bank Limited Standard Chartered Bank (HK) Ltd. China Merchants Bank Hong Kong Branch
Principal Share Registrar and Transfer Office	Appleby Corporate Services (Cayman) Limited Clifton House PO Box 1350 GT, 75 Fort Street Grand Cayman, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17/F Hopewell Centre 183 Queen's Road East, Hong Kong
Stock Information	Listing Date: 2 November 2005 Stock Code: 03366 Stock Short Name: OCT (ASIA)
Company website	http://www.oct-asia.com
Authorized Representatives	Ms. Xie Mei Mr. Fong Fuk Wai

Financial Highlights

Summary of Consolidated Statement of Profit or Loss

for the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000	Changes (approximately)
Turnover	3,796,572	4,058,517	(6.5)%
Gross Profit	1,246,264	1,479,632	(15.8)%
Profit from Operations	858,614	1,137,032	(24.5)%
Profit before tax	991,315	1,002,128	(1.1)%
Attributable to			
Owners of the Company	326,028	235,905	(38.2)%
Dividend payable to owners of the Company during the year			
Proposed final dividend after the end of the reporting period	97,344	47,611	104.5%
Basic earnings per share (RMB)	0.49	0.41	19.5%

Summary of Consolidated Statement of Financial Position

as at 31 December 2014

	2014 RMB'000	2013 RMB'000	Changes (approximately)
Cash and cash equivalents	3,763,918	1,711,357	119.9%
Total assets	21,858,010	21,101,905	3.6%
Total assets less current liabilities	16,348,154	15,575,194	5.0%
Equity attributable to owners of the Company	2,998,057	2,743,518	9.3%

We aim to develop into
a prominent developer
**and operator of
commercial complex.**

Chairman's Statement

On behalf of Overseas Chinese Town (Asia) Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present to all shareholders the operating results and annual report of the Group for the year ended 31 December 2014, and would like to express my sincere gratitude to all shareholders and all the staffs.

Overseas Chinese Town Enterprises Company ("OCT Group"), the ultimate controlling shareholder of the Company, is a large central enterprise administered by the State-owned Assets Supervision and Administration Commission of the State Council. The brands owned by OCT Group include property brands in the tourism and cultural industry, including Splendid China Folk Village, Window of the World, Happy Valley Chain, Shenzhen OCT East, the Venice Hotel, InterContinental Shenzhen, Chunshui'an, OCT-Loft, OCT Harbour, OCT Suhewan, Konka electronic brand and Huali brand for packaging and printing. OCT Group is the most competitive group in tourism and cultural industry and the leader for composite project development.

Chairman's Statement

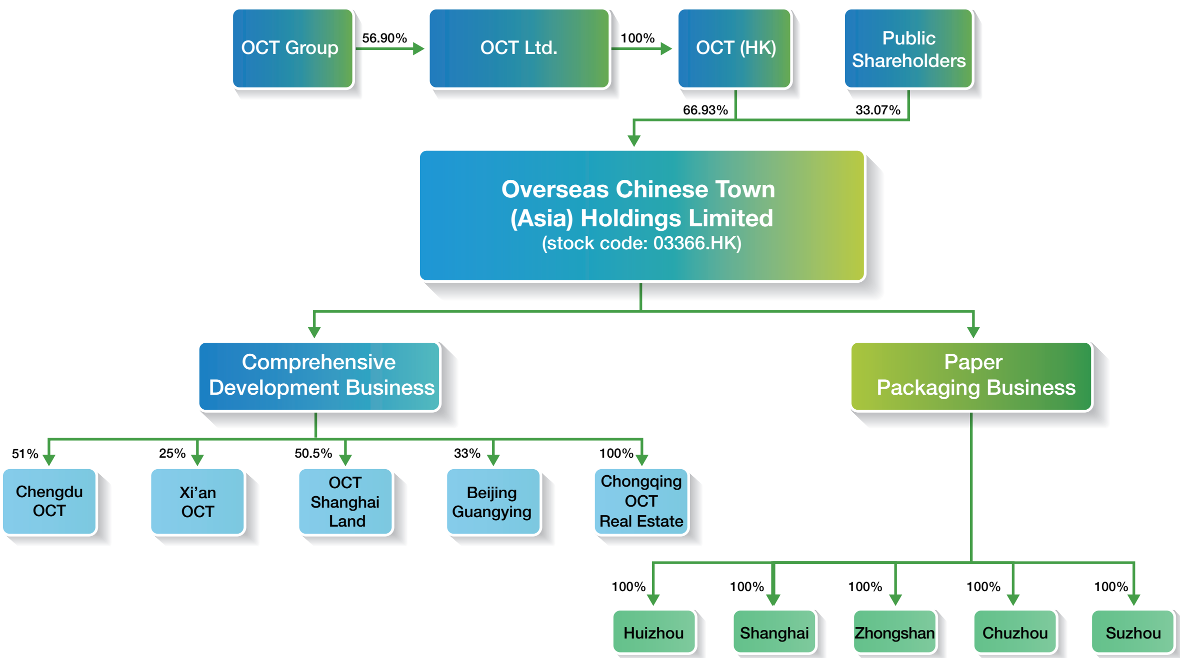
Business Review

During the period under review, the Company had proactively addressed the downturn in the domestic economy, had stably implemented scheduled strategies, and had promoted the development and business transformation in the Company's various businesses. For the year ended 31 December 2014, the turnover of the Company reached approximately RMB3,797 million, representing a decrease of approximately 6.5% over the corresponding period of 2013. The profit attributable to owners was approximately RMB326 million, representing an increase of approximately 38% over the corresponding period of 2013. The Board recommends the payment of a dividend of HK$0.16 per share for 2014, representing an increase of approximately 100% over the corresponding period of 2013.

Comprehensive Development Business

In 2014, an adjustment was made to the real estate market under the pressure from the downturn in the domestic economy, leading to continuous slowdown in the growth of investment, and a decrease in sales revenue and area in property market from a high level for the year. Although market environment was relatively depressed, the Group overcame the challenges proactively, providing a solid foundation for the sustainable development. During the period under review, the Company's comprehensive development business recorded a turnover of approximately RMB2,948 million, representing a decrease of approximately 10.1% over the corresponding period of 2013. The profit attributable to owners was approximately RMB308 million, representing an increase of approximately 39.5% over the corresponding period of 2013.

Chairman's Statement



Further Expansion in the Key Region and Enrichment in the Resource Reserve

During the period under review, the Group acquired three projects successfully, namely Chongqing OCT Real Estate Project, Chengdu Jinhe Land Resumption Project and Shaheyuan Land Consolidation Project. These new projects will be conductive to expand the Group's revenue sources and increase the Group's overall return.

Chongqing OCT Real Estate Project (the Company holds 100% equity interest)

On 3 June 2014, the Group has succeeded in the bid of the land use rights of a piece of land located at Lijia Block, New North Zone, Chongqing, the PRC (the "Chongqing Land") at the public auction at a consideration of approximately RMB986 million. The Chongqing Land is situated in a major development zone in Chongqing and overlooks Jialing River, with superior geographical location, good ancillary facilities and rich landscape resources. Large green area and Happy Valley theme park will be constructed around the Chongqing Land providing it with market competitiveness and development potentials. The Chongqing Land, with a total site area of approximately 180,000 sq.m. and total gross floor area of not more than 450,000 sq.m., will be developed as medium-and-high-class high-rise multi-storey residential properties.

The above mentioned Chongqing OCT Real Estate Project is an important move for the Group to become deeply involved in China's West Development Strategy and new-type urbanization. It is also the first time for the Group to acquire land reserve in Chongqing. Until then, the Group has made strategic layout across the three municipalities directly under the central government, namely Beijing, Shanghai and Chongqing in accordance with the strategies determined.

Chengdu Jinhe Land Resumption Project and Shaheyuan Land Consolidation Project

成都天府華僑城實業發展有限公司 (Chengdu Tianfu OCT Industry Development Company Limited) ("Chengdu OCT") received a notice of successful tender on 12 June 2014 of a project delegated by the Chengdu Jinniu Government (the "Chengdu Jinhe Land Resumption Project") in relation to land resumption, consolidation and site clearance works for a plot of land located at area No. 4, No. 6 and No.11 of Tu Qiao Cun, Jinniu District, Chengdu, the PRC with an area of approximately 124.7645 mu and entered into a formal agreement on 17 June 2014, pursuant to which Chengdu OCT shall provide funding of an aggregate amount of RMB300 million for the Chengdu Jinhe Land Resumption Project and will be entitled to investment return of no more than 16% (including cost of fund).

On 11 July 2014, the independent shareholders of the Company approved a mandate for authority in the tender selection (the "Tender") of a joint venture with the Chengdu Jinniu Government for a land consolidation project and to engage in the transactions contemplated under the Tender. Chengdu OCT received a notice of successful bid for the Tender on 22 July 2014.

Accordingly, Chengdu OCT established a joint venture company (the "JV Company") with 成都市鑫金農發投資有限公司 (Chengdu Xinjin Nongfa Investments Co., Ltd) ("Xinjin Nongfa Investments") for the land consolidation project (the "Shaheyuan Land Consolidation Project") in relation to, among others, site formation (土地平整), removal (拆舊), restoration (複墾), centralized relocation of farmers (農民集中安置) and construction of infrastructure and urban facilities of a plot of land located at Shaheyuan Area, Huancheng Ecological Zone, Jinniu District, Chengdu, the PRC, with a planned area of approximately 3,190 mu. The JV Company is responsible for providing the fund(s) for the Shaheyuan Land Consolidation Project with a maximum amount of RMB4,170 million in return for the investment return of not more than 12% plus the cost of fund.

The acquisition of the two new projects in Chengdu is a key move for the Group to further deepen comprehensive development in Chengdu and also a material milestone for the new ten-year development of Chengdu OCT.

Chairman's Statement

The Suhewan Project introduced luxury high-rise and low-density residential properties with exceptional views and some boutique business premises in 2014. During the period under review, the project realized a contracted sales area and revenue of approximately 18,300 sq.m. and approximately RMB1,427 million, respectively. The settled area and revenue was approximately 15,100 sq.m. and approximately RMB1,051 million, respectively.

In 2014, the Suhewan Project was awarded the 2014 Annual Best Habitable Homeland and 2014 Annual City Award by China Business.

Coping with the Adverse Market Environment and Actively Marketing Existing Projects

Shanghai Suhewan Project (the Company holds 50.5% equity interest)

The Suhewan Project developed by Overseas Chinese Town (Shanghai) Land Company Limited ("OCT Shanghai Land") is advantageously situated at the junction of Suzhou River and Huangpu River banks, spanning across 1 km on the shorelines of Suzhou River and within the core district of the Inner Ring, Shanghai and possesses the scarce landscape resources. The Suhewan Project comprises of three parcels of land, namely 1 Jiefang, 41 Jiefang and 42 Jiefang with a total site area of approximately 71,000 sq.m., a gross floor area (above ground) of approximately 280,000 sq.m. and a total gross floor area of approximately 430,000 sq.m.. The Suhewan Project includes multi-storey riverside residential properties, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and artists' studios, etc.

Chengdu OCT Project (the Company holds 51% equity interest)

The Chengdu OCT Project is located on both sides of the Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, which has been developed into a composite project, comprising residential properties, commercial properties and a theme park, occupying a total site area of approximately 1,827,000 sq.m. and gross floor area of approximately 2,250,000 sq.m..

During the period under review, Chengdu OCT recorded a turnover of approximately RMB1,897 million. The residential products sold in 2014 were mainly high-rise residential properties, and part of the low-density residential properties, multi-storey residential properties and office buildings. In 2014, the contracted sales area and revenue of the residential and office buildings of Chengdu OCT reached approximately 184,900 sq.m. and approximately RMB1,583 million respectively, while the settled area and revenue were approximately 183,100 sq.m. and approximately RMB1,529 million respectively. The current rentable area for commercial use is approximately 79,100 sq.m., of which 97% has been occupied. Chengdu Happy Valley has widely used internet marketing, including WeChat, weibo and O2O, which better promoted the sale of entrance ticket. Chengdu Happy Valley recorded a revenue of approximately RMB300 million, representing an increase of approximately 8% over the same period of 2013, with annual visitors of approximately 2.58 million.

Chuangxiang Center, the office buildings developed by Chengdu OCT, was awarded 2014 Commercial Property with the Best Investment Value in Western China Award by Sichuan Business Association and related media.

Beijing Unique Garden Project (the Company holds 33% equity interest)

The Unique Garden Project developed by Beijing Guangying Residential Property Development Limited is located at Laiguangyingxiang in Chaoyang District, Beijing, the PRC with a total site area of approximately 73,000 sq.m. and a total gross floor area of approximately 182,000 sq.m.. The Unique Garden Project consists entirely of residential properties and is scheduled to be completed in 2016. In 2014, the Unique Garden Project launched the first batch of high-rise residential properties and received positive response. The contracted sales area and revenue were approximately 107,800 sq.m. and approximately RMB4,974 million respectively. The Unique Garden Project was the sales champion of commercial residential buildings in terms of both revenue and area in Beijing in 2014 and ranked the third in respect of sales revenue of single commercial residential project in the PRC in 2014.

Xi'an OCT Project (the Company holds 25% equity interest)

Located at No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shaanxi Province, the Xi'an OCT Project is in proximity to several famous scenic spots and has a total site area of approximately 137,000 sq.m.. Most products are low-density residential properties. During the period under review, contracted sales area and revenue reached approximately 11,700 sq.m. and approximately RMB155 million respectively. The settled area and revenue were approximately 14,300 sq.m. and approximately RMB196 million respectively. During the period under review, the project contributed approximately RMB5.7261 million of investment returns to the Company.

Withdrawal from Tianjin Tianxiao Project through Arbitration

Since Tianjin Jinbin Development Company Limited (天津津濱發展股份有限公司) ("Tianjin Jinbin") was unable to deliver the land on time and adjust the planning index according to the contract and also unable to solve above problems in foreseeable period, in order to protect the interest of the whole company, after conciliation by the arbitration tribunal, the Group, Tianjin Jinbin, Everbright Prestige Capital

Management Company Limited (首譽光控資產管理有限公司) ("Everbright Prestige", which is not related to Tianjin Jinbin, Tianjin Tianxiao Investment Development Company Limited (天津天瀟投資發展有限公司) ("Tianjin Tianxiao") and the Company) entered into an agreement to solve the dispute. Pursuant to the arbitration award dated 18 December 2014, the Group transferred 100% equity interest in Tianjin Tianxiao to Everbright Prestige, and Everbright Prestige returned approximately RMB734 million (the down payment paid by the Group in acquiring Tianjin Tianxiao) and paid a compensation of approximately RMB337 million to the Group, totaling approximately RMB1,071 million, which guaranteed recovery of the investment cost of the Group in the earlier period and recorded a non-current revenue. Tianjin Tianxiao ceased to be a subsidiary of the Company.

Paper Packaging Business

The Group has nearly 30 years of experience in the packaging and printing industry. It has set up five manufacturing bases in the Pearl River Delta and Yangtze River Delta, which are located in Huizhou of Guangdong, Shanghai, Zhongshan of Guangdong, Chuzhou of Anhui, Suzhou of Jiangsu, respectively, and has built up the "Huali" brand with solid customer base and good market reputation.

In 2014, global economy experienced weak recovery while domestic economic growth slowed down. Facing the adverse situation brought about by the weak market demand and the transfer of existing customers and change in the market situation in the Internet era, the Group, on the one hand, put greater effort in expanding the domestic sales market, explored new submarkets, positively developed new clients, in particular making a breakthrough in developing cross-region major clients, which has offset the negative influences brought about by original traditional market fluctuation; on the other hand, focused on enhancing internal control and reducing costs to enhance the efficiency and quality of operation. Currently, Suzhou Project is in the progress of civil construction and other preparation works of phase 1 project, and is expected to be put into operation within the current year.

During the period under review, our paper packaging business recorded a turnover of approximately RMB848 million, representing an increase of approximately 8.8% as compared with the same period of 2013; and profit attributable to shareholders of the Company approximately RMB18.43 million, representing an increase of approximately 19.8% over the same period of 2013.

Chairman's Statement

Outlook

Looking ahead to the year of 2015, the "New normal" situation of Chinese economy will become more prominent, economic growth will drop from "high speed" and maintain at "medium-to-high speed", economic structure will be further optimized and upgraded and will rapidly transform from factor-driven and investment-driven to innovation-driven. Economic downward pressure will remain serious, while the reform bonus effect in the currency policy, financial market, state-owned enterprises, industrial development and other areas will magnify continuously and bring more opportunities for the innovation and development of enterprises.

Comprehensive Development Business

Since the reduction of interest rate in November 2014, the real estate market has rebounded gradually, which constantly boosted the demand of first-tier cities. The Group remains cautiously optimistic about the real estate market in 2015; meanwhile, the real estate industry will also accelerate market transformation, market differentiation will continue, and growth and profitability will gradually return to being rational and stable. As for the Group, having benefited from the accumulation of projects in core cities and a leading market position, it still possesses competitive development advantages in the future real estate market.

In 2015, we will continue to rely on our leading development principle and clear market positioning, sufficiently leverage on the resource edges in brands, products, capital, talents and other respects, positively seek land resource and projects merger and acquisition opportunities in line with our strategic positioning in the premium regions of first and second-tier cities, expand premium projects reserve, maintain development progress of the projects, accelerate products turnover, deepen diversification of cooperation pattern of project equities and strengthen investment effort in commercial comprehensive development projects to enhance the future development potential of the Group.

The Company has made the following plans for the projects in 2015 according to its established development plan and various market conditions faced by each project: for Suhewan Project, will continue to sell luxury high-rise and low density residential and premium commercial buildings with saleable area of approximately 138,400 sq.m.; for Chengdu OCT Project, will sell high-rise residential properties, low-density residential properties, multi-storey residential properties and office buildings with saleable area of approximately 250,800 sq.m., continue Chengdu Jinhe Land Resumption Project and Shaheyuan Land Consolidation Project to prepare for acquiring the land and strive to innovate in commercial operation; for Unique Garden Project, continue to sell high-rise residential properties with saleable area of 43,900 sq.m. and will settle part of the income and contribute profit to the Group for the first time; for Xi'an OCT Project, put more effort in market promotion and continue to sell low density products with saleable area of approximately 59,000 sq.m.; for Chongqing OCT Real Estate Project, will promote the planning and construction, endeavoring to enter into the market as soon as possible.

Paper Packaging Business

The Group continues to strengthen and optimize the paper packaging business and further explores the value of this business in capital market. In 2015, the Group will actively promote the market development of paper packaging business, closely follow the changes of packaging need of customers to adjust our products structures, and further explore the market potential of IKEA and other major clients, expand multi-point cooperation in Southern China and Eastern China, fully break into the international clothing brand, e-business, logistics and other market segments, seek new breakthroughs in market expansion to further enlarge our sale scale. Moreover, we will continue to enhance management and improve our work, enhance delicacy management, improve production efficiency and reduce production cost. In 2015, the Group will complete preparation work for Suzhou project, positively promote plant infrastructure construction to ensure a successful operation in 2015. Meanwhile, we will take the opportunity of Suzhou new project to explore a new direction of innovation and development in paper packaging business.

Dividend Distribution Policy

Following the stable growth in the Company's results, the Group will adopt a more positive dividend distribution policy and maintain the distribution rate at about 30%.

The Board has full confidence in the development prospect in the future. As a member of OCT Group, the Company believes that it will receive continuous support and concern from its parent company. The Company commits to being a prominent developer and operator of commercial complex, and strives to bring satisfactory return to its shareholders.

Appreciation

I, on behalf of the Board, hereby express our most sincere gratitude to the management team and all the staffs for their efforts and contributions made in the development of the Group. I also take this opportunity to thank all shareholders and business partners for their confidence and support to the Group.

Wang Xiaowen
Chairman

Hong Kong, 12 March 2015

Management Discussion and Analysis

Operating Results

As at 31 December 2014, the Group's total assets amounted to approximately RMB21,858 million, representing an increase of approximately 3.6% over that as at 31 December 2013; total equity amounted to approximately RMB6,384 million, representing an increase of approximately 4.5% over that as at 31 December 2013, primarily due to the increase in the profit for the period.

For the year ended 31 December 2014, the Group realized turnover of approximately RMB3,797 million, representing a decrease of approximately 6.5% over the same period in 2013, of which, revenue of the comprehensive development business was approximately RMB2,948 million, representing a decrease of approximately 10.1% over the same period in 2013, primarily due to the decrease in sales from OCT Shanghai Land and revenue of the paper packaging business was approximately RMB848 million, representing an increase of approximately 8.8% over the same period in 2013, primarily due to the increase of customer orders resulted from effective expansion into new sectors of the market. Profit attributable to owners of the Company were approximately RMB326 million, representing an increase of approximately 38.2% over the same period in 2013, of which, profit attributable to owners of the Company of the comprehensive development business was approximately RMB308 million, representing an increase of approximately 39.5% over the same period in 2013, mainly as a result of gains on the withdrawal from the Tianjin Tianxiao Project; and profit attributable to owners of the Company of the paper packaging business was approximately RMB18.43 million, representing an increase of approximately 19.8% over the same period in 2013, mainly as a result of increase of customer orders resulting from effective expansion into new sectors of the market. The basic earnings per share for 2014 was RMB0.49, representing an increase of approximately 19.5% as compared to the same period of 2013 (the same period of 2013 was RMB0.41).

During the period under review, gross profit margin of the Group was approximately 32.8% (2013: approximately 36.5%), representing a decrease of 3.7% over the same period in 2013, of which, the gross profit margin of the comprehensive development business was approximately 38.5%, representing a decrease of 3.9% over the same period in 2013, mainly due to the decrease of revenue recognized during the period from high gross profit margin products; and the gross profit margin of the paper packaging business was approximately 13.1%, representing an increase of approximately 1.8% over the same period in 2013, mainly due to effective production cost control. Net profit margin attributable to owners of the Company was approximately 8.6% (2013: approximately 5.8%), representing an increase of approximately 2.8% as compared with that of 2013. Of which, the net profit margin attributable to owners of the comprehensive development business was approximately 10.4%, representing an increase of approximately 3.7% over the same period in 2013; and the net profit margin attributable to owners of the paper packaging business was approximately 2.2%, representing an increase of 0.2% over the same period in 2013.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the year ended 31 December 2014 were approximately RMB221 million (2013: approximately RMB206 million), representing an increase of approximately 7.3% over the same period in 2013, mainly due to the increase in promotion expenses incurred by Overseas Chinese Town (Shanghai) Land Company Limited as compared to that of last year and the increase in transportation cost as compared to that of last year.

The Group's administrative expenses for the year ended 31 December 2014 were approximately RMB190 million (2013: approximately RMB201 million), representing a decrease of approximately 5.3% over the same period in 2013, mainly due to the strict control on the daily operating expenses by management.

Interest Expenses

The interest expenses of the Group were approximately RMB190 million for the year ended 31 December 2014 (2013: approximately RMB159 million), representing an increase of approximately 19.4% over the same period in 2013. Of which, the interest expenses of the comprehensive development business were approximately RMB184 million, representing an increase of approximately 19.6% over the same period in 2013, mainly due to the increased principal of loan for new development projects; and the interest expenses of the paper packaging business were approximately RMB5.61 million, representing an increase of approximately 14.0% over the same period in 2013, mainly due to the increased amount of loan for working capital purpose.

Dividends

The Board has resolved to recommend the payment of a final dividend of HK16.0 cents per ordinary share for the year ended 31 December 2014 (2013: HK8.0 cents per ordinary share).

The Board has resolved to approve the payment of a preferential dividend of approximately HK20.25 cents per convertible preference share for the year ended 31 December 2014 (2013: approximately HK8.93 cents).

Inventories, Debtors' and Creditors' Turnover

For the year ended 31 December 2014, the Group's inventory turnover days for the paper packaging business were 35 days, representing a decrease of 7 days as compared to 42 days for the year ended 31 December 2013, due to the decline in inventory. The Group's debtors' turnover days for the paper packaging business were 114 days for the year ended 31 December 2014, representing a decrease of 14 days as compared to 128 days for the year ended 31 December 2013, which was mainly due to the strengthened management of credit term for receivables. The Group's creditors' turnover days for the paper packaging business were 76 days for the year ended 31 December 2014, representing a decrease of 13 days as compared to 89 days for the year ended 31 December 2013, which was mainly due to the reduced credit period granted by the suppliers.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2014 was RMB6,384 million (31 December 2013: RMB6,110 million). As at 31 December 2014, the Group had current assets of RMB18,677 million (31 December 2013: RMB17,826 million) and current liabilities of RMB5,510 million (31 December 2013: RMB5,527 million). The current ratio was 3.39 as at 31 December 2014 as compared to 3.23 as at 31 December 2013. The Group generally finances its operations with internally generated cash flow and credit facilities provided by banks and shareholder's loan.

As at 31 December 2014, the Group had outstanding bank and other loans of RMB3,522 million, without any fixed-rate loans (31 December 2013: outstanding bank and other loans of RMB1,161 million, without any fixed-rate loans). As at 31 December 2014, the bank loan interest rates of the Group ranged from 1.50% to 6.64% per annum (while for the year ended 31 December 2013, the bank loan interest rates of the Group ranged from 1.42% to 4.02% per annum). Some of those bank loans were secured by floating charges of certain inventories of the Group and corporate guarantees provided by certain subsidiaries of the Company. the Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 53.0% as at 31 December 2014, representing an increase of approximately 4.9% as compared to 48.1% as at 31 December 2013, which was mainly due to the year-on-year increase in interest-bearing liabilities at the end of the period.

As at 31 December 2014, approximately 34.0% of the total amount of outstanding bank loans of the Group amounting to HK$1,693 million was in Hong Kong Dollars (31 December 2013: 100%), and approximately 30.0% of which amounting to US$172 million was in United States Dollars. As at 31 December 2014, approximately 69.8% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2013: 93%), approximately 7.4% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2013: 6%) and approximately 9.7% of its cash and cash equivalents was in United States Dollars (31 December 2013: 1%).

The Group's liquidity position remains stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars or United States Dollars. The Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 December 2014. During the year ended 31 December 2014, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose.

Employees and Remuneration Policy

As at 31 December 2014, the Group employed approximately 1,704 full-time staffs. The basic remunerations of the employees are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staffs. Salaries of the employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and economic situation. Directors' remuneration is determined basing on a variety of factors such as market conditions and responsibilities assumed by each director. Apart from the basic remuneration and statutory benefits, the Group also provides discretionary bonuses based on the Group's results and the individual performance of the staff.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staffs. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme and simultaneously terminated the share option scheme which was adopted by the Company on 12 October 2005. During the year ended 31 December 2014, no share options were exercised.

Contingent Liabilities

The Group had no contingent liabilities as of 31 December 2014.

Important Events

Updating on Tianjin Tianxiao Project

Excel Founder Limited ("Excel Founder") received an arbitral award dated 18 December 2014 from China International Economic and Trade Arbitration Commission, which confirmed the validity of the parties' agreement entered among the Company, Tianjin Jinbin and Everbright Prestige. Excel Founder has transferred all equity interest held by it in Tianjin Tianxiao to Everbright Prestige pursuant to the parties' agreement. Thereafter, Excel Founder no longer holds any equity interest in Tianjin Tianxiao. In addition, Excel Founder had received a compensation in an amount of RMB336,880,000 and had been returned a sum of RMB733,690,000 (being (i) the part of the consideration already paid by Excel Founder to Tianjin Jinbin; and (ii) the part of the debt already repaid by Tianjin Tianxiao to Tianjin Jinbin and its associated companies).

For further details, please refer to the announcements of the Company dated 13 February 2014 and 27 March 2014, 18 December 2014 and 29 December 2014.

Chongqing OCT Real Estate Project

On 3 June 2014, the Group has succeeded in the bid of the land use rights of a piece of land located at Lijia Block, New North Zone, Chongqing, the PRC at the public auction with a consideration of approximately RMB986,150,000 (equivalent to approximately HK$1,232,687,500). The Chongqing Land is planned for residential purpose and has a total site area and total gross floor area of approximately 179,625 sq.m. and not more than 449,063 sq.m., respectively. For further details, please refer to the announcements of the Company dated 4 June 2014 and 24 June 2014, and the circular of the Company dated 24 July 2014.

Chengdu Jinhe Land Resumption Project

Chengdu OCT received a notice of successful tender on 12 June 2014 of a project delegated by the Chengdu Jinniu Government in relation to land resumption, consolidation and site clearance works for a plot of land located at area No. 4, No. 6 and No.11 of Tu Qiao Cun, Jinniu District, Chengdu, the PRC with an area of approximately 124.7645 mu and entered into a formal agreement on 17 June 2014, pursuant to which Chengdu OCT shall provide funding of an aggregate amount of RMB300 million for the Chengdu Jinhe Land Resumption Project and will be entitled to certain investment return. For further details, please refer to the announcements of the Company dated 27 May 2014, 12 June 2014 and 17 June 2014.

Shaheyuan Land Consolidation Project

On 11 July 2014, the independent shareholders of the Company have approved a mandate for authority in Chengdu OCT to participate in the Tender selection of a joint venture with the Chengdu Jinniu Government for a land consolidation project and to engage in the transactions contemplated under the Tender. Chengdu OCT received a notice of successful bid for the Tender on 22 July 2014.

Accordingly, Chengdu OCT established the JV Company with Xinjin Nongfa Investments for the land consolidation project in relation to, among others, site formation (土地平整), removal (拆舊), restoration (複墾), centralized relocation of farmers (農民集中安置) and construction of infrastructure and urban facilities of a plot of land located at Shaheyuan Area, Huancheng Ecological Zone, Jinniu District, Chengdu, the PRC, with a planned area of approximately 3,190 mu. The JV Company is responsible for providing the fund(s) for the Shaheyuan Land Consolidation Project with a maximum amount of RMB4,170 million for certain investment return.

For further details, please refer to the announcements of the Company dated 3 June 2014, 22 July 2014 and 16 October 2014, and the circular of the Company dated 24 June 2014.

Acquisition of Property

On 12 December 2014, an indirectly wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Easywise Limited in relation to sale and purchase of the property located at Unit Nos. 1, 2 & 3 on 26th Floor and seven car parks on Ground Floor and 1st Floor, One Harbour Square, No.181 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong with the purchase price of HK$289,185,600.

For further details, please refer to the announcement of the Company dated 12 December 2014.

Subsequent Event(s)

Change of Executive Director

On 12 March 2015, the Board announced that Mr. Yang Jie resigned from his position of executive Director due to work reallocation. The Board appointed Mr. Lin Kaihua as an executive Director to fill the casual vacancy on the same day.

For further details, please refer to the announcement of the Company dated 12 March 2015.

Directors

Executive Directors

Ms. Wang Xiaowen, aged 45, is the Chairman of the Board of the Company, joined the Group in 2011. Ms. Wang is a director of Overseas Chinese Town (HK) Company Limited ("OCT (HK)", the beneficial owner of all the issued share capital in Pacific Climax Limited ("Pacific Climax"), the controlling shareholder of the Company) and Shenzhen OCT Investment Company Limited (a wholly-owned subsidiary of Shenzhen Overseas Chinese Town Holding Company Limited ("OCT Ltd." the beneficial owner of all the issued share capital in OCT (HK)). Ms. Wang is also a director of Konka Group Co., Ltd. (康佳集團股份有限公司) ("Konka Group"), a director of Union Holdings, the vice chairman of the Supervisory Board of China International Travel Service Corporation Limited ("CITS") and the vice president of OCT Ltd. Both Konka Group and OCT Ltd. are listed on the Shenzhen Stock Exchange, while CITS is listed on the Shanghai Stock Exchange. Ms. Wang joined Overseas Chinese Town Enterprises Company (華僑城集團公司) ("OCT Group", the controlling shareholder of OCT Ltd.) in 1991 and had been the head of Administration Department of the President Office, the head of the Finance Department and the President Assistant of OCT Group. She had also been the supervisor of OCT Ltd. and Konka Group and the director of Overseas Chinese Town Real Estate Company Limited ("OCT Properties", a wholly-owned subsidiary of OCT Ltd.) and Chengdu OCT, and the director and Chairman of Shenzhen OCT Hotel Group Company Limited (深圳市華僑城酒店集團有限公司) (a wholly-owned subsidiary of OCT Ltd.). Save as aforesaid, Ms. Wang has also held and had also held other senior positions with OCT Ltd. and OCT Group (and their respective associated companies). Ms. Wang has obtained a bachelor degree in Economics from Nan Kai University (南開大學) in 1990. Ms. Wang is also chairman of the nomination committee of the Company (the "Nomination Committee").

Ms. Xie Mei, aged 47, is the Chief Executive Officer of the Company. Ms. Xie is the President Assistant of OCT Ltd. and the chairman of Chongqing Overseas Chinese Town Property Co., Ltd. (重慶華僑城置地有限公司) and a director of all the subsidiaries of the Company. Ms. Xie is also the general manager of OCT (HK) and a director of Pacific Climax. She is also a director of Xi'an OCT and Yunnan OCT Industrial Co., Ltd. (雲南華僑城實業有限公司) ("Yunnan OCT"), both being subsidiaries of OCT Ltd. Ms. Xie has rich management experience. Ms. Xie joined OCT Group in 1994 and she had been a deputy director and director of the strategic development department of OCT Group. Ms. Xie graduated from the Department of Electrical Engineering of Xi'an Jiaotong University and obtained a bachelor's degree in Engineering in 1989. She also obtained a master degree in Economics from the Renmin University of China in 1999. Ms. Xie was appointed as a non-executive Director in December 2004 and was re-designated as an executive Director in August 2007.

Mr. Lin Kaihua (林開樺), aged 48, is the vice president of the Company and also holds the director position in many subsidiaries of the Company, as well as in Beijing Guangying Real Estate Development Co., Ltd (北京廣盈房地產開發有限公司). He is also the deputy general manager of OCT (HK). Mr. Lin has extensive experience in business operation and financial management. Since he joined OCT Group in 1992, Mr. Lin had held a number of positions including but not limited to the deputy general manager and the chief financial officer of Overseas Chinese Town (Shanghai) Land Company Limited (an indirect non-wholly owned subsidiary of the Company), the deputy general manager of Shenzhen Overseas Chinese Town Entertainment Investment Company Limited (深圳華僑城都市娛樂投資公司) (a wholly-owned subsidiary of OCT Ltd.), chief financial officer of Shenzhen Overseas Chinese Town Holding Company Limited (深圳華僑城控股股份有限公司) (currently known as OCT Ltd.) and the chief financial officer of Shenzhen Bay Hotel (深圳灣大酒店) (currently known as "InterContinental Shenzhen (華僑城大酒店)" a subsidiary of OCT Ltd.). Mr. Lin holds a bachelor's degree and a master's degree in Accounting, and has obtained Certified Public Accountant and Senior Accountant title. Mr. Lin was appointed as executive Director in March 2015.

Directors and Senior Management

Non-executive Director

Mr. Zhou Ping, aged 52, joined the Group in 2013. He is the head of Strategic Development Department of OCT Ltd.. He is also a director of Beijing Century Overseas Chinese Town Industrial Co. Ltd. ("Beijing OCT", 北京世紀華僑城實業有限公司) (a subsidiary of OCT Ltd.), and a supervisor of Tianjin Overseas Chinese Town Industrial Co. Ltd (天津華僑城實業有限公司) and Tianjin Dong Li Hu Overseas Chinese Town Travel Investment Co. Ltd (天津東麗湖華僑城旅遊投資有限公司). Mr. Zhou joined OCT Group in 1994 and had been the general manager of Planning Department and the head of Strategic Development Department of OCT Group. Mr. Zhou had also been appointed as the vice chairman of Shenzhen Bay Hotel (深圳灣大酒店) and the chairman of Taizhou Overseas Chinese Town Co., Ltd (泰州華僑城有限公司) (a subsidiary of OCT Ltd.). Mr. Zhou had also been the director and general manager of Shenzhen Window of the World Company Limited (深圳世界之窗有限公司), the general manager of Wuhan OCT Industrial Development Ltd (武漢華僑城實業發展有限公司) (a subsidiary of OCT Ltd.), the deputy general manager of Travel Department of OCT Ltd. and the general manager of Shenzhen Eastern Overseas Chinese Town Co Ltd (深圳東部華僑城有限公司) (a subsidiary of OCT Ltd.). Mr. Zhou obtained a master's degree of industrial engineering and management from Huazhong University of Science and Technology in 1993. Mr. Zhou is a member of the Company's Audit Committee (the "Audit Committee") and Remuneration Committee (the "Remuneration Committee").

Independent Non-executive Directors

Mr. Lu Gong, aged 56, joined the Group in 2013. Mr. Lu is the managing director of Granton Asia Limited, whose principal businesses are investment and holding equities of overseas hotels and apartments. Mr. Lu is also the senior advisor of China Development Bank International Investment Limited (國開國際投資有限公司) (formerly known as New Capital International Investment Limited), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 00066). Mr. Lu has been appointed as an independent non-executive director of China Development Bank International Investment Limited (國開國際投資有限公司) and as the senior advisor of Galaxy Entertainment Management Services Limited (銀河娛樂企業管理有限公司) and the executive director and the vice-chairman of New City Development Group Limited (formerly known as New Rank City Development Limited), whose shares are listed on the Main Board of the Stock Exchange (stock code: 00456). Mr. Lu had also worked for Unisys China Limited and Shell China Hong Kong Co., Limited and held senior management positions at Hong Kong Telecommunications Limited and Granton Asia Limited. Mr. Lu has extensive experience in general management.

Ms. Wong Wai Ling (黃慧玲), aged 53, joined the Group in 2007. Ms. Wong holds a bachelor degree of arts from the University of Hong Kong and a post-graduate diploma in accounting and finance from the London School of Economics and Political Science. Ms. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and has more than 20 years extensive experience in accounting, tax, auditing and business. Ms. Wong had worked in various international and local audit firms for more than seven years until she began to be in private practice as a Certified Public Accountant since 1993. Ms. Wong is also an independent non-executive director and chairman of the Audit Committee of three companies other than the company listed on the Main Board of the Stock Exchange (including China Ruifeng Renewable Energy Holdings Limited (stock code: 00527), AVIC International Holdings Limited (stock code: 00161) and Yongsheng Advanced Materials Company Limited (stock code: 03608)). Ms. Wong has also been appointed as an independent non-executive director of Glory Flame Holdings Limited (a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange, stock code: 08059). Ms. Wong is an executive director of JC Group Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 08326). Meanwhile, Ms. Wong is also a non-executive director of Hin Sang Group (International) Holdings Co., Ltd (衍生集團（國際）控股有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 06893). Ms. Wong is the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company.

Professor Lam Sing Kwong Simon, aged 56, joined the Group in 2009. Professor Lam is Professor of Management at the faculty of Business and Economics, the University of Hong Kong. Professor Lam is well known for his studies and researches in corporate strategy, organization development and operations management. He has published a number of academic papers and case analysis on the said topics. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance. Professor Lam is also the independent non-executive director of Chun Sing Engineering Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 02277), Jin Cai Holdings Company Limited (listed on the Main Board of the Stock Exchange, stock code: 01250), Sinomax Group Limited (listed on the Main Board of the Stock Exchange, stock code: 01418), King Force Security Holdings Limited (listed on the GEM of the Stock Exchange, stock code: 08315) and Glory Flame Holdings Limited (listed on the GEM of the Stock Exchange, stock code: 08059). Professor Lam is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Senior Management

Mr. Qiu Xiaoping, aged 57, is the vice president of the Company and a director of various subsidiaries of the Company. Mr. Qiu joined OCT Group in 2002. He had been the deputy general manager of Shenzhen Overseas Chinese Town Happy Valley Tourism Co., Ltd. (a subsidiary of OCT Ltd.) and Shenzhen Special Economic Zone OCT China Travel Agency (深圳特區華僑城中國旅行社) (a subsidiary of OCT Ltd.), before which Mr. Qiu had held positions as deputy managing director and managing director etc. in several companies in Mainland and Hong Kong and has extensive experience in tourism management, real estate, investment and import and export business.

Mr. Zhang Xiaojun, aged 44, is the vice president of the Company. Mr. Zhang is a director of various subsidiaries of the Company. Mr. Zhang joined the Group in 1993. Mr. Zhang supervised the daily operation of Shenzhen Huali Packing & Trading Co., Ltd. ("Shenzhen Huali") from 2003 to 2007. Mr. Zhang graduated from Zhuzhou Institute of Technology of Hunan (now known as Hunan University of Technology) majoring in Printing Technology, where he obtained his bachelor's degree in Engineering.

Mr. Fong Fuk Wai, aged 51, is the Chief Financial Officer, Company Secretary and qualified accountant of the Company. He also serves as a director of Huali Holdings Company Limited, a wholly-owned subsidiary of the Company. He joined the Group in January 2005. Mr. Fong graduated from the Hong Kong Polytechnic University and obtained his bachelor's degree in Accountancy in 1994, and obtained a master degree in business administration at the Chinese University of Hong Kong in 1999. Prior to joining the Group, Mr. Fong worked with an international CPA firm and members of companies listed in Hong Kong. He had held the positions of senior accountant, manager and financial controller. He has many years of experience in auditing, accounting and finance. Mr. Fong is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and is also an associate member of the Institute of Chartered Accountants in England and Wales.

Mr. Li Yang, aged 32, is the vice president of the Company and joined the Group in January 2014. Mr. Li joined OCT Group in 2005 and has served as senior manager of OCT Ltd., in charge of investor relationship management. Mr. Li graduated from Chongqing University in 2005, majoring in Law and English, and has obtained a double bachelor's degree in Legal Studies and Literature.

Mr. Zhang Dafan, aged 48, is the director and general manager of Chengdu OCT. Mr. Zhang joined Chengdu OCT since its establishment in October 2005. Mr. Zhang successively served as the deputy general manager of import and export department of OCT Group, a director of Shenzhen Bay Hotel (深圳灣大酒店) (now known as InterContinental Shenzhen) and a deputy general manager of OCT (HK). Mr. Zhang graduated from the management engineering department of Nanjing University of Aeronautics and Astronautics and obtained a master degree in economics from Renmin University of China.

Directors and Senior Management

Mr. Yuan Jingping, aged 50, is the director and general manager of Overseas Chinese Town (Shanghai) Land Company Limited (華僑城（上海）置地有限公司) ("OCT Shanghai Land"). Mr. Yuan is also a director of Shanghai Highpower OCT Investment Inc. (a subsidiary of OCT Ltd.). Mr. Yuan has an extensive experience in real estate and construction industries. Since joining OCT Group in 1999, Mr. Yuan has been the general manager of Shenzhen CMOCT Investment Limited (深圳招商華僑城投資有限公司) (a subsidiary of OCT Ltd.) and Shanghai Highpower OCT. Before joining OCT Group, Mr. Yuan served as a principal architect in an architectural design institute. In 1989, Mr. Yuan obtained his master degree of architecture from Southeast University.

Mr. He Ming, aged 44, is the director and general manager of Chongqing Overseas Chinese Town Property Co., Ltd (重慶華僑城置地有限公司). Mr. He joined the Group in 2012. Mr. He served as the head of the finance department of OCT Group, director of investment and security department of OCT (HK) and chief representative of the Beijing Office of OCT Group. He was the president of Changqing Investment Group (長青投資集團) from 2009 to 2012. Mr. He graduated from Zhongnan University of Economics and Law, majoring in international finance.

The Company believes that a high standard of corporate governance and a highly efficient management team are very important in enhancing the investors' confidence and the return to the shareholders of the Company, as well as increasing long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasising good communication with shareholders of the Company and investors, and nurturing the corporate culture of strict code of conduct, with a view to continuously improving the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information about the Company to safeguard the shareholders' interest and to raise long term share value.

During the year ended 31 December 2014, the Company had complied with all the code provisions as set out in the Code on Corporate Governance (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Details of the Company's corporate governance are summarized as below.

Board of Directors

Board Responsibilities and Delegation

The Board manages the Company's affairs and is responsible for the leadership and governance of the Company. The Board is also responsible for the Company's business, financial performance and preparation of financial statements. The Board formulates the strategy, policy and business plan of the Group, controls corporate risks, monitors the operation and financial performance of the Company. The Board endeavors to make decisions in line with the interest of the shareholders of the Company and the Company as a whole, and delegates powers and responsibilities to the management led by the Chief Executive Officer of the Company to carry out the daily management and operation of the Group. All board members have separate and independent access to the senior management, and are provided with full and timely information about the business and development of the Company, including monthly report. In order to assist the Directors to carry out their duties, the Board has set out terms of reference, enabling the Directors to seek independent professional advice upon reasonable request under appropriate circumstances and the fees are payable by the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosures requirements.

Composition of the Board

The Board comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. The number of independent non-executive Directors is more than one-third of the number of the members of the Board. Independent non-executive Directors are experienced professionals. They have profound expertise and experience in the legal, accounting, financial or economic management aspects. The Board considers that all independent non-executive Directors are independent in their judgment. They ensure the Board has attained the strict standards in the financial and other statutory reporting areas and they provide sufficient check and balance to safeguard the interests of the shareholders and the Company as a whole.

As at the date of this report, the Directors are as follows:

Executive Directors

Ms. Wang Xiaowen *(Chairman of the Board)*
Ms. Xie Mei *(Chief Executive Officer)*
Mr. Yang Jie *(resigned on 12 March 2015)*
Mr. Lin Kaihua *(appointed on 12 March 2015)*

Ms. Wang Xiaowen and Ms. Xie Mei have been re-elected as executive Directors at the annual general meeting of the Company held on 23 April 2014, and have entered into the service contract with the Company for a term of three years effective from 23 April 2014 until the conclusion of the 2016 annual general meeting of the Company to be held in 2017.

Mr. Yang Jie has been re-elected as executive Directors at the annual general meeting of the Company held on 19 April 2013 and resigned as executive Directors of the Company on 12 March 2015.

Mr. Lin Kaihua has been appointed as executive Director on 12 March 2015, and has entered into a service contract with the Company for a term commencing from 12 March 2015 until the conclusion of the 2014 annual general meeting of the Company to be held in 2015.

Non-executive Director

Mr. Zhou Ping

Mr. Zhou Ping has been reappointed as non-executive Director on 23 April 2014, and has entered into a director's service agreement with the Company for a term of three years commencing from 23 April 2014 until the conclusion of the 2016 annual general meeting of the Company to be held in 2017.

Independent Non-executive Directors

Mr. Lu Gong
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon were re-elected as independent non-executive Directors at the annual general meeting of the Company held on 19 April 2013 and have entered into service contracts with the Company effective from 19 April 2013 until the conclusion of the 2014 annual general meeting of the Company to be held in 2015.

The biographies of each Director is set out between page 25 and 28 of this Report.

The Company has complied with Rules 3.10(1) and 3.10(A) of the Listing Rules. During the year ended 31 December 2014, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents at least one-third of the Board. The Company has also complied with Rule 3.10(2) of the Listing Rules, which stipulates that one of the independent non-executive Directors must possess appropriate professional qualifications or accounting or related financial management expertise. The Board considers that the independent non-executive Directors are all independent persons with appropriate qualifications or expertise and the Company has complied with the relevant requirements of the Listing Rules.

The Company has established a Nomination Committee. The Nomination Committee will evaluate the independence of all independent non-executive Directors each year and make sure that they comply with the independence requirement under Rule 3.13 of the Listing Rules. All members of the Board are not related to one another in all aspects, including finance, family and business.

Chairman and Chief Executive Officer

The Company has a separate Chairman and Chief Executive Officer. The two positions are assumed by different persons in order to ensure that their independence, accountability and power are clear. Ms. Wang Xiaowen, the Chairman, is responsible for the operation of the Board and the formulation of the Company's strategies and policies. Ms. Xie Mei, the Chief Executive Officer, with the assistance of other members of the Board and senior managements, is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation.

Appointment and Re-Election of Directors

The Nomination Committee identifies appropriate individuals qualified to become Board members and to provide advice to the Board in respect of nominating such persons to the Board. The Nomination Committee also makes recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors in particular the Chairman and Chief Executive Officer. The Board is responsible for formulating the procedures for appointing Directors, and nominating suitable candidates for approval at the annual general meetings so as to fill vacancies due to resignation of Directors or to appoint additional Directors.

When selecting candidates for appointment as Directors, the Board will consider the candidates' integrity, achievements and experience in the relevant industry, expertise, educational background and whether they have sufficient time to assume the post of Directors.

Pursuant to the articles of association of the Company, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Number of Board Meetings Held and Procedures

The Board convened nine meetings in the year ended 31 December 2014.

The Board has established meeting procedures and has complied with the code provisions of the Code. The procedures of board meetings provide that the Board shall meet at least four times each year and can convene additional meeting when necessary. The agenda and other reference documents shall be distributed prior to the Board meeting to allow sufficient time for the Directors to review. Directors can express different opinions at board meetings. Important decisions will be made only after detailed discussions by the Board. Directors who have conflict of interest or material interests in the relevant transactions will not be counted in the quorum of the meeting and shall abstain from voting on the relevant resolutions. Minutes of Board meetings and other committee meetings will be drafted by the Company Secretary and will be sent to all members for their comment or record respectively. Directors are entitled to inspect the minutes at any time.

The Attendance of Directors and Committee Members

The Directors' attendances of the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee and general meetings of the Company for the year ended 31 December 2014 are as follows:

	Number of meetings attended/Number of meetings				
Name of Directors	**The Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Wang Xiaowen	9/9	N/A	N/A	1/1	1/2 *(Note 1)*
Xie Mei	9/9	N/A	N/A	N/A	2/2
Yang Jie *(Note 2)*	9/9	N/A	N/A	N/A	1/2 *(Note 1)*
Zhou Ping	9/9	2/2	1/1	N/A	0/2 *(Note 1)*
Lu Gong	9/9	N/A	N/A	N/A	0/2 *(Note 1)*
Wong Wai Ling	9/9	2/2	1/1	1/1	1/2 *(Note 1)*
Lam Sing Kwong Simon	9/9	2/2	1/1	1/1	2/2

Note:

1. Certain Directors were not able to attend the general meetings held in 2014 due to their unavoidable business engagements.

2. Mr. Yang Jie has resigned on 12 March 2015.

Directors' Continuous Professional Development Programme

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year ended 31 December 2014, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2014, the Company had also organised briefing sessions conducted by an external service provider for the Directors. The briefing sessions covered topics including but not limited to inside information and the Listing Rules in relation to connected transactions and the Environmental, Social and Governance Reporting Guide.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2014 are as follows:

Name of Directors	Reading seminar materials relating to the effect of disclosure of inside information and the new Companies Ordinance	Attending Briefing Sessions
Executive Directors		
Wang Xiaowen	✓	✓
Xie Mei	✓	✓
Yang Jie *(Note)*	✓	✓
Non-executive Director		
Zhou Ping	✓	✓
Independent Non-executive Directors		
Lu Gong	✓	✓
Wong Wai Ling	✓	✓
Lam Sing Kwong Simon	✓	✓

Note: Mr. Yang Jie has resigned on 12 March 2015.

Special Committees under The Board of Directors

The Board has the following committees:

Audit Committee

The Audit Committee consists of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Zhou Ping, with Ms. Wong Wai Ling being the chairman of the Audit Committee.

The main areas of responsibilities of the Audit Committee are as follows:

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment or removal of the external auditors, and the approval of remuneration and terms of engagement of the external auditors;

(b) reviewing of internal control and monitoring the work of internal audit department;

(c) reviewing the financial statements of the Company, the Company's annual reports and accounts, interim reports and quarterly reports (if any);

(d) examining financial statements and reporting to the Board for any significant opinions in relation to financial reporting;

(e) conferring with the auditors on any problems and matters of doubt arising from the audit process, as well as other issues the auditors may like to discuss (if necessary, such discussions could be undertaken in the absence of the management); and

(f) reviewing correspondences addressed to the management by the external auditors and responses from the management.

The Audit Committee held two meetings during the year ended 31 December 2014, and performed the major works as below:

1. reviewed the annual financial results and report for the year ended 31 December 2013 and interim financial results and report for the six months ended 30 June 2014;

2. reviewed the internal audit department's report regarding the reviewing and procedures of the internal control and risk management of the Company; and

3. provided opinions to the Board in respect of the appointment of auditors.

The Audit Committee has reviewed this annual report, and confirms that it is complete and accurate and complies with the Listing Rules.

Remuneration Committee

The Remuneration Committee consists of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Zhou Ping, with Ms. Wong Wai Ling being the chairman of the Remuneration Committee.

The main role and function of the Remuneration Committee are as follows:

(a) consulting the chairman of the Board on remuneration recommendations concerning other executive Directors;

(b) putting forward recommendations to the Board on matters relating to the overall remuneration policy and structure for the Directors and senior managerial staff of the Company, as well as finalizing a formal and transparent remuneration policy;

(c) with authority delegated by the Board, finalizing the compensation packages for all the executive Directors and senior managerial staff and putting forward recommendations to the Board on remuneration for non-executive Directors; and

(d) reviewing and approving compensations paid to executive Directors and senior managerial staff, who lose their positions or whose appointments are terminated, in order to ensure that the compensations are paid in accordance with relevant contractual terms.

The Remuneration Committee held one meeting during the year ended 31 December 2014, and performed the major work as below:

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the executive Directors and senior management and other staffs;

2. reviewed the implementation of the share option scheme of the Company.

Nomination Committee

The Nomination Committee consists of three members, including one executive Director, namely Ms. Wang Xiaowen and two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, with Ms. Wang Xiaowen being the chairman of the Nomination Committee.

The Board has adopted its board diversity policy (the "Board Diversity Policy"). All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The main role and function of the Nomination Committee are as follows:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) reviewing the Board Diversity Policy of board members and the implementation progress of targets set by such policy;

(c) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) assessing the independence of independent non-executive directors; and

(e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee held one meeting during the year ended 31 December 2014 and performed the major work as below:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business;

2. reviewed the Board Diversity Policy of board members and the implementation progress of targets set by such policy;

3. assessed the independency of all independent non-executive Directors of the Company; and

4. reviewed and discussed the nomination of Mr. Lin Kaihua as an executive Director, and make recommendations to the Board in regard of the reappointment of Mr Lin Kaihua, as an executive Director, Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon as independent non-executive Directors.

Internal Control

The Company has an internal audit department which is independent of other departments. The internal audit department has the authority to inspect the information of the Group's risk management network, the control and governance processes in order to monitor the effectiveness of the internal control of the Company. The internal audit department conducts an overall review on every subsidiary once a year, and reports and makes recommendation to the management of the Company in respect of the review. Besides, the internal audit department also regularly reviews all the businesses, the supporting teams and matters relating to work approach, procedures, expenses and internal control measures of the Company's subsidiaries. The department will also conduct ad hoc reviews and investigations when necessary. The internal audit department reports directly to the Audit Committee.

During the year under review, the Board examined the effectiveness of the internal control system of the Company through the Audit Committee.

Financial Reporting

The Directors are responsible for overseeing the preparation of the financial statements, to ensure the annual report giving a true and fair view of the financial position, results and cash flow of the Group for the year. In preparing the financial statements for the year ended 31 December 2014, the Directors have:

- selected appropriate accounting policies and applied them consistently; and

- made judgments and estimates that are reasonable.

The Company recognizes that high quality corporate reporting is very important in reinforcing the trustworthy relationship with the Company's stakeholders and aims at presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects in all corporate communications. In order to have timely and effective communications between the Company and its shareholders, the annual results of the Company are announced in a timely manner within the limit of four months after the end of a financial year.

The auditors' responsibilities are set out in the Auditor's Report on page 57.

Through the Audit Committee, the Board has reviewed the internal control system in respect of finance, operations and compliance of the Company and its subsidiaries. The Audit Committee considers that the Company and its subsidiaries have established all necessary mechanisms. The above control mechanism has ensured compliance in respect of the Company's operations. The Board considers that the Company has complied with the code provisions of the Code on internal control.

Remuneration of Directors and Senior Management

The Group paid total Directors' remuneration amounts of approximately RMB920,000, RMB143,000, RMB119,000 and RMB119,000 to Ms. Xie Mei, Mr. Lu Gong, Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon respectively for the year ended 31 December 2014. Ms. Wang Xiaowen, Mr. Yang Jie and Mr. Zhou Ping did not receive any basic remuneration from the Group as at 31 December 2014. Details in relation to the Director's remuneration payment of the Group in the year ended 31 December 2014 are set out on page 91 of this report.

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director.

Senior management's remuneration payment of the Group in the year ended 31 December 2014 falls within the following bands:

	Number of individuals
RMB500,000 or below	4
RMB500,001 to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	1
RMB1,500,001 to RMB2,000,000	1

Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules (the "Model Code"). The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions during the year ended 31 December 2014.

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

Financial Officer

The Financial Officer of the Company is responsible for preparing interim and annual financial statements based on accounting principles generally accepted in Hong Kong and ensures that the financial statements truly reflect the Group's results and financial position as well as in compliance with the disclosure requirements under the applicable provisions of the Companies Ordinance, the Listing Rules and other relevant laws and regulations. The Financial Officer reports directly to the chairman of the Audit Committee and coordinates with external auditors on a regular basis. In addition, the Financial Officer will review the control of financial risks of the Group and provide advice thereon to the Board.

Company Secretary

The Company Secretary of the Company reports directly to the Board. All the Directors have easy access to the Company Secretary and the responsibility of the Company Secretary is to ensure the board meetings procedures are properly followed and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advice to the Board with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of notifiable transactions, connected transactions and inside information. The Company Secretary shall provide advice to the Board with respect to strict compliance with the laws, requirements and the Company's articles of association as appropriate. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance so as to bring the best long term value to shareholders. In addition, the Company Secretary also provides relevant information updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company as appropriate. The Company Secretary is also responsible for supervising and managing the investors' relations of the Group.

The Company Secretary has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the year ended 31 December 2014.

External Auditor

The Company reappointed RSM Nelson Wheeler as the auditor of the Company on 23 April 2014.

For 2014, RSM Nelson Wheeler is the external auditor of the Company. In 2014, the auditing and non-auditing (acted as reporting accountants for the notifiable transactions of the Company) fees paid to the external auditor was RMB1.30 million and RMB0.32 million respectively. The auditor's responsibility to shareholders is set out on page 57 of this annual report.

Investor Relations

The Company places great emphasis on its relationship and communication with investors. The Company has numerous communication channels, such as press conference and seminars, to communicate with the media, analysts and fund managers. Designated senior management staff holds dialogue with analysts, fund managers and investors, who are also arranged to visit the Company and investment projects from time to time, so as to keep them abreast of the Group's business and latest developments. In addition, investors can also visit the Company's website at www.oct-asia.com for the most updated information and the status of the business development of the Group.

The Board has adopted the revised and restated memorandum and articles of association. Investors can obtain the Company's latest memorandum and articles of association at the Company's website.

Communication with Shareholders of the Company

The Board and senior management recognise the responsibility of safeguarding the interest of shareholders of the Company and provide highly transparent and real-time information on the Company so as to keep the shareholders of the Company and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with shareholders of the Company can facilitate their understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of shareholders of the Company. In order to safeguard the interest of the shareholders of the Company, the Company reports its financial and operating performance to shareholders through annual reports and interim reports. Shareholders of the Company can also obtain information of the Group in time through annual reports, interim reports, announcements, circulars, press releases and the Company's website at www.oct-asia.com.

The annual general meetings are an appropriate forum for direct communications between the Board and shareholders of the Company. Shareholders of the Company can raise questions directly to the Board in respect of the performance and future development of the Group at annual general meetings.

Shareholder's Right

Procedures for putting forward proposals at a general meeting by shareholders

In accordance with the requirements under Article 64 of the articles of association of the Company, extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 113 of the articles of association of the Company, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office. The minimum length of the period, during which the notices required under the articles of association of the Company will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Attention: The Company Secretary
Overseas Chinese Town (Asia) Holdings Limited
Suite 3204, Tower 6 The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Email: contact.asia@chinaoct.com

The Company Secretary shall forward the Shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the shareholders of the Company.

Directors' Report

The Board has pleasure in submitting the annual report together with the audited financial statements for the year ended 31 December 2014.

Principal Place of Business

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 February 2005. Its registered office and principal place of business are at Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands and Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsimshatsui, Kowloon, Hong Kong respectively.

Principal Activities

The Company is an investment holding company. The Group is principally engaged in the comprehensive development business and the manufacture and sale of cartons and paper products.

Results and Distributions

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 59.

The Directors consider that dividends declared during the year or to be declared in future by the Group will be decided by the Board in its discretion. The factors that the Board will take into consideration include (but not limited to) distributable profits, the Group's profits, financial position, capital requirements and other factors which the Directors may deem relevant at the time. Undistributed profits will be used to provide funds for the Group's continuous growth and business expansion. Subject to the above, the Directors proposed the distribution of a dividend of HK16 cents per ordinary share for the year ended 31 December 2014 (2013: HK8.0 cents per ordinary share).

Financial Statements

The profit of the Group for the year ended 31 December 2014 and the state of affairs of the Company and the Group as at that date is set out in the financial statements on pages 59 to 65.

Proposed Final Dividend and Closure of Register

The register of members of the Company will be closed from 8 May 2015 to 12 May 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 7 May 2015.

The Board recommends the payment of a final dividend (the "Final Dividend") of HK16 cents per share to shareholders whose names appear on the register of members of the Company on 15 June 2015. The register of members will be closed from 11 June 2015 to 15 June 2015, both days inclusive, and the proposed Final Dividend is expected to be paid on 25 June 2015. The payment of Final Dividend shall be subject to the approval of the shareholders at the Annual General Meeting to be held on 12 May 2015. In order to be qualified for the proposed Final Dividend, shareholders should deliver share certificates together with transfer documents to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 10 June 2015.

The Board has approved the payment of a preferential dividend (the "Preferential Dividend") for the period from 1 January 2014 to 31 December 2014, to holders of the convertible preference shares of the Company on 15 April 2015. The Preferential Dividend is carried at the rate of 5% per annum (on the basis of a 365 day year) on its issue price (i.e. HK$4.05).

Transfer to Reserves

Profit attributable to owners of the Company before dividends of RMB326 million (2013: RMB236 million) has been transferred to reserves. Other movements in the reserves are set out in consolidated statement of changes in equity and note 28 to the financial statements.

Fixed Assets

During the year, the Group invested approximately RMB204 million for the acquisition of fixed assets (including construction in progress). Details of the movements of fixed assets and construction in progress are set out in note 13 to the financial statements.

Share Capital

As of 31 December 2014, the total number of the issued ordinary shares of the Company was 649,790,000, which is equal to the number of the prior year; the total issued Convertible Preference Shares of the Company was 96,000,000 Shares, which is equal to the number of the prior year.

Details of the movements in the share capital of the Company during the year are set out in note 28 to the financial statements.

Distributable Reserves

Pursuant to the relevant rules of the Cayman Islands, the Company's distributable reserves as at 31 December 2014 amounted to RMB1,895 million.

Pre-Emptive Rights

There was no provision in respect of pre-emptive rights in the articles of association of the Company or any requirement in the laws of the Cayman Islands requiring the Company to issue new shares to the existing Shareholders proportionately.

Purchase, Sale or Redemption of Shares

The Company has not purchased its own listed shares during the reporting period. During the period, save as disclosed in this report, the Company or any of its subsidiaries has not purchased or sold or redeemed any of the listed shares in the Company.

Material Contracts

Save as disclosed in this report, no contract of significance has been entered into during the reporting period between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries.

Service Contracts

No Director has an unexpired service contract which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

Directors

The Directors during the year were as follows:

Executive Directors:

Ms. Wang Xiaowen *(Chairman)*
Ms. Xie Mei *(Chief Executive Officer)*
Mr. Yang Jie *(resigned on 12 March 2015)*
Mr. Lin Kaihua *(appointed on 12 March 2015)*

Non-executive Director:

Mr. Zhou Ping

Independent Non-executive Directors:

Mr. Lu Gong
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

Directors' Interests in Contracts

Save as disclosed in this annual report, no contract of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Personal Biographies of Directors and Senior Management

Personal biographies of Directors and senior management are set out on pages 25 to 28.

Directors' Interest in Competing Business

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2014 and up to and including the date of this annual report.

Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares

As at 31 December 2014, interests and short positions in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix X of the Listing Rules are as follows:

Long positions in ordinary shares of the Company

Name of Directors	Number of ordinary shares	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Zhou Ping *(Note 1)*	4,000	Interest of spouse	Personal	0.001%

Long positions in underlying shares of the Company

Name of Directors	Number of ordinary shares	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Zhou Ping *(Note 1)*	160,000	Interest of spouse	Personal	0.025%

Note:

(1) Ms. Li Ning, the spouse of Mr. Zhou, held 4,000 Shares and share options to subscribe for 160,000 Shares of the Company, Mr. Zhou is deemed, or taken to be, interested in the said 4,000 Shares of the Company and share options to subscribe for 160,000 Shares of the Company held by Ms. Li Ning.

Save as disclosed above, as at 31 December 2014, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders and Other Persons

As at 31 December 2014, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in Shares

Name of substantial shareholders	Capacity/Nature	No. of Shares held	Approximate % of shareholding
Pacific Climax Limited ("Pacific Climax") *(Note 1)*	Beneficial owner	434,894,000 (long position)	66.93%
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Interest of a controlled corporation *(note 2)*	434,894,000 (long position)	66.93%
	Beneficial owner	96,000,000 (long position)	14.77%
Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd.")	Interest of a controlled corporation *(note 3)*	530,894,000 (long position)	81.70%
Overseas Chinese Town Enterprises Company ("OCT Group")	Interest of a controlled corporation *(note 4)*	530,894,000 (long position)	81.70%
New China Life Insurance Co., Ltd ("NC Life Insurance")	Beneficial owner *(note 5)*	40,000,000 (long position)	7.85%
China Re Asset Management Co., Ltd ("CRAMC")	Beneficial owner *(note 5)*	40,000,000 (long position)	7.85%
Others			
UBS AG	Interest of a controlled corporation *(note 6)*	54,526,000 (long position)	8.34%
		166,000 (short position)	0.03%
	Person having a security interest in shares *(note 6)*	3,200,000 (long position)	0.49%

Notes:

(1) Ms. Xie Mei, being executive Director, is also a director of Pacific Climax.

(2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Wang Xiaowen and Ms. Xie Mei, both being Executive Directors, are also directors of OCT (HK).

(3) OCT Ltd. is the beneficial owner of all the issued share capital in OCT (HK) which is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.

(4) OCT Group is the beneficial owner of 56.63% of the issued shares in OCT Ltd., which is the beneficial owner of all the issued share capital in OCT (HK) and in turn, the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd, OCT (HK) and Pacific Climax for the purpose of the SFO.

(5) On 24 July 2013, the Company allotted and issued 40,000,000 and 40,000,000 convertible preference shares to NC Life Insurance and CRAMC respectively according to the preference shares subscription agreements entered into by the Company with each of NC Life Insurance and CRAMC on 6 June 2013. In addition, on 6 June 2013, OCT (HK) entered into a put option agreement with each of NC Life Insurance, CRAMC, pursuant to which, OCT (HK) grants to each of NC Life Insurance and CRAMC to require OCT (HK) to purchase from NC Life Insurance and CRAMC or Integrated Asset (as the case may be) (and any subsequent transferee of the convertible preference shares) all (but not some only) of the outstanding convertible preference shares legally and beneficially owned by NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the convertible preference shares) from time to time during the 180 days commencing from the third anniversary of the date on which the convertible preference shares would be allotted and issued by the Company to NC Life Insurance, CRAMC or Integrated Asset (as the case may be).

(6) The interest of UBS AG is derived from the interests (long positions) in 41,564,000 Shares, 9,262,000 Shares, 3,534,000 Shares and 166,000 shares (total: 54,526,000 Shares) held by UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd, UBS Global Asset Management (Singapore) Ltd and UBS AG, which are directly owned as to 90.40% by UBS Group AG and interests (short position) in 166,000 Shares held by UBS AG respectively. UBS Group AG is also interested in 3,200,000 Shares (long position) in the capacity as a person having a security interest in the Shares. Therefore, UBS AG is deemed, or taken to be interested in the total of 57,726,000 Shares (long position) and 166,000 Shares (short position) for the purpose of the SFO.

Save as disclosed above, as at 31 December 2014, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	8.7%	
Five largest customers in aggregate	25.2%	
The largest supplier		8.4%
Five largest suppliers in aggregate		26.1%

Other than OCT Group, the ultimate controlling company of the Company, which owns approximately 21.75% of the total issued share capital and has gained the control of majority of the board of Konka Group Co., Ltd. (and its subsidiaries), one of the five largest customers of the Group in 2014, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers.

Connected Transactions

During the year, the Group has the following continuing connected transactions (the "Connected Transactions") and the Company has fully complied with the announcement, reporting and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules (where applicable):

1. On 11 December 2013, the Company and OCT Group entered into a cartons sale and purchase agreement for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Cartons Sale and Purchase Agreement"). Pursuant to the Cartons Sale and Purchase Agreement, the Group has agreed to sell cartons and other paper products to OCT Group and its associates. The exact amount of products to be sold and the selling price will be determined by OCT Group and/or its associates and the Group on each sale transaction with reference to the prevailing market prices of the products.

   OCT Group is a holding company of OCT Ltd., holding approximately 56.9% interests in OCT Ltd. as at the date of this annual report. OCT Ltd. owns 100% equity interests in OCT (HK), which owns 100% equity interests in Pacific Climax, a controlling shareholder of the Company, and hence each of OCT Group and its associates is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above Cartons Sale and Purchase Agreement constitute continuing connected transactions under the Listing Rules.

2. On 11 December 2013, OCT Shanghai Land entered into a property management agreement with Shanghai Branch Office of Shenzhen Overseas Chinese Town Property Service Company Limited (深圳市華僑城物業服務有限公司) ("OCT Property Service") ("OCT Property Service Shanghai Branch") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Property Management Agreement"). Pursuant to the Property Management Agreement, OCT Property Service Shanghai Branch will provide property management services to OCT Shanghai Land in relation to the Shanghai Suhewan Project for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. The management fees payable under New Property Management Agreement will be calculated based on the actual areas that are managed, and the labour costs to be incurred by OCT Property Service Shanghai Branch and the parties shall enter into separate management contract(s) for the precise property that would be managed by OCT Property Service Shanghai Branch which shall specify the payment arrangement for the management fees.

   OCT Property Service is an indirect wholly-owned subsidiary of OCT Ltd. Therefore, OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch company of OCT Property Service. Accordingly, the arrangements under the above Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules.

3. On 11 December 2013, OCT Shanghai Land entered into an electrical and mechanical services consultation agreement with Shenzhen Overseas Chinese Town Water and Electricity Company Limited (深圳華僑城水電有限公司) ("OCT Electricity") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Electrical and Mechanical Service Consultation Agreement"). Pursuant to the Electrical and Mechanical Services Consultation Agreement, OCT Electricity will provide Electrical and Mechanical Consultation Services to OCT Shanghai Land in relation to the Suhewan project in Shanghai. The consultation fees payable under Electrical and Mechanical Services Consultation Agreement will be calculated based on the labour costs to be incurred by OCT Electricity. The parties shall enter into separate consultation contracts for the consultation services that would be provided by OCT Electricity which shall specify the payment arrangement for the consultation fees.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements of the above Electrical and Mechanical Services Consultation Agreement constitute continuing connected transactions under the Listing Rules.

4. On 11 December 2013, Chengdu OCT entered into a property management framework agreement with Chengdu branch office of OCT Property Service ("OCT Property Service Chengdu Branch") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Property Management Framework Agreement"). Pursuant to the Property Management Framework Agreement, OCT Property Service Chengdu Branch will provide property management services to Chengdu OCT in relation to Chengdu OCT's project in Chengdu. The management fees payable under Property Management Framework Agreement will be calculated based on the actual areas that are managed and the manpower that have been employed by OCT Property Service Chengdu Branch and the parties shall enter into separate management contract(s) for the precise property that would be managed by OCT Property Service Chengdu Branch which shall specify the payment arrangement for the management fees.

   OCT Property Service is an indirect wholly-owned subsidiary of OCT Ltd. Therefore, OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch of OCT Property Service. Accordingly, the arrangements under the above Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules.

5. On 11 December 2013, Chengdu OCT entered into an electricity consultation services agreement with OCT Electricity Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Electricity Consultation Service Agreement"), pursuant to which OCT Electricity Chengdu Branch will provide, among others, daily and regular inspection, maintenance and management service to Chengdu OCT, its subsidiaries and branches in relation to certain electricity facilities in properties in the operating areas of Chengdu OCT and provide consultation services to Chengdu OCT, its subsidiaries and branches in relation to professional electricity supply skills and related business and the plan of constructing an electricity monitoring system of Chengdu OCT. The charges for the services will be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services and paid on a quarterly basis.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Electricity Chengdu Branch is a branch company of OCT Electricity. Hence, the arrangements under the above Electricity Consultation Services Agreement constitute continuing connected transactions under the Listing Rules.

6. On 11 December 2013, Chengdu OCT entered into a theme show framework agreement with Shenzhen Overseas Chinese Town International Media and Performance Company Limited (深圳華僑城國際傳媒演藝有限公司) ("OCT International Media") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Theme Show Framework Agreement"), pursuant to which OCT International Media, its subsidiaries and branches agree to provide consultancy services to Chengdu OCT, its subsidiaries and branches, provide improvement and/or modification services and production services, and act as the general agent of Chengdu OCT, its subsidiaries and branches to sell theme shows tickets and rental of the Chengdu OCT Theatre. The charge of such services will be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services. Payment of service charges shall be made after completion of works for each stage of service. The specific payment arrangement will be specified in the separate service agreement(s) to be entered into between the parties.

   OCT International Media is a non-wholly-owned subsidiary of OCT Ltd. and is owned directly as to 10% by Chengdu OCT, and hence a connected person of the Company. Accordingly, the arrangements under the above Theme Show Framework Agreement constitute continuing connected transactions under the Listing Rules.

7. On 11 December 2013, Chengdu OCT entered into a Konka framework agreement with Konka Group Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Konka Framework Agreement"). Pursuant to the Konka Framework Agreement, Chengdu OCT, its subsidiaries and branches agree to purchase and Konka Group Chengdu Branch agrees to supply the LED Equipment, Television and Other Electronic Products and Service to Chengdu OCT.

   Konka Group is directly owned by OCT Group as to approximately 21.75% of its total issued share capital and has gained control of majority of the board of Konka Group. Therefore, Konka Group is a connected person of the Group pursuant to the Listing Rules. Konka Group Chengdu Branch is a branch company of Konka Group. Accordingly, the arrangements under the above Konka Framework Agreement constitute continuing connected transactions under the Listing Rules.

8. On 11 December 2013, Chengdu OCT Happy Valley Branch entered into an entertainment facilities framework agreement with OCT Culture for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Entertainment Facilities Framework Agreement"). Pursuant to the Entertainment Facilities Framework Agreement, Chengdu OCT Happy Valley Branch agrees to purchase and OCT Culture agrees to supply entertainment facilities and related services to Chengdu OCT Happy Valley Branch.

   OCT Culture is a non-wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Group within the meaning of the Listing Rules. Accordingly, the arrangements under the above Entertainment Facilities Framework Agreement constitute continuing connected transactions under the Listing Rules.

9. On 11 December 2013, Happy Valley branch office of Chengdu OCT ("Chengdu OCT Happy Valley Branch") entered into the Cooperation Agreement with Chengdu Shaxi Line branch office of Shenzhen Overseas Chinese Town City Inn Company Limited (深圳華僑城城市客棧有限公司) ("OCT City Inn Chengdu Branch") for a term of three years with effect from 1 January 2014 to 31 December 2016, pursuant to which, among others, Chengdu OCT Happy Valley Branch agrees to sell tickets of the Theme Park to OCT City Inn Chengdu Branch at a fixed discounted price per ticket. OCT City Inn Chengdu Branch shall settle the ticket sales on a monthly basis in cash for the actual transaction amount.

   OCT City Inn is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Branch is the branch company of OCT City Inn. Accordingly, the arrangements under the above Cooperation Agreement constitute continuing connected transactions under the Listing Rules.

10. On 11 December 2013, Chengdu OCT entered into a tenancy agreement with OCT City Inn Chengdu Shaxi Line Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which Chengdu OCT agrees to lease to OCT City Inn Chengdu Shaxi Line Branch certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC, owned by Chengdu OCT for the operation of an inn ("Chengdu Tenancy I").

    OCT City Inn is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Shaxi Line Branch is a branch company of OCT City Inn. Accordingly, the arrangements under the above Chengdu Tenancy I constitute continuing connected transactions under the Listing Rules.

11. On 11 December 2013, Chengdu OCT entered into a tenancy agreement with Chengdu branch office of Shenzhen OCT Hake Culture Company Limited (深圳華僑城哈克文化有限公司) ("OCT Hake Chengdu Branch") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which Chengdu OCT agrees to lease to OCT Hake Chengdu Branch certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC for the operation of an entertainment centre ("Chengdu Tenancy II").

    OCT Hake is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Hake Chengdu Branch is a branch company of OCT Hake. Accordingly, the arrangements under the above Chengdu Tenancy II constitute continuing connected transactions under the Listing Rules.

12. On 9 July 2014, OCT Entertainment entered into a tenancy agreement with Shenzhen Huali for a term of three years commencing from the date of delivery of the premises i.e. 10 September 2014 at a rental of RMB278,200 per month, pursuant to which, OCT Entertainment agreed to lease certain properties located in Nanshan district, Shenzhen, Guangdong Province to Shenzhen Huali as office premises ("Tenancy Agreement").

    OCT Entertainment is a branch of OCT Properties. OCT Properties is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. As such, the above arrangements of the Tenancy Agreement constitute a continuing connected transaction under the Listing Rules.

Details of item 1 to 11 of the Connected Transactions are set out in the announcement of the Company dated 11 December 2013. Details of item 12 of the Connected Transactions are set out in the announcement of the Company dated 9 July 2014. The transaction amount and cap amount of the Connected Transactions for the year ended 31 December 2014 are as follows:

	Particulars of the continuing connected transactions	**Transaction amount for the year ended 31 December 2014** RMB'000 (approx.)	**Cap amount for the year ended 31 December 2014** RMB'000
(1)	Cartons Sale and Purchase Agreement between the Group and OCT Group	62,957	80,000
(2)	Property Management Agreement Between OCT Shanghai Land and OCT Property Service Shanghai Branch	2,981	9,000
(3)	Electrical and Mechanical Services Consultation Agreement between OCT Shanghai Land and OCT Electricity	525	1,500
(4)	Property Management Framework Agreement between Chengdu OCT and OCT Property Service Chengdu Branch	17,800	25,000
(5)	Electricity Consultation Services Agreement between Chengdu OCT and OCT Electricity Chengdu Branch	5,620	10,540
(6)	Theme Show Framework Agreement between Chengdu OCT and OCT International Media	500	9,000
(7)	Konka Framework Agreement between Chengdu OCT and Konka Group Chengdu Branch	365	1,620
(8)	Entertainment Facilities Framework Agreement between Chengdu OCT Happy Valley Branch and OCT Culture	–	26,000
(9)	Cooperation Agreement between Chengdu OCT Happy Valley Branch and OCT City Inn Chengdu Branch	981	1,500
(10)	Chengdu Tenancy I between Chengdu OCT and OCT City Inn Chengdu Shaxi Line Branch	1,700	1,700
(11)	Chengdu Tenancy II between Chengdu OCT and OCT Hake Chengdu Branch	1,011	2,000
(12)	Tenancy Agreement between OCT Entertainment and Shenzhen Huali	Annual ancillary miscellaneous charge: 0 Rental: 738	Annual ancillary miscellaneous charge: 400 Rental: 738

The Directors confirm that for the above Connected Transactions, the Company has complied with the disclosure, reporting and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above Connected Transactions and confirm:

(1) the above Connected Transactions are in the ordinary and usual course of business of the Company;

(2) the above Connected Transactions are on normal commercial terms, or if there are insufficient comparable transactions to judge whether the terms of those transactions are normal commercial terms, as far as the Company is concerned, the terms of the above transactions are no less favourable than those available to or from independent third parties (as the case may be); and

(3) the above Connected Transactions are entered into under the terms of the agreements in respect of the relevant transactions and the transaction terms are fair and reasonable and are in the interest of shareholders of the Company as a whole.

In addition, the Company's auditors have also confirmed in writing to the Board:

Nothing had come to their attention which caused them to believe that:

- the Connected Transactions had not received the approval of the Board;

- the Connected Transactions had not been entered into, in all material aspects, in accordance with the relevant agreements governing the transactions;

- the Connected Transactions had not been entered into, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group; and

- the transaction amount occurred in 2014 for each of the Connected Transactions had exceeded the maximum aggregate annual value as disclosed in the Company's announcements on 11 December 2013 and 9 July 2014.

The related party transactions are set out in note 33 to the financial statements of the Company. Apart from the connected transactions and continuing connected transactions disclosed above, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2014, OCT Group and its associates provided financial support to the Group and the interest and related expenses payable by the Group amounted to approximately RMB494 million in total. Such financial support constituted a connected transaction of the Company, but was exempted from complying with the requirements of reporting, announcement and approval from independent shareholders based on that the financial support provided to the Group by OCT Group and its associates and which benefited the Company was made on the normal commercial terms (or more favorable than that provided to the listing issuer) to provide loans to the Company and no asset of the Group was pledged as collateral for this financial support.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2014 are set out in note 24 to the financial statements.

Five Year Summary

A summary of the results and the assets and liabilities of the Company for the last five years is set out on pages 137 to 138 of this annual report.

Retirement Schemes

The Group participates in two defined contribution retirement schemes which cover the Group's full-time employees. Particulars of these retirement schemes are set out in note 25 to the financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent parties.

Auditor

KPMG has resigned as auditor of the Company with effect from 10 December 2012 as KPMG and the Company had not been able to reach an agreement in respect of the audit fee for the financial year ended 31 December 2012.

RSM Nelson Wheeler was first appointed as the auditor of the Company in 2012.

RSM Nelson Wheeler will retire and, being eligible, offer itself for reappointment. A resolution for the re-appointment of RSM Nelson Wheeler as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

Share Option Scheme

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme (the "New Scheme"). The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees (full-time and part-time), directors, consultants and advisers of the Group and to promote the business development of the Group. The New Scheme shall be valid and effective for a period of ten years ending on 14 February 2021, unless terminated earlier by shareholders of the Company at general meeting.

The participants of the New Scheme include any full-time or part-time employee, director, advisor and professional consultant of the Group or any member of the Group. The Directors may at their absolute discretion and on such terms as they may think fit, propose any eligible person under the New Scheme to take up options.

An offer for the grant of options must be accepted within 28 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

The subscription price of a share in respect of any particular option granted under the New Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under all the New Schemes and any other Share Option Scheme does not exceed 10% of the shares in issue at the date of approval of the New Scheme. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all options granted and yet to be exercised under all the New Schemes and any other Share Option Scheme of the Company does not exceed 30% of the shares in issue at the time.

The total number of options available for issue under the New Scheme as at 31 December 2014 was 20,436,000 options, which represented approximately 3.15% of all the issued share capital of the Company as at 31 December 2014. In addition, the total number of shares to be issued upon exercise of options already granted under the New Scheme as at 31 December 2014 was 29,700,000 Shares, representing approximately 4.57% of the issued share capital of the Company as at 31 December 2014. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

An option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

Pursuant to the terms of the New Scheme, the Company granted 30,100,000 options to some eligible participants (including some directors and employees) at the exercise price of HK$4.04 and grant price of HK$1 on 3 March 2011. Details of the options granted under the New Scheme above are set out in the announcement of the Company dated 3 March 2011.

The status of the share options granted as of 31 December 2014 is as follows:

	Number of unlisted share options (physically settled equity derivatives)									
Name and category of participants	As at 1 January 2014	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 31 December 2014	Date of grant of share options	Exercise period of share options	Exercise price of share options* HK$	Share price of the Company as at the date of grant of share options** HK$	Share price of the Company as at the date of exercise of share options*** HK$
Directors										
Zhou Ping	160,000	–	–	–	160,000	3 March 2011****	3 March 2011 to 2 March 2016	4.04	4.04	–
Other employees	29,540,000	–	–	–	29,540,000	3 March 2011****	3 March 2011 to 2 March 2016	4.04	4.04	–
Total	29,700,000	–	–	–	29,700,000					

* The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

*** The share price of the Company as at the date of the exercise of the share options was the weighted average closing price of the shares immediately before the dates on which the share options were exercised during the period.

**** The share options granted under the New Scheme shall be exercisable during the period from the date of acceptance of the offer of the grant (the "Date of Grant") up to 5 years from the Date of Grant subject to the following vesting term:

Maximum percentage of share options exercisable including the percentage of share options previously exercised	Period for exercise of the relevant percentage of the share options
30%	at any time after the expiry of 2 years from the Date of Grant up to 3 years from the Date of Grant
60%	at any time after the expiry of 3 years from the Date of Grant up to 4 years from the Date of Grant
100%	at any time after the expiry of 4 years from the Date of Grant up to 5 years from the Date of Grant

The details of the model and significant assumptions used to estimate the fair value of the share options granted by the Company to the eligible participants during the period are set out in note 26 to the financial statements of the Company.

Apart from the foregoing, at no time during the period prior to the date of this report was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 28 to the financial statements of the Company.

By order of the Board
Wang Xiaowen
Chairman
Hong Kong, 12 March 2015

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OVERSEAS CHINESE TOWN (ASIA) HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Overseas Chinese Town (Asia) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 136, which comprise the consolidated and Company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Independent Auditor's Report

Opinion

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

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

12 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Turnover	5(a)	3,796,572	4,058,517
Cost of sales		(2,550,308)	(2,578,885)
Gross profit		1,246,264	1,479,632
Other revenue	6(a)	55,687	20,374
Other net gains	6(b)	15,173	52,892
Distribution costs		(221,459)	(206,477)
Administrative expenses		(190,093)	(200,658)
Other operating expenses		(46,958)	(8,731)
Profit from operations		858,614	1,137,032
Finance costs	7(a)	(189,867)	(159,042)
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate		–	5,822
Gain on disposal of a subsidiary	29	335,785	–
Share of (losses)/profits of associates	17	(13,217)	18,316
Profit before tax	7	991,315	1,002,128
Income tax expense	8	(457,737)	(445,731)
Profit for the year		533,578	556,397
Attributable to:			
Owners of the Company		326,028	235,905
Non-controlling interests		207,550	320,492
		533,578	556,397
Earnings per share (RMB)	12		
Basic		0.49	0.41
Diluted		0.44	0.38

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Profit for the year	533,578	556,397
Other comprehensive income for the year, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(27,883)	25,104
Total comprehensive income for the year	505,695	581,501
Attributable to:		
Owners of the Company	298,145	261,009
Non-controlling interests	207,550	320,492
	505,695	581,501

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Fixed assets	13		
– Investment property		526,138	578,695
– Other property, plant and equipment		1,491,336	1,463,094
– Interests in leasehold land held for own use		657,756	661,382
		2,675,230	2,703,171
Intangible assets	14	684	486
Goodwill	15	223,476	267,195
Investments in associates	17	155,611	186,299
Other financial assets	18	4,320	4,320
Deferred tax assets	27(a)	122,047	114,579
		3,181,368	3,276,050
Current assets			
Inventories	19	13,699,310	14,565,322
Trade and other receivables	20	1,213,414	1,549,176
Cash and cash equivalents	21	3,763,918	1,711,357
		18,676,642	17,825,855
Current liabilities			
Trade and other payables	22	2,365,622	3,051,770
Receipts in advance	23	720,281	817,112
Bank loans	24	477,835	208,699
Related party loans	24	1,301,393	671,000
Current tax liabilities		644,725	778,130
		5,509,856	5,526,711
Net current assets		13,166,786	12,299,144
Total assets less current liabilities		16,348,154	15,575,194

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Bank loans	24	**3,044,400**	952,481
Related party loans	24	**6,661,154**	8,238,876
Deferred tax liabilities	27(a)	**258,937**	273,542
		9,964,491	9,464,899
NET ASSETS		**6,383,663**	6,110,295
CAPITAL AND RESERVES			
Share capital	28(c)	**67,134**	67,134
Reserves	28(d)	**2,930,923**	2,676,384
Equity attributable to owners of the Company		**2,998,057**	2,743,518
Non-controlling interests		**3,385,606**	3,366,777
TOTAL EQUITY		**6,383,663**	6,110,295

Approved and authorised for issue by the Board of Directors on 12 March 2015

Wang Xiaowen
Director

Xie Mei
Director

Statement of Financial Position

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Fixed assets	13	56	56
Investments in subsidiaries	16	417,332	413,720
		417,388	413,776
Current assets			
Other receivables	20	4,555,948	3,766,146
Cash and cash equivalents	21	528,174	144,726
		5,084,122	3,910,872
Current liabilities			
Other payables	22	265,302	267,894
Bank loans	24	329,484	205,554
		594,786	473,448
Net current assets		4,489,336	3,437,424
Total assets less current liabilities		4,906,724	3,851,200
Non-current liabilities			
Bank loans	24	2,044,401	952,481
Related party loans	24	900,000	1,017,930
		2,944,401	1,970,411
NET ASSETS		1,962,323	1,880,789
CAPITAL AND RESERVES			
Share capital	28(c)	67,134	67,134
Reserves	28(a)	1,895,189	1,813,655
TOTAL EQUITY		1,962,323	1,880,789

Approved and authorised for issue by the Board of Directors on 12 March 2015

Wang Xiaowen
Director

Xie Mei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

		Attributable to owners of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		(note 28(c))	(note 28(d)(i))	(note 28(d)(i))	(note 28(d)(ii))	(note 28(d)(iii))	(note 28(d)(iv))	(note 28(d)(v))	(note 28(d)(vi))				
At 1 January 2013		48,332	989,317	147,711	24,757	41,146	8,629	102,754	5,366	381,555	1,749,567	3,080,507	4,830,074
Total comprehensive income for the year		–	–	–	–	–	25,104	–	–	235,905	261,009	320,492	581,501
Transfer between reserves		–	–	–	–	–	–	73,429	–	(73,429)	–	–	–
Issue of convertible preference shares	28(c)	7,648	299,007	–	–	–	–	–	–	–	306,655	–	306,655
Issue of ordinary shares	28(c)	11,154	439,793	–	–	–	–	–	–	–	450,947	–	450,947
Transfer		–	(240,000)	–	–	–	–	–	–	240,000	–	–	–
Equity settled share-based transactions	26	–	–	–	–	7,828	–	–	–	–	7,828	–	7,828
Dividend approved and paid in respect of previous year	28(b)	–	–	–	–	–	–	–	–	(32,488)	(32,488)	(34,222)	(66,710)
Changes in equity for the year		18,802	498,800	–	–	7,828	25,104	73,429	–	369,988	993,951	286,270	1,280,221
At 31 December 2013		67,134	1,488,117	147,711	24,757	48,974	33,733	176,183	5,366	751,543	2,743,518	3,366,777	6,110,295
At 1 January 2014		67,134	1,488,117	147,711	24,757	48,974	33,733	176,183	5,366	751,543	2,743,518	3,366,777	6,110,295
Total comprehensive income for the year		–	–	–	–	–	(27,883)	–	–	326,028	298,145	207,550	505,695
Transfer between reserves		–	–	–	–	–	–	59,410	–	(59,410)	–	–	–
Transfer		–	(1,460,000)	–	–	–	–	–	–	1,460,000	–	–	–
Equity settled share-based transactions	26	–	–	–	–	4,380	–	–	–	–	4,380	–	4,380
Dividend approved and paid in respect of previous year	28(b)	–	–	–	–	–	–	–	–	(47,986)	(47,986)	(188,721)	(236,707)
Changes in equity for the year		–	(1,460,000)	–	–	4,380	(27,883)	59,410	–	1,678,632	254,539	18,829	273,368
At 31 December 2014		67,134	28,117	147,711	24,757	53,354	5,850	235,593	5,366	2,430,175	2,998,057	3,385,606	6,383,663

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	1,237,394	1,021,385
Tax paid:			
– PRC tax paid		(613,215)	(221,441)
Interest paid		(571,952)	(563,597)
Net cash generated from operating activities		52,227	236,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of fixed assets and intangible assets		(204,076)	(303,910)
Proceeds from disposals of fixed assets		2,702	71,933
Disposal of a subsidiary	29	1,001,842	–
Capital injection in an associate		–	(41,540)
Dividends received from unlisted equity investments		669	–
Interest received		50,061	20,108
Net cash generated from/(used in) investing activities		851,198	(253,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of shares		–	757,602
Proceeds from new borrowings		3,241,551	3,584,180
Dividends paid to owners of the Company		(47,986)	(32,488)
Dividends paid to non-controlling interests		(188,721)	(34,222)
Repayment of borrowings		(1,830,765)	(4,029,319)
Net cash generated from financing activities		1,174,079	245,753
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,077,504	228,691
Effect of foreign exchange rate changes		(24,943)	(43,195)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,711,357	1,525,861
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	21	3,763,918	1,711,357

Notes to the Financial Statements
For the year ended 31 December 2014

1. GENERAL INFORMATION

Overseas Chinese Town (Asia) Holdings Limited ("the Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Clifton House, PO Box 1350 GT, 75 Fort Street, Grand Cayman, Cayman Islands. The address of its principal place of business is Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 16 to the financial statements.

In the opinion of the directors of the Company, as at 31 December 2014, Pacific Climax Limited, a company incorporated in the British Virgin Islands, is the immediate parent; Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd"), a company incorporated in the People's Republic of China (the "PRC") which shares listed on the Shenzhen Stock Exchange and Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong, are the intermediate parents and Overseas Chinese Town Enterprises Corporation ("OCT Group"), a state-owned enterprise incorporated in the PRC, is the ultimate parent of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

(a) Application of new and revised HKFRSs

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

Amendment to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(continued)*

(a) Application of new and revised HKFRSs *(continued)*

Amendments to HKFRS 2 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment clarifies the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition". The amendment is applicable prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014 and had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 3 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment, applicable prospectively to business combinations for which the acquisition date is on or after 1 July 2014, requires any contingent consideration that is classified as an asset or a liability (i.e. non-equity) to be measured at fair value at each reporting date with changes in fair value recognised in profit or loss. It had no effect on the Group's consolidated financial statements.

Amendments to HKFRS 13 (Annual Improvements to HKFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group has assessed, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

(c) New Hong Kong Companies Ordinance

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

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable 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. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

These consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any related accumulated exchange reserve relating to that subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Consolidation *(continued)*

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combination and goodwill *(continued)*

The non-controlling interests in the subsidiary are initially measured either at fair value or at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date. The choice of measurement basis is made on a transaction-by-transaction basis.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates *(continued)*

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation *(continued)*

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities and of borrowings are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Fixed assets

Fixed assets including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Fixed assets *(continued)*

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	20 years
Plant and machinery	5 to 10 years
Motor vehicles	4 to 5 years
Other property, plant and equipment	3 to 5 years
Interests in leasehold land held for own use	The shorter of the lease terms and 50 years

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

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life ranging from 25 years to 38 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Intangible assets *(continued)*

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	5 years
Copyright	2 years

Both the period and method of amortisation are reviewed annually.

(h) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(i) Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition. On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(j) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to sale proceeds received after the reporting period less selling expenses, or by estimates based on prevailing market condition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(m) Investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and other receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments *(continued)*

Available-for-sale financial assets *(continued)*

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale financial assets are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale financial assets are subsequently reversed and recognised in profit or loss if an increase in the fair value of the instruments can be objectively related to an event occurring after the recognition of the impairment loss.

(n) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(ii) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenue arising from the sale of properties held for sale is recognised upon the later of the signing of the sale and purchase agreement and the completion of the properties which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under forward sales deposits and instalments received.

Revenue from the sales of tickets of theme park is recognised when the services are rendered and the ticket proceeds have been received. Revenue from the sales of tickets excludes business tax or other sales related tax and is after deduction of any discounts.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Revenue recognition *(continued)*

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

(r) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Taxation *(continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (A).

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

(y) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets – except goodwill, deferred tax assets, investments, inventories and receivables, of which the impairment policies are set out in notes 3(b), 3(v), 3(m), 3(i) to 3(k) and 3(n) respectively – to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Impairment of assets *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. KEY ESTIMATES

Key sources of estimation uncertainty

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

(i) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 December 2014, the impairment loss for bad and doubtful debts amounted to RMB10,368,000 (2013: RMB9,100,000).

(ii) Impairment loss for fixed assets

The Group makes impairment provision for fixed assets taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates. Uncertainty exists in these estimations.

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(iii) Provision for completed properties held for sale and properties held for future development and under development for sale

The Group's completed properties held for sale and properties held for future development and under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for completed properties held for sale and properties held for future development and under development for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

4. KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax asset to be recognised and hence the net profit in future years.

(v) PRC Corporate Income Tax ("CIT") and PRC LAT

As explained in note 8(a), the Group is subject to PRC CIT and PRC LAT under audited taxation method. Significant judgement is required in determining the level of provision, as the calculations of which depend on the ultimate tax determination and are subject to uncertainty. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

(vi) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was RMB223,476,000 after an impairment loss of RMB43,719,000 was recognised during 2014. Details of the impairment loss calculation are provided in note 15 to the consolidated financial statements.

(vii) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on gross floor area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

5. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are comprehensive development and paper packaging business.

Turnover represents the sales value of goods or services supplied to customers (net of value-added tax and business tax), including the sales of properties, rental income from investment properties, ticket sales from theme park and sales of paper cartons and products are as follows:

	2014 RMB'000	2013 RMB'000
Comprehensive development business	**2,948,376**	3,278,978
Paper packaging business	**848,196**	779,539
	3,796,572	4,058,517

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenues in 2014.

Further details regarding the Group's principal activities are disclosed in note 5(b) to the financial statements.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products 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 the following two reportable segments.

- Comprehensive development business: this segment engaged in the development and operation of tourism theme park, developed and sold residential properties, and development and management of properties.
- Paper packaging business: this segment engaged in the manufacture and sale of paper cartons and products.

(i) 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:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and borrowings managed directly by the segments.

5. TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "net profit". Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Expenses not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs, were allocated to each individual segment in proportion to its turnover.

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 years ended 31 December 2014 and 2013 is set out below.

	Comprehensive development business		Paper packaging business		Total	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Revenue from external customers	2,948,376	3,278,978	848,196	779,539	3,796,572	4,058,517
Reportable segment net profit	307,594	220,520	18,434	15,385	326,028	235,905
Interest income	44,118	16,204	5,943	3,904	50,061	20,108
Interest expense	184,258	154,121	5,609	4,921	189,867	159,042
Depreciation and amortisation for the year	138,770	146,579	28,941	36,728	167,711	183,307
Share of (losses)/profits of associates	(13,217)	18,316	–	–	(13,217)	18,316
Income tax expense	451,026	443,916	6,711	1,815	457,737	445,731
Addition to segment non-current assets during the year	168,849	300,070	35,227	3,840	204,076	303,910
Reportable segment assets	19,769,285	19,051,328	2,088,725	2,050,577	21,858,010	21,101,905
Reportable segment liabilities	13,889,138	13,437,036	1,585,209	1,554,574	15,474,347	14,991,610
Investments in associates	155,611	186,299	–	–	155,611	186,299

5. TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

	2014 RMB'000	2013 RMB'000
Revenue		
Reportable segment revenue	3,796,572	4,058,517
Elimination of inter segment revenue	–	–
Consolidated turnover	3,796,572	4,058,517
Profit		
Reportable segment profit	326,028	235,905
Elimination of inter segment profits	–	–
Reportable segment profit derived from Group's external customers	326,028	235,905
Consolidated net profit	326,028	235,905
Assets		
Reportable segment assets	21,858,010	21,101,905
Consolidated total assets	21,858,010	21,101,905
Liabilities		
Reportable segment liabilities	15,474,347	14,991,610
Consolidated total liabilities	15,474,347	14,991,610

(iii) Geographical information:

As at 31 December 2014, the Group's revenue from external customers and its non-current assets are located in the PRC (2013: the PRC).

6. OTHER REVENUE AND NET GAINS

(a) Other revenue

	2014 RMB'000	2013 RMB'000
Interest income on:		
Bank deposits	16,128	20,108
Amount due from an associate	33,933	–
Total interest income for financial assets that are not at fair value through profit or loss	50,061	20,108
Dividend income from unlisted equity investments	669	–
Government grants	124	266
Forfeiture income on receipts in advance on pre-sale of properties	4,833	–
	55,687	20,374

6. OTHER REVENUE AND NET GAINS *(continued)*

(b) Other net gains

	2014 RMB'000	2013 RMB'000
Net gain on disposal of fixed assets	432	259
Net exchange gain	13,893	52,415
Others	848	218
	15,173	52,892

7. PROFIT BEFORE TAX

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

	2014 RMB'000	2013 RMB'000
(a) Finance costs:		
Interest on bank and other loans	78,133	45,260
Interest on related party loans	493,819	518,337
Total borrowing costs wholly repayable within five years	571,952	563,597
Amount capitalised*	(382,085)	(404,555)
	189,867	159,042

* The weighted average capitalisation rate of funds borrowed generally is at a rate of 6.04% per annum (2013: 5.24% per annum).

	2014 RMB'000	2013 RMB'000
(b) Staff costs:		
Contributions to defined contribution retirement schemes *(note 25)*	11,924	13,497
Salaries, wages and other benefits	227,984	204,864
Equity-settled share-based payment expenses *(note 26)*	4,380	7,828
	244,288	226,189

7. PROFIT BEFORE TAX *(continued)*

(c) Other items:

	2014 RMB'000	2013 RMB'000
Amortisation of intangible assets#	**192**	226
Depreciation#		
– investment property	**23,685**	28,552
– interests in leasehold land held for own use	**20,289**	20,079
– other assets	**123,545**	134,450
Impairment losses		
– goodwill	**43,719**	–
– trade and other receivables	**1,858**	2,005
Loss on write-off of fixed assets	**32,966**	–
Operating lease charges in respect of properties#	**22,381**	29,632
Net exchange gain	**(13,893)**	(52,415)
Auditors' remuneration		
– audit services	**1,300**	1,200
– other services	**320**	–
Rentals receivable from investment properties less direct outgoings of RMB26,457,000 (2013: RMB25,432,000)	**(23,019)**	(14,713)
Cost of inventories *(note 19(c))*#	**2,527,802**	2,265,151
Reversal of allowance for trade and other receivables	**(590)**	(824)

\# Cost of inventories included RMB235,447,000 (2013: RMB254,052,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above.

8. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	2014 RMB'000	2013 RMB'000
Current tax		
– PRC CIT		
Charge for the year	240,380	287,788
Overprovision in previous year	(31,540)	(29,719)
	208,840	258,069
– PRC LAT	270,970	226,123
	479,810	484,192
Deferred tax		
Origination and reversal of temporary differences *(note 27(a))*	(22,073)	(38,461)
	(22,073)	(38,461)
	457,737	445,731

(i) CIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year (2013: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year (2013: Nil).

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (2013: 25%).

Additionally, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards.

(ii) PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated.

8. INCOME TAX EXPENSE *(continued)*

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2014 RMB'000	2013 RMB'000
Profit before tax	991,315	1,002,128
Tax at the PRC CIT rate of 25%	247,829	250,532
Tax effect of non-deductible expenses	64,525	48,409
Tax effect of non-taxable income	(57,200)	(24,878)
Tax effect of prior year's unrecognised tax losses utilised	–	(5)
Over provision in previous year	(31,540)	(29,719)
Temporary difference not included in deferred tax assets	30,896	31,800
PRC LAT	270,970	226,123
Tax effect of PRC LAT	(67,743)	(56,531)
Income tax expense	457,737	445,731

9. DIRECTORS' REMUNERATION

The emoluments of each director were as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement schemes contributions RMB'000	Equity-settled share-based payments RMB'000	2014 Total RMB'000
Chairman:						
– Wang Xiaowen	–	–	–	–	–	–
Executive directors:						
– Xie Mei	–	391	456	73	–	920
– Yang Jie	–	–	–	–	–	–
Non-executive director:						
– Zhou Ping	–	–	–	–	–	–
Independent non-executive directors:						
– Wong Wai Ling	119	–	–	–	–	119
– Lam Sing Kwong Simon	119	–	–	–	–	119
– Lu Gong	143	–	–	–	–	143
	381	391	456	73	–	1,301

9. DIRECTORS' REMUNERATION *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement schemes contributions RMB'000	Equity-settled share-based payments RMB'000	2013 Total RMB'000
Chairman:						
– Wang Xiaowen	–	–	–	–	–	–
Executive directors:						
– Xie Mei	–	391	266	66	–	723
– Yang Jie	–	–	–	–	–	–
Non-executive director:						
– He Haibin (resigned on 19 April 2013)	–	–	–	–	23	23
– Zhang Haidong (appointed on 19 April 2013 and resigned on 11 December 2013)	–	–	–	–	–	–
– Zhou Ping (appointed on 11 December 2013)	–	–	–	–	–	–
Independent non-executive directors:						
– Wong Wai Ling	113	–	–	–	–	113
– Lam Sing Kwong Simon	113	–	–	–	–	113
– Xu Jian (resigned on 19 April 2013)	33	–	–	–	–	33
– Lu Gong (appointed on 19 April 2013)	100	–	–	–	–	100
	359	391	266	66	23	1,105

Neither the chief executive nor any of the directors waived any emoluments during the year (2013: RMB Nil).

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group during the year included one (2013: Nil) director whose emolument is reflected in the analysis presented in note 9 to the financial statements above. The emoluments of the five highest paid individuals are set out below:

	2014 RMB'000	2013 RMB'000
Salaries and other emoluments	1,613	1,499
Discretionary bonuses	4,292	4,004
Retirement schemes contributions	470	342
Equity-settled share-based payment expenses	37	65
	6,412	5,910

The emoluments fell within the following bands:

	2014 Number of individuals	2013 Number of individuals
HK$1,000,001 – HK$1,500,000 (RMB792,401 – RMB1,188,600)	2	4
HK$1,500,001 – HK$2,000,000 (RMB1,188,601 – RMB1,584,800)	3	1

During the year, no emoluments (2013: RMB Nil) were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit for the year attributable to owners of the Company includes a profit of approximately RMB125,140,000 (2013: loss of approximately RMB145,005,000) which has been dealt with in the financial statements of the Company.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2014 RMB'000	2013 RMB'000
Earnings		
Earnings attributable to ordinary equity holders for the purpose of calculating basic earnings per share	319,233	235,905
Preference share dividends saving on conversion of convertible preference shares	6,795	–
Earnings attributable to ordinary equity holders for the purpose of calculating diluted earnings per share	326,028	235,905

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	649,790,000	570,776,301
Effect of dilutive potential ordinary shares arising from convertible preference shares	96,000,000	42,345,205
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	745,790,000	613,121,506

There was no dilutive potential ordinary shares for the Company's share options (2013: Nil) during the year.

13. FIXED ASSETS

(a) The Group

	Buildings RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Motor vehicles RMB'000	Other property, plant and equipment RMB'000	Sub-total RMB'000	Investment property RMB'000	Interests in leasehold land held for own use RMB'000	Total fixed assets RMB'000
Cost:									
At 1 January 2013	869,668	640,890	111,433	33,083	160,843	1,815,917	686,242	758,679	3,260,838
Exchange adjustment	–	(4)	–	–	–	(4)	–	–	(4)
Additions	104	1,103	286,378	5,674	1,559	294,818	8,790	–	303,608
Transfer from construction in progress	113,922	101,800	(249,456)	–	–	(33,734)	33,734	–	–
Transfer from leasehold land	–	–	26,976	–	–	26,976	–	(26,976)	–
Disposals	–	(515)	–	(1,326)	(1,040)	(2,881)	(79,501)	–	(82,382)
At 31 December 2013 and 1 January 2014	983,694	743,274	175,331	37,431	161,362	2,101,092	649,265	731,703	3,482,060
Exchange adjustment	–	(3)	–	–	–	(3)	–	–	(3)
Additions	73,120	3,199	104,479	2,544	3,681	187,023	–	16,663	203,686
Write off	–	–	(32,966)	–	–	(32,966)	–	–	(32,966)
Transfer from other property, plant and equipment	–	2,558	–	–	(2,558)	–	–	–	–
Disposals	–	(5,029)	–	(1,715)	(1,250)	(7,994)	–	–	(7,994)
Transfer to inventories	–	–	–	–	–	–	(30,278)	–	(30,278)
At 31 December 2014	1,056,814	743,999	246,844	38,260	161,235	2,247,152	618,987	748,366	3,614,505
Accumulated depreciation and impairment loss:									
At 1 January 2013	115,866	291,435	–	22,172	73,711	503,184	50,168	53,166	606,518
Exchange adjustment	–	(2)	–	–	–	(2)	–	–	(2)
Charge for the year	39,798	66,620	–	3,800	24,232	134,450	28,552	20,079	183,081
Written back on disposal	–	(252)	–	(1,317)	(989)	(2,558)	(8,150)	–	(10,708)
Transfer from leasehold land	–	–	2,924	–	–	2,924	–	(2,924)	–
At 31 December 2013 and 1 January 2014	155,664	357,801	2,924	24,655	96,954	637,998	70,570	70,321	778,889
Exchange adjustment	–	(3)	–	–	–	(3)	–	–	(3)
Charge for the year	42,841	62,701	–	4,132	13,871	123,545	23,685	20,289	167,519
Written back on disposal	(28)	(3,151)	–	(1,589)	(956)	(5,724)	–	–	(5,724)
Transfer from plant and machinery	–	(155)	–	138	17	–	–	–	–
Transfer to inventories	–	–	–	–	–	–	(1,406)	–	(1,406)
At 31 December 2014	198,477	417,193	2,924	27,336	109,886	755,816	92,849	90,610	939,275
Carrying amount:									
At 31 December 2014	858,337	326,806	243,920	10,924	51,349	1,491,336	526,138	657,756	2,675,230
At 31 December 2013	828,030	385,473	172,407	12,776	64,408	1,463,094	578,695	661,382	2,703,171

13. FIXED ASSETS *(continued)*

(b) The Company

	Other property, plant and equipment RMB'000
Cost:	
At 1 January 2013	139
Exchange adjustment	(5)
At 31 December 2013 and 1 January 2014	134
Additions	43
Disposals	(4)
Exchange adjustment	(3)
At 31 December 2014	170
Accumulated depreciation:	
At 1 January 2013	47
Charge for the year	33
Exchange adjustment	(2)
At 31 December 2013 and 1 January 2014	78
Charge for the year	39
Written back on disposal	(1)
Exchange adjustment	(2)
At 31 December 2014	114
Carrying amount:	
At 31 December 2014	56
At 31 December 2013	56

(c) The analysis of carrying amount of properties is as follows:

	2014 RMB'000	2013 RMB'000
In PRC		
– medium-term leases	1,516,093	1,489,412
Representing:		
Buildings carried at cost	858,337	828,030
Interests in leasehold land held for own use	657,756	661,382
At 31 December	1,516,093	1,489,412

(d) According to the State-owned Land Use Right Grant Contract, leasehold land with carrying amount of RMB580,806,000 (2013: RMB599,148,000) located in the PRC of Chengdu Tianfu OCT Industry Development Company Limited ("Chengdu OCT") as at 31 December 2014 is non-transferable.

13. FIXED ASSETS *(continued)*

(e) Investment property

The Group leases out investment property. The leases typically run for an initial period of 1 to 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. In respect of most of the lessees entered or would enter into a new lease for the same or an equivalent asset with the Group, the directors of the Company are of the opinion that operating lease contracts under investment properties are cancellable, and no future minimum lease payments under non-cancellable operating leases were disclosed.

14. INTANGIBLE ASSETS

	The Group Software and copyright RMB'000
Cost:	
At 1 January 2013	568
Additions	302
At 31 December 2013 and 1 January 2014	870
Additions	390
At 31 December 2014	1,260
Accumulated amortisation:	
At 1 January 2013	158
Charge for the year	226
At 31 December 2013 and 1 January 2014	384
Charge for the year	192
At 31 December 2014	576
Carrying amount:	
At 31 December 2014	684
At 31 December 2013	486

15. GOODWILL

	The Group RMB'000
Cost:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	267,195
Accumulated impairment losses:	
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Impairment losses recognised for the year	43,719
At 31 December 2014	43,719
Carrying amount:	
At 31 December 2014	223,476
At 31 December 2013	267,195

Impairment test for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the operating segment as follows:

	Note	2014 RMB'000	2013 RMB'000
Paper packaging business			
Shanghai	(i)	1,012	1,012
Shenzhen and Huizhou	(i)	23,925	23,925
Comprehensive development business			
Chengdu	(ii)	197,969	241,688
Shanghai	(iii)	570	570
		223,476	267,195

(i) Shanghai, Shenzhen and Huizhou

The goodwill is mainly attributable to the skills and technical talent of Shanghai, Shenzhen and Huizhou work force, and the synergies expected to be achieved from integrating the companies into the Group's existing paper packaging business.

15. GOODWILL *(continued)*

Impairment test for cash-generating units containing goodwill *(continued)*

(ii) Chengdu

The goodwill is mainly attributable to the opportunities for increasing returns as the Chengdu OCT projects benefit from the rise in urban disposable income and tourism numbers in the Chengdu area, skills and technical talent of Chengdu OCT's work force, and the synergies expected to be achieved from integrating Chengdu OCT into the Group.

(iii) Shanghai

The goodwill is mainly attributable to the opportunities for increasing returns as 華僑城(上海)置地有限公司 (Overseas Chinese Town (Shanghai) Land Company Limited) ("OCT Shanghai Land") projects benefit from the rise in urban disposable income and tourism numbers in the Shanghai area, skills and technical talent of OCT Shanghai Land's work force, and the synergies expected to be achieved from integrating OCT Shanghai Land into the Group.

The recoverable amounts of the CGUs above are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the period are extrapolated using an estimated weighted average growth rate, which and the discount rates are presented as below. The estimated weighted average growth rate is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the businesses in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

	Discount rate		Terminal value growth rate	
	2014 %	2013 %	**2014 %**	2013 %
Paper packaging business				
Shanghai, Shenzhen and Huizhou	**10.00**	10.00	**5.00**	5.00
Comprehensive development business				
Chengdu	**12.00**	13.54	**5.00**	5.00
Shanghai	**10.00**	10.00	**5.00**	5.00

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014	2013
	RMB'000	RMB'000
Unlisted investments, at cost	**417,332**	413,720

Particulars of the subsidiaries as at 31 December 2014 are as follows:

Name of company	Place of incorporation/ establishment and operation	Particular of paid-up and issued capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
深圳華力包裝貿易有限公司 (Shenzhen Huali Packing & Trading. Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$180,000,000	–	100%	Manufacture and sale of paper boxes and products
上海華勵包裝有限公司 (Shanghai Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of RMB125,000,000	–	100%	Manufacture and sale of paper boxes and products
中山華力包裝有限公司 (Zhongshan Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$88,000,000	–	100%	Manufacture and sale of paper boxes and products
中山華勵包裝有限公司 (Zhongshan Huali Packing Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$48,000,000	–	100%	Manufacture and sale of paper boxes and products
安徽華力包裝有限公司 (Anhui Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$40,000,000	–	100%	Manufacture and sale of paper boxes and products
深圳華友投資有限公司 (Shenzhen Huayou Investment Co., Ltd.") *(note (ii) &(iv))*	PRC	Paid-up capital of RMB3,000,000	–	100%	Manufacture and sale of paper boxes and products
惠州華力包裝有限公司 (Huizhou Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$168,000,000	–	100%	Manufacture and sale of paper boxes and products
華勵包裝(惠州)有限公司 (Huali Packaging (Huizhou) Co., Ltd.) *(note (i))*	PRC	Paid-up capital of HK$68,000,000	–	100%	Manufacture and sale of paper boxes and products

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of paid-up and issued capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
Max Surplus Limited	British Virgin Islands ("BVI")	1 share of US$1 each	100%	–	Investment holding
Forever Galaxies Limited	BVI	1 share of US$1 each	100%	–	Investment holding
Fortune Crown International Limited	BVI	1 share of US$1 each	–	100%	Investment holding
Miracle Stone Development Limited	BVI	1 share of US$1 each	–	100%	Investment holding
Grand Signal Limited	BVI	1 share of US$1 each	–	100%	Investment holding
Huali Holdings Company Limited	Hong Kong	1,000,000 shares	–	100%	Trading
OCT Investments Limited	BVI	100 shares of US$1 each	100%	–	Investment holding
Power Shiny Development Limited	Hong Kong	1 share	–	100%	Investment holding
Bantix International Limited	Hong Kong	1 share	–	100%	Investment holding
Wantex Investment Limited	Hong Kong	1 share	–	100%	Investment holding
Barwin Development Limited	Hong Kong	1 share	–	100%	Investment holding
Capital Converge Holdings Limited *(note (v))*	BVI	1 share of US$1 each	100%	–	Investment holding
Honour Ray Limited *(note (v))*	Hong Kong	1 share	–	100%	Investment holding
Excel Founder Limited ("Excel Founder")	Hong Kong	1 share	–	100%	Investment holding
Hanmax Investment Limited	Hong Kong	100 shares	–	100%	Investment holding
Great Tec Investment Limited ("Great Tec")	Hong Kong	1 share	–	100%	Investment holding
Verdant Forever Limited	BVI	1 share of US$1 each	100%	–	Investment holding
Regal China Enterprises Limited	Hong Kong	1 share	–	100%	Investment holding

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of paid-up and issued capital	Percentage of ownership interest Direct	Indirect	Principal activities
成都天府華僑城萬匯商城管理有限公司 (Chengdu Tianfu OCT Wanhui Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城公園廣場管理有限公司 (Chengdu Tianfu OCT Park Plaza Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城創展商業管理有限公司 (Chengdu Tianfu OCT Chuangzhan Business District Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城商業廣場區管理有限公司 (Chengdu Tianfu OCT Commercial Plaza Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城大劇院管理有限公司 (Chengdu Tianfu OCT Theater Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Venue rental, management of entertainment project
成都天府華僑城湖濱商業管理有限公司 (Chengdu Tianfu OCT Lakeside Business Management Co. Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城純水岸商業管理有限公司 (Chengdu Tianfu OCT Riverside Business Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城都市娛樂有限公司 (Chengdu Tianfu OCT Urban Entertainment Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Consulting and management of entertainment project
成都天府華僑城酒店管理有限公司 (Chengdu Tianfu OCT Hotel Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	–	51%	Hotel management of entertainment project

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of paid-up and issued capital	Percentage of ownership interest		Principal activities
			Direct	Indirect	
Chengdu OCT *(note (iv))*	PRC	Paid-up capital of RMB612,000,000	–	51%	Tourism and real estate development
深圳市華京投資有限公司 (Shenzhen Huajing Investment Limited) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB1,000,000	–	100%	Investment holding and real estate development
OCT Shanghai Land *(note (iv))*	PRC	Paid-up capital of RMB3,030,000,000	–	50.5%	Real estate development
蘇州華力環保包裝科技有限公司 (Suzhou Huali Environmental Packaging Technology Co., Ltd") *(note (i) & (ii))*	PRC	Paid-up capital of US$8,342,476	–	100%	Not yet commence business
重慶華僑城置地有限公司 (Chongqing OCT Real Estate Limited) *(note (i), (ii) & (v))*	PRC	Paid-up capital of US$80,500,000	–	100%	Not yet commence business

Notes:

(i) These companies are wholly foreign-owned enterprises established in the PRC.

(ii) The English translation of the above subsidiaries' names is for reference only. The official name of these companies is in Chinese.

(iii) These companies are limited companies established in the PRC.

(iv) The company is a sino-foreign joint venture with limited liability established in the PRC.

(v) These companies were incorporated as wholly owned subsidiaries during the year.

16. INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table shows information on the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Chengdu OCT		OCT Shanghai Land	
	2014	2013	**2014**	2013
Principal place of business	PRC		PRC	
% of ownership interests/voting rights held by NCI	**49%/49%**	49%/49%	**49.5%/49.5%**	49.5%/49.5%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**2,520,021**	2,543,353	**5,643**	6,522
Current assets	**2,749,288**	2,404,279	**11,890,735**	11,382,401
Non-current liabilities	**(800,000)**	(300,000)	**(5,780,700)**	(5,209,700)
Current liabilities	**(2,614,334)**	(2,867,853)	**(1,778,380)**	(1,852,001)
Net assets	**1,854,975**	1,779,779	**4,337,298**	4,327,222
Accumulated NCI	**913,144**	887,062	**2,472,462**	2,479,715
Year ended 31 December:				
Revenue	**1,896,890**	1,604,273	**1,051,486**	1,674,705
Profit	**313,754**	269,177	**151,605**	437,967
Total comprehensive income	**313,754**	269,177	**151,605**	437,967
Profit allocated to NCI	**144,746**	126,118	**62,804**	194,374
Dividends paid to NCI	**118,664**	32,193	**70,057**	–
Net cash (used in)/generated from operating activities	**(103,199)**	755,807	**(300,483)**	852,541
Net cash used in investing activities	**(186,806)**	(154,010)	**(254)**	(1,547)
Net cash generated from/(used in) financing activities	**234,922**	(309,605)	**230,396**	(907,143)
Net (decrease)/increase in cash and cash equivalents	**(55,083)**	292,192	**(70,341)**	(56,149)

As at 31 December 2014, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to RMB1,954,033,000 (2013: RMB1,519,579,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

17. INVESTMENTS IN ASSOCIATES

	The Group	
	2014 RMB'000	2013 RMB'000
Unlisted investments, share of net assets	155,611	186,299

Details of the Group's associates at 31 December 2014 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest Direct	Percentage of ownership interest Indirect	Principal activities
西安華僑城實業有限公司 (Xi'an OCT Investment Ltd.) ("Xi'an OCT")	Incorporated	PRC	RMB200,000,000	–	25%	Property investment and property development for sale or lease
北京廣盈房地產開發有限公司 (Beijing Guangying Residential Property Development Limited) ("Beijing Guangying")	Incorporated	PRC	RMB15,151,600	–	33%	Property management, interior design and construction, property development, leasing of commercial premises and project investment

The following table shows information on the associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

17. INVESTMENTS IN ASSOCIATES *(continued)*

Name	Xi'an OCT		Beijing Guangying	
	2014	2013	**2014**	2013
Principal place of business	PRC		PRC	
Principal activities	Property investment and property development for sale or lease		Property management, interior design and construction, property development, leasing of commercial premises and project investment	
% of ownership interests/voting rights held by the Group	25%/25%		33%/33%	
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**13,670**	17,132	**770**	264
Current assets	**1,129,471**	1,291,876	**4,747,483**	3,262,714
Non-current liabilities	**–**	–	**(30,460)**	(30,460)
Current liabilities	**(601,880)**	(720,771)	**(4,656,289)**	(3,113,610)
Net assets	**541,261**	588,237	**61,504**	118,908
Group's share of net assets	**135,315**	147,059	**20,296**	39,240
Group's share of carrying amount of interests	**135,315**	147,059	**20,296**	39,240
Year ended 31 December:				
Revenue	**203,136**	524,115	**–**	–
Profit/(loss)	**22,904**	105,752	**(57,406)**	(24,613)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**22,904**	105,752	**(57,406)**	(24,613)
Dividends received from associates	**17,471**	–	**–**	–
Group's share of profit/(loss)	**5,727**	26,438	**(18,944)**	(8,122)

As at 31 December 2014, the bank and cash balances of the Group' associates in the PRC denominated in RMB amounted to RMB1,043,959,000 (2013: RMB436,929,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

18. OTHER FINANCIAL ASSETS

	The Group	
	2014	2013
	RMB'000	RMB'000
Unlisted equity securities, at cost		
– in the PRC	**4,320**	4,320

Unlisted equity securities was stated at cost as they do not have a quoted market price in active market and whose fair value cannot be reliably measured was at the end of each reporting period.

19. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group	
	2014	2013
	RMB'000	RMB'000
Paper packaging business		
Raw materials	**51,220**	63,930
Work-in-progress	**3,134**	1,543
Finished goods	**16,646**	19,043
	71,000	84,516
Comprehensive development business		
Properties held for future development and under development for sale	**6,760,876**	13,893,980
Completed properties held for sale	**6,867,434**	586,571
Comprehensive development business	**–**	255
	13,628,310	14,480,806
	13,699,310	14,565,322

(b) The analysis of carrying value of leasehold land included in properties held for future development and under development for sale and completed properties held for sale are set out as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
In the PRC		
– long leases	**10,533,909**	10,595,428
– medium-term leases	**29,454**	29,454
	10,563,363	10,624,882

19. INVENTORIES *(continued)*

(c) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Carrying amount of inventories sold	**2,527,372**	2,266,093
Write down of inventories	**1,377**	401
Reversal of write-down of inventories	**(947)**	(1,343)
	2,527,802	2,265,151

The reversal of write-down of inventories made in prior years arose due to an increase of the the estimated net realisable value of certain goods as a result of a change in consumer preferences.

The amount of properties for future development and under development expected to be recovered after more than one year is RMB2,187,921,000 (2013: RMB570,781,000). All of the other inventories are expected to be recovered within one year.

As at 31 December 2014, the carrying amount of completed properties held for sale that are under floating charge for banking facilities granted to a subsidiary of the Group amounted to RMB1,925,165,000. According to the floating charge agreement, if the subsidiary does not breach the terms of the agreement, such floating charge arrangement would allow the subsidiary to sell those completed properties held for sale under its normal operating activities at reasonable consideration.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables and bills receivable:				
Amount due from an intermediate parent *(note 33(b))*	–	2	–	–
Amounts due from fellow subsidiaries *(note 33(b))*	12,530	17,352	–	–
Amounts due from third parties	279,311	266,003	–	–
Less: allowance for doubtful debts	(10,368)	(9,100)	–	–
	281,473	274,257	–	–
Prepayments, deposits and other receivables:				
Amounts due from subsidiaries	–	–	4,554,371	3,763,391
Amounts due from fellow subsidiaries *(note 33(b))*	4,648	2,878	–	–
Amount due from an associate *(note 33(b))*	191,696	886,993	–	–
Amount due from an intermediate parent *(note 33(b))*	1,197	–	–	–
Amounts due from third parties	734,400	49,218	1,577	2,755
	931,941	939,089	4,555,948	3,766,146
Prepayment for land cost	–	335,830	–	–
	1,213,414	1,549,176	4,555,948	3,766,146

The amounts due from an intermediate parent and fellow subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Included in amount due from third parties of prepayments, deposits and other receivable, RMB300,000,000 being the earnest money paid by the Group to Chengdu Xin Jin Nong Fa Investments Co., Ltd. regarding to the Shaheyuan project. Further details please refer to the circular issued by the Company on 16 October 2014.

Other than this, the Group has advanced RMB300,000,000 to Chengdu Shi Xinjin Gongfa Investment Company Limited related to the Land Resumption project which is interest bearing at the People's Bank of China benchmark interest rate for financial institutions for RMB-denominated loans with a term of one year plus 10% investment return (total rate should not exceed 16% per annum) and repayable according to the schedule for the sales of the corresponding land. Further details please refer to the circular issued by the Company on 17 June 2014.

Apart from rental deposits of RMB16,867,000 (2013: RMB15,706,000) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts, are expected to be recovered within one year.

20. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period.

	The Group	
	2014	2013
	RMB'000	RMB'000
Current	**261,760**	261,068
Less than 3 months past due	**14,864**	8,681
More than 3 months but less than 12 months past due	**4,560**	273
More than 12 months past due	**289**	4,235
Amount past due	**19,713**	13,189
	281,473	274,257

Further details on the Group's credit policy are set out in note 30(a) to the financial statements.

(b) Allowance for doubtful debts of trade receivables

Allowance for doubtful debts in respect of trade and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the doubtful debt is written off against trade and bills receivable directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
At 1 January	**9,100**	7,919
Allowance for the year	**1,858**	2,005
Reversal of allowance	**(590)**	(824)
At 31 December	**10,368**	9,100

At 31 December 2014, Nil (2013: Nil) of the Group's trade receivables were individually determined to be impaired. Consequently, no (2013: Nil) specific allowances for doubtful debts was recognised.

(c) Trade receivable and bills receivable that are not impaired

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Cash at banks and in hand	**3,700,702**	1,711,357	**528,174**	144,726
Cash at bank restricted for secure the issuance of bills payable	**63,216**	–	**–**	
	3,763,918	1,711,357	**528,174**	144,726

(b) Reconciliation of profit before tax to cash generated from operations:

	Note	2014 RMB'000	2013 RMB'000
Profit before tax		**991,315**	1,002,128
Adjustments for:			
Depreciation and amortisation	7(c)	**167,711**	183,307
Interest income	6(a)	**(50,061)**	(20,108)
Net gain on disposal of fixed assets	6(b)	**(432)**	(259)
Loss on write off of fixed assets		**32,966**	–
Gain on disposal of a subsidiary	29	**(335,785)**	–
Dividend income from unlisted equity investments		**(669)**	–
Interest expense	7(a)	**189,867**	159,042
Allowance for trade and other receivables		**1,858**	2,005
Reversal of allowance for trade and other receivables		**(590)**	(824)
Impairment losses on goodwill		**43,719**	–
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate		**–**	(5,822)
Share of profits and losses of associates		**13,217**	(18,316)
Equity-settled share-based payment expenses	26	**4,380**	7,828
Changes in working capital:		**1,057,496**	1,308,981
Decrease in inventories		**189,761**	37,437
Decrease/(increase) in trade and other receivables		**16,135**	(280,143)
(Decrease)/increase in receipts in advance		**(96,831)**	352,340
Increase/(decrease) in trade and other payables		**70,833**	(397,230)
Cash generated from operations		**1,237,394**	1,021,385

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade payables and bills payables: *(note 22(a))*				
Amounts due to fellow subsidiaries *(note 33 (b))*	7,465	20,770	–	–
Amounts due to third parties	804,531	927,013	–	–
	811,996	947,783	–	–
Other payables and accruals:				
Amounts due to intermediate parents *(note 33 (b))*	220,564	130,114	56,256	31,367
Amounts due to subsidiaries	–	–	193,732	193,069
Amounts due to fellow subsidiaries *(note 33 (b))*	233,451	2,096	–	–
Amounts due to third parties	1,099,611	1,971,777	15,314	43,458
	2,365,622	3,051,770	265,302	267,894

(a) The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 30 to the financial statements.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	The Group	
	2014 RMB'000	2013 RMB'000
Due within 3 months or on demand	811,996	947,783

(b) Chengdu OCT received advances amounting to RMB550,000,000 for construction of infrastructure facilities in previous years. As at 31 December 2014, the balance of the advances received deducting the carrying amount of the related infrastructure facilities was RMB198,400,000 (2013: RMB207,900,000), which was included in other payables.

23. RECEIPTS IN ADVANCE

	The Group	
	2014	2013
	RMB'000	RMB'000
Pre-sale of properties	710,337	815,227
Others	9,944	1,885
	720,281	817,112

24. BORROWINGS

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Current portion of bank loans	425,627	188,295	277,276	185,150
Non-current portion of bank loans repayable on demand	52,208	20,404	52,208	20,404
Loans from related parties *(note 33 (b))*	1,301,393	671,000	–	–
	1,779,228	879,699	329,484	205,554
Non-current liabilities				
Bank and other loans	3,044,400	952,481	2,044,401	952,481
Loans from related parties *(note 33 (b))*	6,661,154	8,238,876	900,000	1,017,930
	9,705,554	9,191,357	2,944,401	1,970,411

24. BORROWINGS *(continued)*

At 31 December, the borrowings were repayable as follows:

Bank and other loans

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year or on demand	**425,627**	188,295	**277,276**	185,150
After 1 year but within 2 years	**1,510,902**	258,473	**1,510,902**	258,473
After 2 years but within 5 years	**1,585,706**	714,412	**585,707**	714,412
	3,096,608	972,885	**2,096,609**	972,885
	3,522,235	1,161,180	**2,373,885**	1,158,035

Related party loans

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year or on demand	**1,301,393**	671,000	**–**	–
After 1 year but within 2 years	**–**	1,211,246	**–**	–
After 2 years but within 5 years	**6,661,154**	7,027,630	**900,000**	1,071,930
	6,661,154	8,238,876	**900,000**	1,071,930
	7,962,547	8,909,876	**900,000**	1,071,930

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**8,229,051**	7,998,630	**900,000**	900,000
Hong Kong dollars	**2,115,531**	1,967,925	**1,338,565**	1,275,965
US dollars	**1,140,200**	104,501	**1,035,320**	–
	11,484,782	10,071,056	**3,273,885**	2,175,965

24. BORROWINGS *(continued)*

The average interest rates at 31 December were as follows:

	2014	2013
Bank loans	1 month HIBOR* + 1.50% to 6.64%	1 month HIBOR* + 1.2% to 1 month HIBOR* + 3.8%
Other loans	6.56%	–
Related party loans	3.62% to 6.25%	3.62% to 6.55%

* Hong Kong Interbank Offer Rate

Related party loans are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The bank and loans of the Group at 31 December 2014 were secured by charge on two bank accounts of a subsidiary of the Company, floating charge on certain inventories classified as completed properties held for sale and guarantees provided by certain subsidiaries and intermediate parents of the Company. Except for the above, the Group and the Company did not have secured or guaranteed bank loans at 31 December 2014.

All of the Group's banking facilities are subject to the fulfillment of covenants relating to certain of the Group's consolidated statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 30(b) to the financial statements.

25. EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Zhongshan, Huizhou, Shanghai, Anhui and Chengdu where the Group is required to make contributions to the Schemes at a rate ranging from 11% to 22% (2013: 11% to 22%) of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a mandatory provident fund scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contribution to the MPF scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 (before 1 June 2014: HK$1,250) per employee and vest fully with employees when contributed into the MPF Scheme.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

26. EQUITY SETTLED SHARE-BASED TRANSACTION

Share options granted on 3 March 2011

The Company operates a share option scheme (the "Scheme") for the purpose of providing appropriate incentives and rewards to eligible participants for their contributions or potential contributions to the Group. Eligible participants include the full-time and part-time employees, directors, consultants and advisers of the Group. The Scheme adopted by the Company on 15 February 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's quotation sheet on the date of the offer of the share options; (ii) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Options are forfeited if the employee ceases to be an employee of the Group.

On 3 March 2011, 2,700,000 and 27,400,000 share options were granted to directors and employees of the Group respectively under the Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK$0.1 each of the Company which will be settled by physical delivery of shares. The share options shall be exercisable during a period of 5 years from the date of acceptance of the offer of the grant up to 5 years from the date of grant subject to the following vesting terms.

26. EQUITY SETTLED SHARE-BASED TRANSACTION *(continued)*

Share options granted on 3 March 2011 *(continued)*

Maximum percentage of share options exercisable including the percentage of share options previously exercised	Period for exercise of the relevant percentage of the share options
30%	at any time after the expiry of 2 years from the date of grant up to 3 years from the date of grant
60%	at any time after the expiry of 3 years from the date of grant up to 4 years from the date of grant
100%	at any time after the expiry of 4 years from the date of grant up to 5 years from the date of grant

The exercise price of the option granted on 3 March 2011 is HK$4.04.

The number and weighted average exercise prices of share options are follows:

	2014		2013	
	Weighted average exercise price per share HK$	Number of options '000	Weighted average exercise price per share HK$	Number of options '000
Outstanding at the beginning of the year	4.04	29,700	4.04	30,100
Lapsed during the year	–	–	4.04	(400)
Outstanding at the end of the year	4.04	29,700	4.04	29,700
Exercisable at the end of the year	4.04	17,820	4.04	8,910

The fair value of services received in return for share options granted above are measured by reference to the fair value of share options granted. The estimate of the fair value of the service received is measured based on Black-Scholes option pricing model.

26. EQUITY SETTLED SHARE-BASED TRANSACTION *(continued)*

Share options granted on 3 March 2011 *(continued)*

Inputs for measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plan on 3 March 2011.

Expected vesting date	3 March 2013	3 March 2014	3 March 2015
Fair value at grant date	1.04	1.51	1.71
Share price at grant date	4.04	4.04	4.04
Exercise price	4.04	4.04	4.04
Expected volatility	46.76%	56.81%	55.71%
Option life	2 years	3 years	4 years
Expected dividends	0.74%	0.74%	0.74%
Risk-free interest rate	0.69%	1.06%	1.51%

Expected volatility is estimated taking into account historic average share price volatility. Expected dividends are based on management's best estimation. The risk-free rate is referenced to the yields of Hong Kong Exchange Fund Notes. Changes in the subjective input assumptions could materially affect the fair value estimate. There was no market conditions associated with the share option granted on 3 March 2011.

The total expense recognised for the year ended 31 December 2013 and 2014 arising from the share option granted on 3 March 2011 was RMB7,828,000 and RMB4,380,000 respectively.

27. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and (liabilities) recognised:

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accounting depreciation in excess of depreciation allowances RMB'000	Provisions RMB'000	Accrued expenses RMB'000	Unrealised profit RMB'000	Tax losses RMB'000	Receipts in advance of pre-sale of properties RMB'000	Undistributed profits of subsidiaries and associates RMB'000	Fair value adjustment of inventories RMB'000	Capitalisation of interest RMB'000	Total RMB'000
Deferred tax arising from:										
At 1 January 2013	1,977	3,613	77,071	893	2,371	10,409	(21,534)	(273,482)	956	(197,726)
(Charged)/credited to profit or loss	(210)	1,523	(615)	(536)	3,165	14,918	–	21,172	(956)	38,461
Exchange adjustment	–	–	–	–	–	–	302	–	–	302
At 31 December 2013	1,767	5,136	76,456	357	5,536	25,327	(21,232)	(252,310)	–	(158,963)
Deferred tax arising from:										
At 1 January 2014	1,767	5,136	76,456	357	5,536	25,327	(21,232)	(252,310)	–	(158,963)
(Charged)/credited to profit or loss	(249)	256	(30,047)	38,923	464	(1,879)	(2,393)	16,998	–	22,073
At 31 December 2014	1,518	5,392	46,409	39,280	6,000	23,448	(23,625)	(235,312)	–	(136,890)

(ii) Reconciliation to the consolidated statement of financial position

	2014 RMB'000	2013 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	122,047	114,579
Net deferred tax liability recognised in the consolidated statement of financial position	(258,937)	(273,542)
	(136,890)	(158,963)

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 3(v) to the financial statements, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB8,336,000 (2013: RMB8,336,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses do not expire under current tax regulations.

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	(Accumulated losses)/ retained profits/ RMB'000	Total RMB'000
At 1 January 2013		989,317	248,970	20,318	(14,085)	1,244,520
Issue of convertible preference shares	28(c)	299,007	–	–	–	299,007
Issue of ordinary shares	28(c)	439,793	–	–	–	439,793
Transfer		(240,000)	–	–	240,000	–
Equity settled share-based transactions	26(b)	–	–	7,828	–	7,828
Loss for the year	11	–	–	–	(145,005)	(145,005)
Dividend approved and paid in respect of the previous year	28(b)	–	–	–	(32,488)	(32,488)
At 31 December 2013		1,488,117	248,970	28,146	48,422	1,813,655
At 1 January 2014		1,488,117	248,970	28,146	48,422	1,813,655
Transfer		(1,460,000)	–	–	1,460,000	–
Equity settled share-based transactions	26(b)	–	–	4,380	–	4,380
Profit for the year	11	–	–	–	125,140	125,140
Dividend approved and paid in respect of the previous year	28(b)	–	–	–	(47,986)	(47,986)
At 31 December 2014		28,117	248,970	32,526	1,585,576	1,895,189

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

(i) Dividends payable to owners of the Company attributable to the year:

	2014 RMB'000	2013 RMB'000
Final dividend proposed after the end of the reporting period of HK16.00 cents per ordinary share (equivalent RMB12.62 cents per ordinary share) (2013: HK8.00 cents per ordinary share (equivalent RMB6.29 cents per ordinary share))	82,003	40,869
Final dividend proposed after the end of the reporting period of HK20.25 cents per convertible preference share (equivalent RMB15.98 cents per convertible preference share) (2013: HK8.93 cents per convertible preference share (equivalent RMB7.02 cents per convertible preference share))	15,341	6,742
	97,344	47,611

(ii) Dividends payables to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2014 RMB'000	2013 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK8.00 cents per ordinary share (equivalent RMB6.34 cents per ordinary share) (2013: HK8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share))	41,191	32,488
Final dividend in respect of the previous financial year, approved and paid during the year, of HK8.93 cents per convertible preference share (equivalent RMB7.08 cents per convertible preference share) (2013: HK Nil cents)	6,795	–
	47,986	32,488

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Share capital

Authorised and issued share capital

Authorised:

	2014			2013		
	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000
At 1 January	96,000	2,000,000	209,600	–	2,000,000	200,000
Increase *(note (1))*	–	–	–	96,000	–	9,600
At 31 December	96,000	2,000,000	209,600	96,000	2,000,000	209,600

Issued and fully paid:

	2014			2013		
	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000
At 1 January	96,000	649,790	67,134	–	509,790	48,332
Issue of convertible preference shares *(note (2))*	–	–	–	96,000	–	7,648
Issue of ordinary shares *(note (3))*	–	–	–	–	140,000	11,154
At 31 December	96,000	649,790	67,134	96,000	649,790	67,134

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Share capital *(continued)*

Authorised and issued share capital *(continued)*

Note:

(1) By an ordinary resolution passed in the special general meeting held on 19 July 2013 the authorised share capital of the Company was increased from HK$200,000,000 to HK$209,600,000 by the creation of 96,000,000 convertible preference shares of HK$0.1 each ("CPS"), such new shares are non-voting shares and shall not carry any right or preference save as set out herein the Articles of Association of the Company.

According to the terms of the CPS, the CPS shall be non-redeemable, each CPS holder is entitled to a preferential dividend at a rate of 5 per cent per annum on HK$4.05, being the price at which each CPS would be initially issued ("the Preferential Dividend") pari passu with other shares ranking pari passu as regards income with the CPS but otherwise in priority to any other class of shares in the capital of the Company from time to time in issue (including the ordinary shares of the Company). The board of directors of the Company may, in its sole discretion, elect not to pay any Preferential Dividend in any given year. In the event that the Company elects not pay the Preferential Dividend in any given year, the Preferential Dividend not paid shall be extinguished and not be carried forward. The CPS shall not entitle the shareholders of the CPS thereof to any further or other right of participation in the profits of the Company.

During the period of existence of the CPS, subject to some conversion restriction, each holder of the CPS shall have the right to convert all or part of any CPSs into new ordinary shares at any time at the initial conversion price of HK$4.05 per CPS.

The CPSs are recognised as equity.

(2) On 6 June 2013, the Company entered three subscription agreements with three independent third parties in relation to subscription of 40,000,000 CPS, 40,000,000 CPS and 16,000,000 CPS respectively at a price of HK$4.05 per CPS. The subscription was completed on 24 July 2013 and the premium on the issue of the CPS, amounting to approximately HK$379,200,000 (approximately RMB302,109,000), net of share issue expenses of approximately HK$3,893,000 (approximately RMB3,102,000), was credited to the Company's share premium account.

(3) On 6 June 2013, the Company entered a subscription agreement with Overseas Chinese Town (HK) Company Limited, an intermediate parent of the Company, in relation to subscribe 140,000,000 ordinary shares of HK$0.1 each of the Company at a price of HK$4.05 per ordinary share. The subscription was completed on 26 July 2013 and the premium on the issue of the ordinary shares, amounting to approximately HK$553,000,000 (approximately RMB440,575,000), net of share issue expenses of approximately HK$982,000 (approximately RMB782,000), was credited to the Company's share premium account.

(d) Nature and purpose of reserves

(i) Share premium and contributed surplus

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company.

(ii) Merger reserve

Merger reserve arose from the recognition of the remaining goodwill arising on the original acquisition of the subsidiaries as recorded in the controlling party's financial statements in these financial statements.

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Nature and purpose of reserves *(continued)*

(iii) Capital reserve

Capital reserve comprises the following:

– difference between the total amount of registered capital and the amount of contributions from the owners of a subsidiary; and

– the portion of the grant date fair value of unexercised share options granted to employees, directors and consultants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3(s) to the financial statements.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3(d) to the financial statements.

(v) General reserve fund

Transfers from retained earnings to general reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to the owners.

General reserve fund can be used to make good previous years' losses, if any, and may be converted into paid up capital provided that the balance of the general reserve fund after such conversion is not less than 25% of the registered capital.

(vi) Enterprise expansion fund

The subsidiaries in the PRC are required to transfer a certain percentage of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the enterprise expansion fund. The percentage of this appropriation is decided by the directors of the subsidiaries.

The enterprise expansion fund can be used for the subsidiaries' business development purposes and for working capital purposes. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distribution of dividends to the owners.

28. CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt to capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2014, the Group's strategy, which was unchanged from 2013 was to maintain the adjusted net debt-to-capital ratio at a level of industry average. In order to maintain or adjust the ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

29. DISPOSAL OF A SUBSIDIARY

On 29 December 2014, the Group disposed of its subsidiary, Tianjin Tianxiao Investment Development Company Limited.

Net assets at the date of disposal were as follows:

	RMB'000
Inventories	1,087,208
Other receivables	335,830
Bank and cash balances	10,228
Other payables	(571,912)
Net assets disposed of	861,354
Waiver of other payables	(185,069)
Gain on disposal of a subsidiary	335,785
Total consideration	1,012,070
Consideration satisfied by Cash	1,012,070
Net cash inflow arising on disposal:	
Cash consideration received	1,012,070
Cash and cash equivalents disposed of	(10,228)
	1,001,842

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business, The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of receivables of mortgage sales, no credit terms will be granted to the purchasers. In addition, the Group did not provide any guarantee to the banks to secure repayment obligations of such purchasers. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 60-120 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 1% (2013: 1%) and 1% (2013: 1%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20 to the financial statements.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Further quantitative disclosures in respect of the Group's exposure to liquidity risk arising from trade and other receivables, trade and other payables, borrowings and other payables to intermediate parents are set out in notes 20, 22, 24 and 33.

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, note 24 shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(b) Liquidity risk *(continued)*

The maturity analysis of the Group's financial liabilities based on the scheduled repayment dates is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2014				
Trade and other payables	**2,365,622**	**–**	**–**	**–**
Bank and other loans	**660,739**	**1,189,338**	**1,678,624**	**499,440**
Related party loans	**1,770,675**	**404,648**	**7,773,797**	**–**
At 31 December 2013				
Trade and other payables	3,051,770	–	–	–
Bank loans	231,586	296,113	757,503	–
Related party loans	1,197,077	1,802,753	7,331,515	–

(c) Interest risk

The Group's interest rate risk arises primarily from cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The effective interest rate of cash and cash equivalents is 0.40% per annum (2013: 0.92% per annum). The effective interest rate of bank loans and related party loans is 5.31% per annum (2013: 5.69% per annum). The interest rates and terms of repayment of the Group's borrowings and other payable to intermediate parents are disclosed in notes 24 and 33 to the financial statements.

At 31 December 2014, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB19,303,000 (2013: RMB20,975,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2013.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars. The Group manages this risk as follows:

(i) Forecast transactions

The Group hedge certain of its estimated foreign currency exposure in respect of committed future sales and purchases and certain of its estimated foreign currency exposure in respect of highly probable forecast sales and purchases. During the year, the Group has not used forward exchange contracts to mitigate its currency risk (2013: Nil).

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2014		2013	
	United States Dollars '000	Hong Kong Dollars '000	United States Dollars '000	Hong Kong Dollars '000
Trade and other receivables	814	24,694	1,962	44,125
Cash and cash equivalents	59,567	351,275	2,274	121,336
Trade and other payables	(356)	(13,202)	–	(7,035)
Borrowings	(186,477)	(2,681,621)	(1,714)	(2,227,952)
Net exposure arising from recognised assets and liabilities	(126,452)	(2,318,854)	2,522	(2,069,526)

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(d) Currency risk *(continued)*

(ii) Exposure to currency risk *(continued)*

The Company

	2014	2013
	Hong Kong Dollars '000	Hong Kong Dollars '000
Other receivables	**3,325,116**	3,680,215
Cash and cash equivalents	**170,007**	105,214
Other payables	**(235,911)**	(249,478)
Borrowings	**(1,035,319)**	(1,622,952)
Net exposure arising from recognised assets and liabilities	**2,223,893**	1,912,999

The Group and the Company ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address the short term imbalances.

(iii) Sensitivity analysis

A 5 per cent weakening of the Hong Kong dollars and United States dollars against the above RMB at 31 December 2014 would have increased profit by RMB34,353,000 (2013: RMB22,931,000). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

A 5 per cent strengthening of the Hong Kong dollars and United States dollars against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2013.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(e) Fair values

Except as disclosed in note 18, all financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013 due to their nature of short-term maturities or floating interest rate for the long-term bank loans.

31. COMMITMENTS

(a) Capital commitments, outstanding at 31 December 2014 not provided for in the financial statements were as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Contracted for	**1,295,256**	1,265,657	**–**	–
Authorised but not contracted for	**2,305,283**	3,159,197	**–**	–
	3,600,539	4,424,854	**–**	–

The capital commitments in 2014 and 2013 mainly represented the commitments in connection with the planned development projects of Chengdu OCT and OCT Shanghai Land.

(b) At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases in respect of land and properties were payable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**8,732**	5,288	**–**	–
After one year but within five years	**14,854**	2,008	**–**	–
After five years	**847**	952	**–**	–
	24,433	8,248	**–**	–

The Group leases a number of land and properties under operating leases. The leases run for period from one to twenty-six years and certain leases have an option to renew at which time all the terms are renegotiated. None of the leases includes contingent rentals.

32. CONTINGENT LIABILITIES

As at 31 December 2014, the Group and the Company did not have any significant contingent liabilities (2013: Financial guarantee issued by the Company to a bank in respect of trade and banking facilities granted to a wholly owned subsidiary with a maximum liability of HK$3,145,000).

33. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other state-controlled entities:

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Transactions with other state-controlled entities include but are not limited to the following:

– Purchase of service;

– Utility supplies; and

– Financial services arrangement.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with other state-controlled entities: *(continued)*

Having considered the potential for transactions to be impacted by related party relationships, the Group's pricing strategy, buying and approval processes and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other state-controlled entities require disclosure:

(i) Transactions and balances with other state-controlled banks in the PRC:

	2014 RMB'000	2013 RMB'000
Interest income	12,416	14,630
Interest expense	25,287	32,908

	2014 RMB'000	2013 RMB'000
Cash at bank	1,304,837	1,565,763
Bank loans	348,350	938,723

(ii) Transactions and balances with other state-controlled entities in the PRC:

	2014 RMB'000	2013 RMB'000
Purchase of services	300,651	326,009

	2014 RMB'000	2013 RMB'000
Trade and other receivables	–	2,482
Trade and other payables	14,321	61,139

For the year ended 31 December 2014 and 2013, the Group's significant transactions with other state-controlled entities being purchase of service for the development of comprehensive development business.

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties:

Name of party	Relationship with the Group
OCT Group	Ultimate parent
OCT Ltd	Intermediate parent
Overseas Chinese Town (HK) Company Limited	Intermediate parent
Konka Group Company Limited, its subsidiaries and associates ("Konka Group")	Fellow subsidiary
Shenzhen Overseas Chinese Town Water and Electricity Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Property Management Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town City Inn Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Media and Performance Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Culture Tourism and Technology Co., Ltd	Fellow subsidiary
Shenzhen OCT Hake Culture Company Limited	Fellow subsidiary
Shenzhen Overseas Chinese Town Entertainment Investment Company Limited	Fellow subsidiary

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties: *(continued)*

Recurring transactions

	2014 RMB'000	2013 RMB'000
Sales of goods to:		
OCT Group, its subsidiaries and associates	**62,957**	61,459
Purchase of goods from:		
OCT Group, its subsidiaries and associates	**365**	1,023
Interest expense and related charges paid:		
OCT Group, its subsidiaries and associates	**493,820**	522,547
Rental received from:		
OCT Group, its subsidiaries and associates	**2,711**	3,246
Rental paid to:		
OCT Group, its subsidiaries and associates	**738**	838
Utility expenses paid to:		
OCT Group, its subsidiaries and associates	**–**	16
Purchase of service from:		
OCT Group, its subsidiaries and associates	**27,284**	26,017
Purchase of entertainment facilities and service from:		
OCT Group, its subsidiaries and associates	**500**	14,600
Repayment of loan to:		
OCT Group, its subsidiaries and associates	**1,471,100**	1,455,895

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties: *(continued)*

Balances with related parties

Amounts due from/(to) related parties are as follows:

	Notes	2014 RMB'000	2013 RMB'000
Trade receivables from an intermediate parent and fellow subsidiaries *(note 20)*	(i)	12,350	17,354
Trade payables to fellow subsidiaries *(note 22)*	(ii)	(7,465)	(20,770)
Other receivables from associates *(note 20)*	(iii)	191,696	886,993
Other receivables from an intermediate parent and fellow subsidiaries *(note 20)*	(iii)	5,845	2,878
Other payables to intermediate parents and fellow subsidiaries *(note 22)*	(iii)	(454,015)	(132,210)
Loan from a fellow subsidiary *(note 24)*	(iv)	(5,580,700)	(5,880,700)
Loans from intermediate parents *(note 24)*	(v)	(2,381,847)	(3,029,176)

Notes:

(i) The trade receivable balances are unsecured, non-interest bearing and are expected to be recovered within six months. These refer to receivables in respect of sale of paper cartons and paper boxes to related parties.

(ii) The trade payable balances are unsecured, non-interest bearing and are expected to be settled within three months. These refer to payables in respect of purchases of raw material from related parties.

(iii) Other receivables and payables from/to, intermediate parents and fellow subsidiaries are unsecured, non-interest bearing, and repayable on demand. Other receivable from an associate is unsecured, interest bearing at the latest benchmark rate for one-year loan promulgated by the People's Bank of China and repayable on demand.

(iv) Loan from fellow subsidiary of RMB5,580,700,000 is bearing an interest at 6.25%.

(v) Loans from intermediate parents of RMB900,000,000 is bearing an interest at 3.62%, HK$425,000,000 is bearing at 5.743%, RMB600,000,000 is bearing at 6.0%, USD17,140,000 is bearing at 4.0%, HK$331,132,000 is bearing at 4.0% and HK$228,740,000 is bearing at 3.62%.

33. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 to the financial statements and certain of the highest paid employees as disclosed in note 10 to the financial statements, is as follows:

	2014 RMB'000	2013 RMB'000
Short term employee benefits	6,978	6,519
Post employment benefits	584	408
Equity settled share option payment expenses	37	88
	7,599	7,015

Total remuneration is included in "staff costs" (see note 7(b)).

(d) Contributions to post-employment benefits plans

The Group participates in various defined contribution post-employment benefit plans for its employees. Further details of these plans are disclosed in note 25 to the financial statements.

34. NON-ADJUSTING POST STATEMENT OF FINANCIAL POSITION EVENTS

(i) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 28(b) to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Turnover	3,796,572	4,058,517	3,452,883	2,558,860	1,905,792
Cost of sales	(2,550,308)	(2,578,885)	(2,267,153)	(1,786,190)	(1,646,418)
Gross profit	1,246,264	1,479,632	1,185,730	772,670	259,374
Other revenue	55,687	20,374	14,314	11,676	7,212
Other net gains/(losses)	15,173	52,892	(7,067)	24,057	5,851
Distribution costs	(221,459)	(206.477)	(224,926)	(160,648)	(84,336)
Administrative expenses	(190,093)	(200,658)	(154,420)	(126,268)	(59,325)
Other operating expenses	(46,958)	(8,731)	(12,627)	(1,832)	(2,056)
Profit from operations	858,614	1,137,032	801,004	519,655	126,720
Finance costs	(189,867)	(159,042)	(102,623)	(55,486)	(26,259)
Share of (losses)/profits of associates	(13,217)	18,316	39,687	36,366	(1,040)
Gain on remeasurement of the previously held interest in an associate	–	–	–	–	38,890
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate	–	5,822	–	–	–
Gain on disposal of a subsidiary	335,785	–	–	–	–
Profit before tax	991,315	1,002,128	738,068	500,535	138,311
Income tax expenses	(457,737)	(445,731)	(347,611)	(231,582)	(52,428)
Profit for the year	533,578	556,397	390,457	268,953	85,883
Attributable to:					
Owners of the Company	326,028	235,905	177,236	159,236	66,713
Non-controlling interests	207,550	320,492	213,221	109,717	19,170
Profit for the year	533,578	556,397	390,457	268,953	85,883
Earnings per share (RMB)					
Basic	0.49	0.41	0.35	0.31	0.15
Diluted	0.44	0.38	0.35	0.31	0.15

Five-Year Financial Summary

For the year ended 31 December 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Non-current assets					
Fixed assets	2,675,230	2,703,171	2,654,320	2,692,679	2,705,099
Intangible assets	684	486	410	221	182
Goodwill	223,476	267,195	267,195	266,625	266,625
Investments in an associates	155,611	186,299	120,621	80,934	44,568
Other financial assets	4,320	4,320	4,320	4,320	4,320
Deferred tax assets	122,047	114,579	97,290	95,761	53,439
	3,181,368	3,276,050	3,144,156	3,140,540	3,074,233
Current assets					
Inventories	13,699,310	14,565,322	14,198,204	2,015,536	1,681,962
Trade and other receivables	1,213,414	1,549,176	1,270,214	300,055	266,171
Cash and cash equivalents	3,763,918	1,711,357	1,525,861	748,393	1,005,358
	18,676,642	17,825,855	16,994,279	3,063,984	2,953,491
Current liabilities					
Trade and other payables	2,365,622	3,051,770	3,645,480	1,918,981	1,638,310
Receipts in advance	720,281	817,112	466,033	601,037	667,473
Bank loans	477,835	208,699	153,302	92,068	44,105
Related party loans	1,301,393	671,000	3,325,590	–	361,632
Current tax liabilities	644,725	778,130	317,637	124,160	87,869
	5,509,856	5,526,711	7,908,042	2,736,246	2,799,389
Net current assets	13,166,786	12,299,144	9,086,237	327,738	154,102
Total assets less current liabilities	16,348,154	15,575,194	12,230,393	3,468,278	3,228,335
Non-current liabilities					
Bank loans	3,044,400	952,481	964,972	81,070	28,562
Related party loans	6,661,154	8,238,876	6,140,331	1,044,548	1,100,000
Deferred tax liabilities	258,937	273,542	295,016	52,522	56,267
	9,964,491	9,464,899	7,400,319	1,178,140	1,184,829
NET ASSETS	6,383,663	6,110,295	4,830,074	2,290,138	2,043,506
Equity attributable to owners of the Company	2,998,057	2,743,518	1,749,567	1,577,901	1,418,996
Non-controlling interests	3,385,606	3,366,777	3,080,507	712,237	624,510
TOTAL EQUITY	6,383,663	6,110,295	4,830,074	2,290,138	2,043,506