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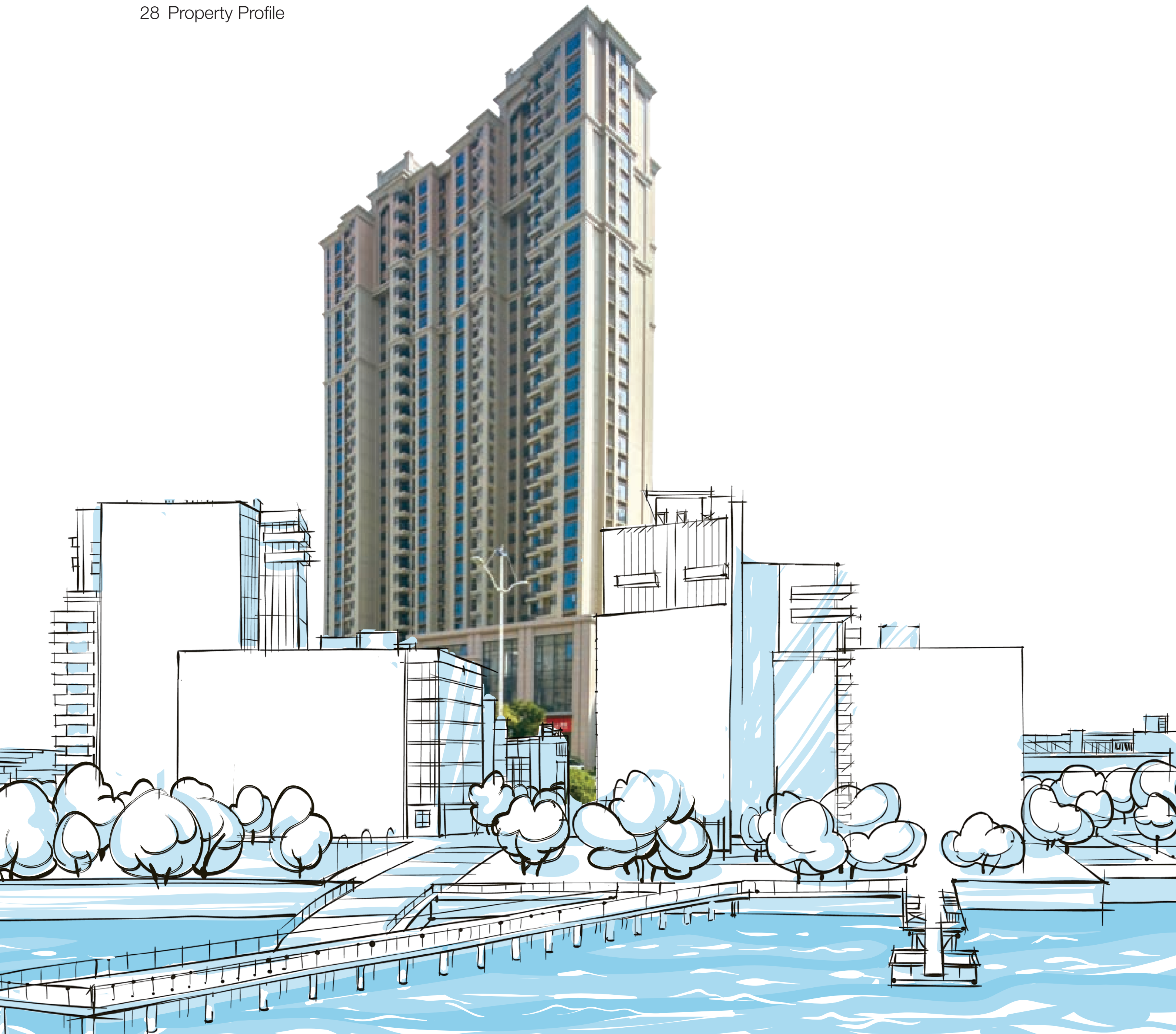
CHINA SCE PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1966.HK

2014 ANNUAL REPORT

CONTENTS



CORPORATE PROFILE

China SCE Property Holdings Limited ("China SCE" or the "Company") together with its subsidiaries (collectively, the "Group") were established in 1996 and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in February 2010 (Stock Code: 1966). The Group's major businesses include investment holding, real estate development, property investment, and property management. The Company is headquartered in Xiamen as its development base for carrying out its national development strategy led by the West Taiwan Strait Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, and the Pearl River Delta Economic Zone.

Over 19 years of development, the Company has been well equipped with greater capacities to develop and manage properties. Our properties are distributed in many cities, including Beijing, Shanghai, Shenzhen, Xiamen, Nanchang, Quanzhou (including Shishi, Jinjiang, and Nan'an), Zhangzhou, Longyan, Langfang, Anshan and Linfen, which are mainly residential housing, including high-rise residential buildings, low-rise apartments, villas, commercial facilities, office buildings and parking lots. The Company upholds "We Build to Inspire" as its corporate mission, strives to satisfy customers' needs and pursues excellence in product quality. Currently, the Company has successfully established its leading position in the real estate market in the West Taiwan Strait Economic Zone. The Company was awarded again the "Top 100 Real Estate Developers of China" (中國房地產開發企業100強).

As of 31 December 2014, the Group and its joint ventures owned a land bank with an aggregate planned gross floor area ("GFA") of approximately 10.46 million square metres ("sq.m."), which is believed to suffice the development in the next three to four years. In the future, the Company will actively implement its development strategies on the basis of emphasising and improving product quality as it always does, and strive to become a regional leader in the industry and even a developer with more competitiveness across the People's Republic of China ("PRC").

Xiamen • SCE Building

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Li Wei
Mr. Huang Youquan

Independent Non-executive Directors

Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

COMPANY SECRETARY

Mr. Li Siu Po

AUTHORISED REPRESENTATIVES

Mr. Wong Chiu Yeung
Mr. Li Siu Po

AUDIT COMMITTEE

Mr. Ting Leung Huel Stephen *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

REMUNERATION COMMITTEE

Mr. Dai Yiyi *(Chairman)*
Mr. Wong Chiu Yeung
Mr. Ting Leung Huel Stephen

NOMINATION COMMITTEE

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

CORPORATE GOVERNANCE COMMITTEE

Mr. Li Wei *(Chairman)*
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS AS TO HONG KONG LAWS

Chiu & Partners

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

SCE Building
No. 208, Nanwu Road
Gaoqi, Xiamen
Fujian Province
China

CORPORATE INFORMATION

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1606, Nanyang Plaza
No. 57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Agricultural Bank of China
Bank of China
China Construction Bank
Hongkong and Shanghai Banking Corporation
Hang Seng Bank

INVESTOR RELATIONS

Email: ir@sce-re.com
Fax: (86) 592 5721 855

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1966.HK

COMPANY WEBSITE

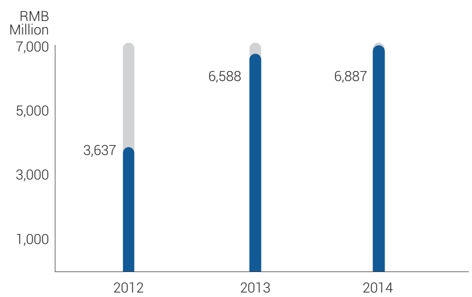
www.sce-re.com

FINANCIAL HIGHLIGHTS

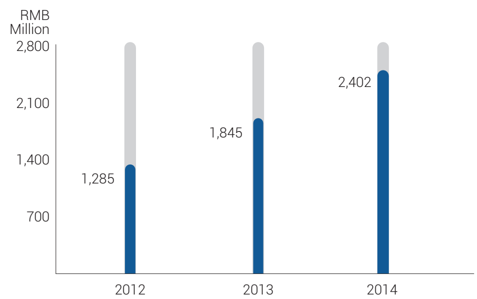
SUMMARY OF STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December		
	2014	2013	Change
	RMB'000	RMB'000	(%)
Revenue	**6,887,392**	6,588,124	4.5
Gross profit	**2,402,391**	1,845,216	30.2
Profit before tax	**2,539,089**	1,905,342	33.3
Income tax expense	**(972,048)**	(731,078)	33.0
Profit for the year	**1,567,041**	1,174,264	33.4
Profit attributable to:			
Owners of the parent	**900,580**	887,816	1.4
Holders of perpetual capital instruments	**68,202**	–	N/A
Non-controlling interests	**598,259**	286,448	108.9
	1,567,041	1,174,264	33.4
Earnings per share			
Basic and diluted	**RMB26.3 cents**	RMB25.9 cents	1.4

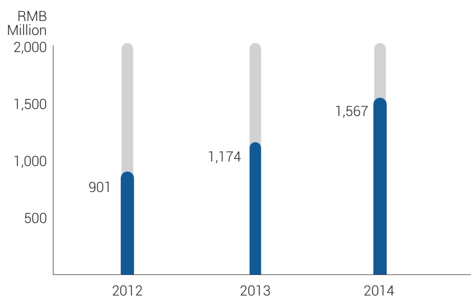
Revenue



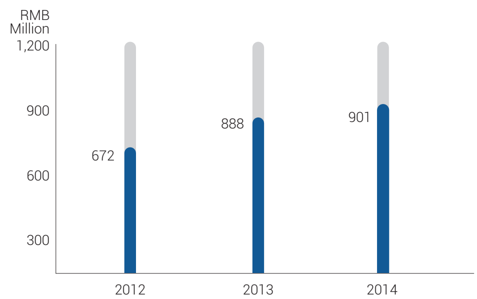
Gross profit



Profit for the year



Profit attributable to owners of the parent



FINANCIAL HIGHLIGHTS

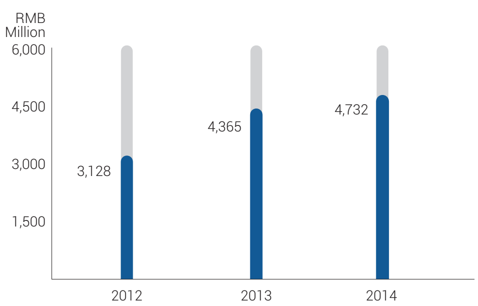
REVENUE ANALYSIS

	For the year ended 31 December 2014 RMB'000	2013 RMB'000	Change (%)
Sale of properties	**6,709,957**	6,440,475	4.2
Gross rental income	**87,791**	76,719	14.4
Property management fees	**89,644**	70,930	26.4
Total	**6,887,392**	6,588,124	4.5

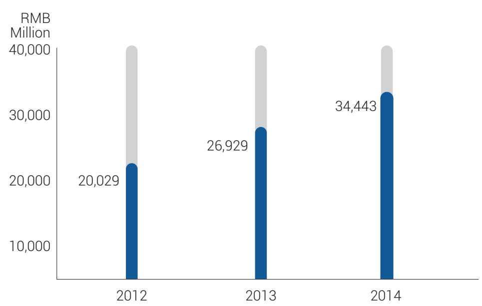
SUMMARY OF STATEMENT OF FINANCIAL POSITION

	31 December 2014 RMB'000	31 December 2013 RMB'000	Change (%)
Cash and bank balances	**4,732,158**	4,365,274	8.4
Total assets	**34,443,072**	26,928,930	27.9
Total liabilities	**(23,429,314)**	(18,426,723)	27.1
Total equity	**11,013,758**	8,502,207	29.5

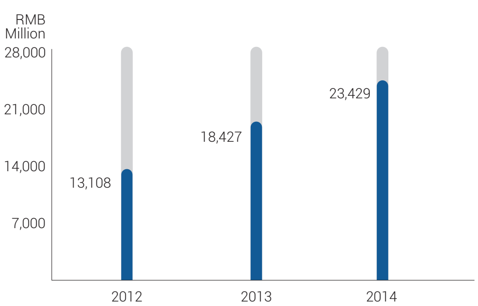
Cash and bank balances



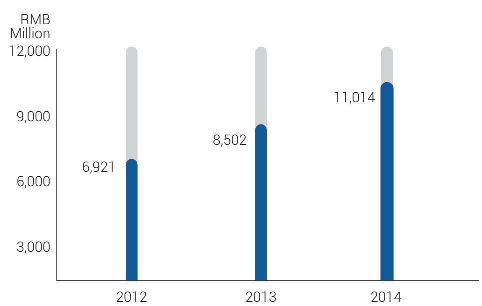
Total assets



Total liabilities



Total equity



Zhangzhou • Sapphire Boomtown

JAN

Acquisition of a US$27 Million and HK$500 Million Dual Tranche Term Loan Facility

Pursuant to the agreement dated 3 January 2014 entered into between the Company and a syndicate of banks, the banks agreed to grant to the Company a US$27 million and HK$500 million dual tranche term loan facility to finance the repayment of certain existing indebtedness, land acquisition, and general working capital required for the Group. Such loan facility is for a term of three years commencing from the date of the facility agreement, and bears an annual interest rate of LIBOR/HIBOR plus 5%, which is guaranteed by certain subsidiaries of the Company.

Successful Bids for Residential-cum-Commercial Land Parcels in Quanzhou, Fujian Province

On 20 January 2014, the Group won a bid for a residential-cum-commercial land parcel in Quanzhou, Fujian Province at a total consideration of RMB618 million. This parcel of land is located in the east of Pingshan Road, Fengze District, Quanzhou. The project covers a site area of approximately 46,000 sq.m. with an aggregate planned GFA of approximately 250,000 sq.m.. This project, named as SCE Plaza, would be developed into a complex.

On 23 January 2014, the Group won a bid for a residential-cum-commercial land parcel in Jinjiang, Quanzhou, Fujian Province at a total consideration of approximately RMB210 million. The land is located in the south of Fengchi Road, Jinjiang, and in close proximity to Citong Bridge. The project occupies a site area of approximately 27,000 sq.m., with an aggregate planned GFA of approximately 130,000 sq.m.. The project was named as “Sunshine Park Phase 2”.

FEB

China SCE Brand and Trademark Recognized as “China Well-known Trademark”

On 19 February 2014, Xiamen Zhongjun Industrial Company Limited (廈門中駿集團有限公司), a wholly-owned subsidiary of China SCE, had its brand and trademark officially designated by the State Administration for Industry and Commerce as “China Well-known Trademark”, marking a new leapfrog development in China SCE’s brand building.

Quanzhou • The Regent

REVIEW OF SIGNIFICANT EVENTS

MAR

Consecutively Awarded as One of the "Top 100 Real Estate Developers of China"

At the "2014 Appraisal Results Conference of China Top 500 Real Estate Developers and Top 500 Summit" (2014中國房地產500強測評成果發佈會暨500強峰會) jointly held by China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal Centre in Beijing on 19 March 2014, China SCE was awarded again as one of the "Top 100 Real Estate Developers of China" (中國房地產開發企業100強), and ranked third in the "China Top 10 Innovative Real Estate Developers" (中國房地產開發企業創新能力10強).

Quanzhou • Fortune Plaza • Marina Bay

MAY

Grand Opening of Fortune Plaza • World City in Quanzhou

The shopping mall of Fortune Plaza • World City, located in Quanzhou, Fujian Province, has officially opened on 31 May 2014. Fortune Plaza • World City shopping mall is part of the phase 3 of Fortune Plaza, a large-scale urban complex in Quanzhou with an aggregate planned GFA of approximately 170,000 sq.m.. As the first shopping mall to provide the experience of family lifestyle in Quanzhou, Fortune Plaza • World City significantly improves the commercial and shopping environment of the eastern district of Quanzhou, effectively catering to the consumer needs in the peripheral areas.

Quanzhou • Gold Coast

Certified as "2014 China Top 100 Listed Real Estate Companies of Comprehensive Strength"

At the "2014 China's Real Estate Listed Companies Test Results Conference and Real Estate Listed Companies Summit" (2014年中國房地產上市公司測評成果發佈會暨上市房企高峰論壇) held by China Real Estate Research Association, China Real Estate Association, and China Real Estate Appraisal Centre in Hong Kong on 29 May 2014, China SCE successfully made its way to "2014 China Top 100 Listed Real Estate Companies of Comprehensive Strength" (2014中國房地產上市公司綜合實力100強).

SEP

Successful Bid for a Residential Land Parcel in Pudong New District, Shanghai

On 17 September 2014, the Group won a bid for a residential land parcel in Pudong New District, Shanghai at a total consideration of RMB2.01 billion with an accommodation value of approximately RMB19,000 per sq.m.. This land parcel is located in the southeast side of the intersection of Linhai Road and Shangnan Road in Pudong New District, Shanghai. This project occupies a site area of approximately 59,000 sq.m., with an aggregate planned GFA of approximately 130,000 sq.m..

Mr. Wong Chiu Yeung Awarded "China's Influential Real Estate Figures of the Year"

At the award ceremony of "China Real Estate Gold Key Award" (中國地產金鑰匙獎) sponsored by the fifth World Property Forum for Chinese Entrepreneurs held in Xiamen on 9 September 2014, Mr. Wong Chiu Yeung, Chairman of the Board of China SCE, was awarded "China's Influential Real Estate Figures of the Year" (中國地產年度影響力人物獎).

"China Real Estate Gold Key Award", one of the greatest honors in the real estate industry in China, is a national and official award jointly presented by China International Fair for Investment and Trade and the World Property Forum for Chinese Entrepreneurs.

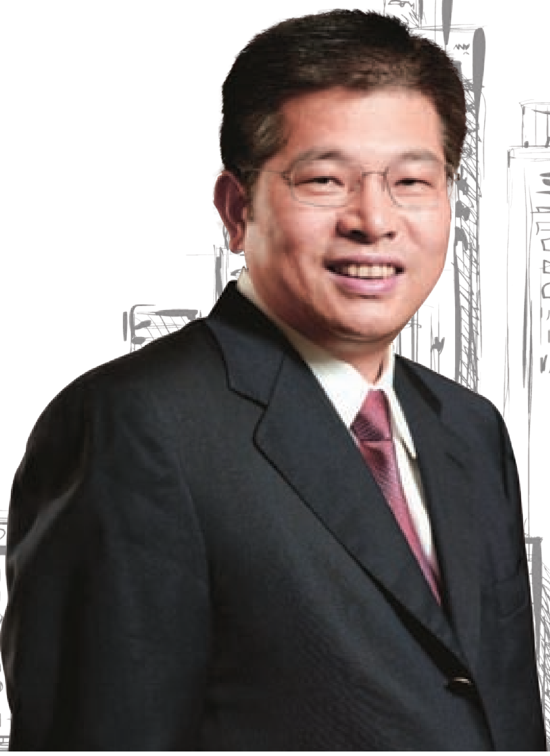
NOV

Successful Bid for a Residential-cum-Commercial Land Parcel in Zhangzhou, Fujian Province

On 19 November 2014, the Group won a bid for a residential-cum-commercial land parcel in Zhangzhou, Fujian Province at a total consideration of RMB611 million with a GFA price of RMB4,792 per sq.m.. This land parcel is located in the Taiwanese Investment Zone of Zhangzhou, Fujian Province. This project occupies a site area of approximately 40,000 sq.m. with an aggregate planned GFA of approximately 160,000 sq.m..

Xiamen • The Prestige

CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China SCE Property Holdings Limited ("China SCE" or the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2014.

Wong Chiu Yeung
Chairman

RESULTS AND DIVIDENDS

For the year ended 31 December 2014, the Group recorded a revenue of approximately RMB6.887 billion and a profit of approximately RMB1.567 billion, representing an increase of approximately 4.5% and approximately 33.4%, respectively over last year. The gross profit margin and the core net profit margin were approximately 34.9% and approximately 14.6%, respectively , representing a significant increase of 6.9 percentage points and 3.6 percentage points, respectively.

In 2014, profit attributable to owners of the parent amounted to approximately RMB901 million, representing a growth of approximately 1.4% as compared to that of last year. Earnings per share were approximately RMB26.3 cents.

The Board resolved not to declare any final dividend for the year ended 31 December 2014.

BUSINESS REVIEW

Contracted Sales

During 2014, the Group launched ten new projects for sale including Sunshine City Phase 1 in Shenzhen; Sapphire Boomtown in Nanchang; Sunshine Park Phase 1, SCE Mall, Portion B of Gold Coast Phase 1 and Gold Coast Phase 2 in Quanzhou; Sapphire Boomtown Phase 3 and Sunshine City Phase 2 in Zhangzhou; Sunshine City Phase 1 in Langfang; and SCE International Community Phase 3 in Linfen. During the year, the overall market conditions for the real estate industry in the PRC appeared dire. However, the Group formulated and executed positively flexible and effective marketing strategies, recording relatively satisfactory sales performance.

In 2014, the Group and its joint ventures reported stable growth in the operating results, and reached new heights in terms of contracted sales. In 2014, the Group and its joint ventures achieved a contracted sales amount of approximately RMB11.908 billion and a contracted sales area of approximately 1.3 million sq.m., respectively, representing an increase of approximately 10% and approximately 28% as compared against last year. During the year, we continued to consolidate our market share in the West Taiwan Strait Economic Zone, in particular in Quanzhou. According to statistical information available from independent third-party research institutions, China SCE ranked first in terms of sales amount and sales area, outperforming other market players in Quanzhou and the Greater Quanzhou Core Area throughout 2014. In addition, three new projects outside Fujian Province, namely Sunshine City Phase 1 in Shenzhen, Sapphire Boomtown in Nanchang, and Sunshine City Phase 1 in Langfang, were successfully launched for sale. The aggregate contracted sales amount of these three projects was extraordinary, accounting for approximately 24% of the total contracted sales amount for the year.

Replenishment of Land Bank in a Timely Basis

The Group continued to maintain its prudent attitude in expanding its land bank. In 2014, the Group meticulously studied the land locations and its estimated profit level. Based on strong support in the form of adequate cash flow, the Group acquired four additional parcels of land with an aggregate planned GFA of approximately 680,000 sq.m. at a total consideration of approximately RMB3,450 million. Of these four parcels, one project is located in Pudong New District, Shanghai, targeting at the market of premium homeowners who look for property upgrades. The other three parcels are all located in Fujian Province, where our primary business operation locates. During the year, additional land banks were secured in cities where we currently operate our projects. It is believed that their operation in the future will generate synergies, thus reducing operational costs.

As at 31 December 2014, the Group and its joint ventures owned a land bank with an aggregate planned GFA of approximately 10.46 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 7.00 million sq.m.).

Flexible Marketing Strategies

During 2014, the real estate market was in general faced with a declining predicament, in particular the pressure from sell-through rates in certain third- and fourth-tier cities with high inventory levels. During the year, the Group's sales team proactively adjusted its marketing strategies. With increasing discount incentives in place, the Group recorded a relative satisfactory performance in terms of sell-through rate and cash collection rate. The cash collection rate of the property sales for 2014 was approximately 91%.

Well-positioned Product Lines

We always adhere to the quality of our products. Based on this, the Group gauged the market demand in 2014 to adjust the proportion of our product profile. The mid-end and mid-high-end products with an area ranging from 50 sq.m. to 100 sq.m. were our main products. In our opinion, our product lines are well-positioned based on the market demand which can facilitate our sales.

CHAIRMAN'S STATEMENT

Prudent Financial Strategies

The Group persistently maintained its prudent and healthy financial strategies, stringently controlled the cash flow and gearing ratio, and proactively broadened its financing channels. In January 2014, the Group obtained a syndicate loan equivalent to approximately HK$700 million for a term of three years, with an annual rate of LIBOR/HIBOR plus 5%. Our active efforts made in the capital market not only provided funds required for our ongoing operations, but also prepared us well to lower financing costs effectively.

OUTLOOK

As early as the third quarter of 2014, the PRC Central Government gradually loosened the policies regulating housing purchases and loan restrictions in the real estate market, the fiscal policies and control initiatives tended to phase out. Market mechanism became increasingly apparent. In 2015, the PRC Central Government is expected to roll out more lax monetary policies to stimulate the weak economy. We expect it would still take some time to alleviate the pressure from the sell-through rate due to the high inventory level in third- and fourth-tier cities. Meanwhile, first- and second-tier cities will continue their mild growth momentum evolving from the second half of 2014.

In respect of strategic distribution, we will continue to consolidate our national development strategy focused on the West Taiwan Strait Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone and the Pearl River Delta Economic Zone. In addition, we are committed to improving the market share in Fujian Province, in particular the Southern Fujian area, with a view to outperform other market players by our more comprehensive advantages during the market consolidation. Apart from that, we will continue to explore development opportunities in first- and second-tier cities outside the West Taiwan Strait Economic Zone.

In terms of product strategies, we will continue to stand firm on our product quality, which lays the solid foundation to develop a more recognizable brand and maintain a sustainable business operation. It is noted that the housing demand has shifted from the basic survival to home upgrade and living comfort, and therefore our new undertaking focuses more on research and development of our products and designs that cater to the demand of potential customers. In addition, we will always be attentive to our aftersales services and further improve our professional property management. We believe high quality products, which accommodate customer needs and help maintain and appreciate the property value for homeowners, will enable us to stand out amidst the intense market competition.

APPRECIATION

Last but not least, on behalf of the Board, I would like to express our sincere appreciation to all staff for their diligence and contributions in the past year. I would also like to take this opportunity to express our gratitude for the trust and attention from our shareholders, bondholders, business partners and customers!

Wong Chiu Yeung
Chairman

Hong Kong, China
17 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2014, the real estate market in the PRC reversed its fast growing momentum. The supply overtopped the demand in most cities, creating downward pressure against the sales as a whole. According to the "National Real Estate Development and Sales in 2014" (二零一四年全國房地產開發和銷售情況) issued by National Bureau of Statistics of the PRC, the sales area of national commodity housing stood at approximately 1.2 billion sq.m. for the year 2014, representing a decrease of approximately 7.6% as compared with that of last year, of which the sales area of residential housing dropped by approximately 9.1%. The sales of national commodity housing amounted to approximately RMB7,629.2 billion, representing a year-on-year decrease of approximately 6.3%, of which the sales amount of residential housing decreased by approximately 7.8% as compared with that of last year.

Given the adjustment and control policies in place for the real estate market, the Central Government commenced reducing its fiscal intervention over the real estate market, and instead it relied on the inherent adjustment of the supply-demand relationship in the market. In May 2014, the central bank required all banks to support mortgage loans to the first house purchase for self-residence purpose. Starting from June, local governments in a dozens of cities across the country rescinded or significantly relaxed purchasing restrictions. In September, the central bank and the China Banking Regulatory Commission jointly released the "Notice on Further Preparation for Financial Services Related to Housing" (關於進一步做好住房金融服務工作的通知), which confirmed the relaxation of loan policies closely related to the purchase of housing for self-residence. In November, the central bank announced its decision to cut interest rates, lowering the benchmark interest rates of RMB-denominated loans and deposits with financial institutions. A sequence of policies and guidance helped narrow the decreasing sales in the real estate market for the fourth quarter of 2014, resulting in a modest market recovery.

BUSINESS REVIEW

Contracted Sales

Despite a declining market environment during the year, the Group remained positive in response. By facilitating sales of properties and adopting flexible pricing policies, the Group continued to achieve satisfactory contracted sales.

Quanzhou • Fortune Plaza • Marina Bay

MANAGEMENT DISCUSSION AND ANALYSIS

In 2014, the Group and its joint ventures achieved a contracted sales amount of approximately RMB11.908 billion (including the sales amount of approximately RMB1.707 billion from the joint ventures) and a contracted sales area of approximately 1.3 million sq.m. (including the sales area of approximately 118,279 sq.m. from the joint ventures), representing a year-on-year increase of approximately 10% and approximately 28%, respectively. The average selling price for the year was approximately RMB9,128 per sq.m..

During the year, the Group launched ten new projects for sale, namely Sunshine City Phase 1 in Shenzhen; Sapphire Boomtown in Nanchang; Sunshine Park Phase 1, SCE Mall, Portion B of Gold Coast Phase 1, and Gold Coast Phase 2 in Quanzhou; Sapphire Boomtown Phase 3 and Sunshine City Phase 2 in Zhangzhou; Sunshine City Phase 1 in Langfang; and SCE International Community Phase 3 in Linfen. Apart from consolidating the market share in Fujian Province during the year, the Group continued to explore markets outside Fujian Province. Sales amount of three new projects outside Fujian Province, including Sunshine City Phase 1 in Shenzhen, Sapphire Boomtown in Nanchang, and Sunshine City Phase 1 in Langfang, in aggregate accounted for approximately 24% of the total contracted sales amount. The distribution of contracted sales by city achieved by the Group and its joint ventures during the year is set out below:

City	**Contracted Sales Area** (sq.m.)	**Contracted Sales Amount** (RMB Million)
Shenzhen	105,071	1,286
Xiamen	106,190	1,556
Nanchang	98,738	756
Quanzhou	525,661	4,755
Zhangzhou	273,710	2,116
Langfang	97,582	853
Others	97,638	586
Total	1,304,590	11,908

Quanzhou • Gold Coast

Project Development

In 2014, the Group had 11 projects that officially commenced construction with an aggregate planned GFA exceeding 1.9 million sq.m.. These 11 new projects under construction included The Prestige and SCE Plaza Phase 1 in Shanghai; Sapphire Boomtown in Nanchang; SCE Mall, Sapphire Residences, and Gold Coast Phase 2 in Quanzhou; Portion B of Sunshine City Phase 1, Sunshine City Phase 2, and Sapphire Boomtown Phase 3 in Zhangzhou; Sunshine City Phase 1 in Langfang; and SCE International Community Phase 3 in Linfen.

During the year, the Group vigorously developed its market in the Yangtze River Delta Economic Zone, successfully commenced the construction of The Prestige and SCE Plaza Phase 1 in Shanghai. Of these projects, The Prestige, locating in the prime and core section in Putuo District, comprises high-rise residential apartments, villas and retail shops, whereas SCE Plaza, locating in Hongqiao Central Business District in close proximity to Shanghai Hongqiao Railway Station and Shanghai Hongqiao International Airport, is to be developed into an office-cum-commercial complex. The launch of these two projects is expected to take place in the third quarter of 2015, by then the Group's business presence in the Yangtze River Delta Economic Zone is expected to have embraced a brand new development phase.

Quanzhou • The Regent

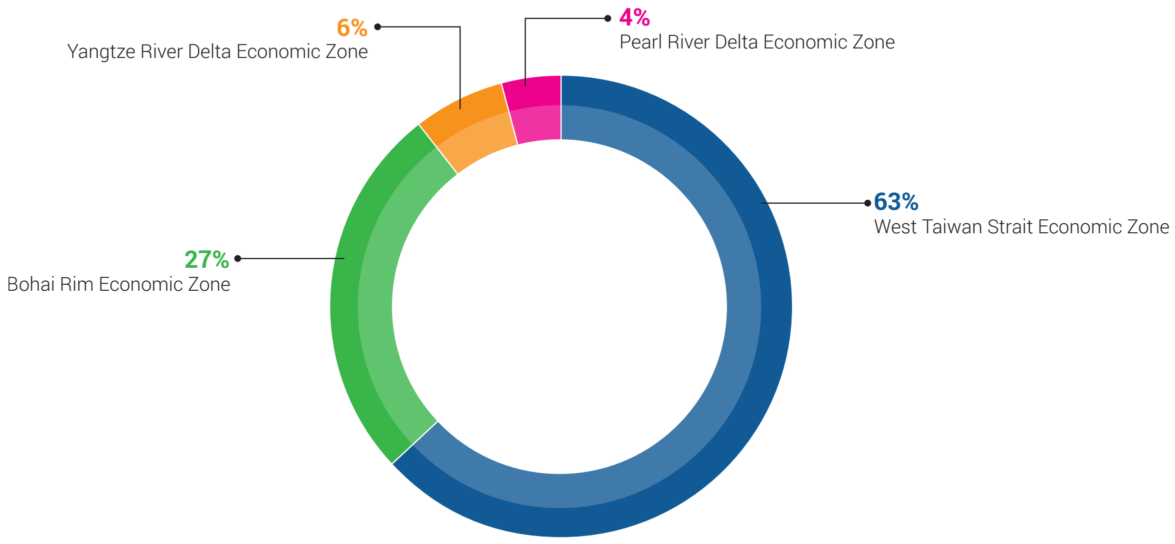
As at 31 December 2014, the Group and its joint ventures had 27 projects under development, with an aggregate planned GFA of approximately 4.55 million sq.m., details of which are set out as below:

Name of Project	City	Type of Property	Percentage of Interest Attributable to the Group (%)	Total Planned GFA (sq.m.)	Expected Year of Completion
The Prestige	Shanghai	High-rise residential, villas and retail shops	100	78,402	2017
SCE Plaza Phase 1	Shanghai	Office and retail shops	50	219,650	2016
Sunshine City Phase 1	Shenzhen	High-rise residential and retail shops	63	268,331	2015
Haicang Vanke Dream Town (Phases 2 to 5)	Xiamen	High-rise residential and retail shops	12	379,098	2015–2017
Sapphire Boomtown	Nanchang	High-rise residential, villas and retail shops	100	301,225	2016
Sunshine City	Quanzhou	High-rise residential, SOHO apartments and retail shops	100	137,902	2015
SCE Mall	Quanzhou	High-rise residential, SOHO apartments, office, fruit wholesale market and retail shops	60	251,290	2016
Gold Coast Phase 1 (Partial)	Quanzhou	High-rise residential and retail shops	45	124,276	2016
Gold Coast Phase 2	Quanzhou	SOHO apartments and retail shops	45	77,045	2015
The Prestige	Quanzhou	High-rise residential and retail shops	100	111,972	2015
SCE Mall (Shishi)	Quanzhou	High-rise residential, SOHO apartments, office and retail shops	60	297,529	2015–2016
Sunshine Park Phase 1	Quanzhou	High-rise residential and retail shops	51	232,643	2015
Sapphire Residences	Quanzhou	High-rise residential and retail shops	100	163,885	2017
Sunshine Town Phase 2	Quanzhou	High-rise residential and retail shops	100	220,229	2015
Parkview Bay	Quanzhou	High-rise residential and retail shops	80	215,332	2015
Purple Lake International Golf Villa (Partial)	Quanzhou	Low-rise residential and villas	49	56,081	2015
Sapphire Boomtown Phase 3	Zhangzhou	High-rise residential, SOHO apartments, office and retail shops	100	206,938	2016
Sunshine City Phase 1	Zhangzhou	High-rise residential and retail shops	70	242,820	2015
Sunshine City Phase 2	Zhangzhou	High-rise residential and retail shops	70	180,239	2016
Sapphire Boomtown	Longyan	High-rise residential	100	267,240	2015
Sunshine City Phase 1	Langfang	High-rise residential and retail shops	55	241,346	2016
Royal Spring City • Spring Villa (Except Zone A)	Anshan	Villas and retail shops	70	135,534	2015
SCE International Community Phase 2	Linfen	High-rise residential and retail shops	70	55,674	2015
SCE International Community Phase 3	Linfen	High-rise residential and retail shops	70	81,822	2016
Total				4,546,503	

Land Bank

In terms of strategies for its land bank, the Group always maintains its prudent attitude, and never demonstrates reckless aggression. In 2014, the Group acquired four lots of land in Shanghai, Quanzhou and Zhangzhou in Fujian Province with an aggregate planned GFA of approximately 670,000 sq.m. (approximately 570,000 sq.m. of which was attributable to the Group) for a consideration of approximately RMB3.450 billion (approximately RMB3.194 billion of which was attributable to the Group). Of these lots, the project named “Marina Bay” is located in Pudong New District, Shanghai, targeting at the market of premium homeowners who look for property upgrades. Following the SCE Plaza and The Prestige, Marina Bay is the third project secured by the Group in Shanghai, demonstrating our bold confidence in the prospect of the real estate market in the first-tier cities.

As at 31 December 2014, the Group and its joint ventures owned a land bank with an aggregate planned GFA of approximately 10.46 million sq.m. (the aggregate planned GFA attributable to the Group was approximately 7.00 million sq.m.). By geographic distribution, the West Taiwan Strait Economic Zone, the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, and the Pearl River Delta Economic Zone accounted for approximately 63%, 6%, 27%, and 4% of the total land bank, respectively, as illustrated in the diagram below.



Investment Properties

In 2014, the shopping mall of Fortune Plaza • World City in Quanzhou successfully commenced its operation with an aggregate GFA of approximately 170,000 sq.m.. As at 31 December 2014, the occupancy rate of the shopping mall was approximately 90%. This is the second sizable shopping mall held by the Group, following the World City in Beijing. As at 31 December 2014, the Group's completed investment properties had an aggregate GFA of approximately 240,000 sq.m., while its investment properties under construction had an aggregate GFA of approximately 14,000 sq.m..

Beijing • World City

Quanzhou • Fortune Plaza • World City

OUTLOOK

Looking ahead to 2015, the PRC economy will face with various challenges. It is expected that the Central Government will roll out more lax monetary policies to stimulate the domestic economy. As a result, the real estate market will directly benefit from these macroeconomic initiatives. We expect the PRC real estate market in 2015 will continue the mildly friendly business environment evolving from the second half of 2014.

Xiamen • Sunshine City

MANAGEMENT DISCUSSION AND ANALYSIS

In the future, new models of urbanization will spur a massive growth in the rigid demand for housing, while a large number of existing urban residents look to the availability of housing upgrade. In our opinion, given the high inventory level in third- and fourth-tier cities, it will still take some time to alleviate the pressure from the sell-through rate. Other than this, the real estate market demand in the PRC will continue its growth for a relatively long period. Therefore, in consideration of the landscape of the PRC real estate market, we continue to remain optimistic.

As a property development powerhouse, the Group, with its strong sense of responsibility and mission, will continue improving itself with a pragmatic and industrious attitude, while steadily advancing to new development milestones in 2015.

In 2015, the Group and its joint ventures expect to launch ten new projects for presale. These projects are The Prestige, SCE Plaza Phase 1, and Marina Bay in Shanghai; Sunshine City Phase 2 in Shenzhen; Sapphire Residences, Sunshine Park Phase 2, and SCE Plaza in Quanzhou; Sunshine City Phase 3 in Zhangzhou; Sunshine City Phase 2 in Langfang; and SCE International Community Phase 4 in Linfen. Together with the unsold portions of projects previously launched, we expect that the area available for sale of the Group and its joint ventures in 2015 amounts to approximately 2.1 million sq.m.. Following the three new presale projects in Shanghai, it is expected that the contracted sales amount outside Fujian Province will continue to increase its proportion.

In 2015, the Group and its joint ventures expect that there will be completion of 14 projects. They include Sunshine City Phase 1 in Shenzhen; Haicang Vanke Dream Town Phases 2 and 5 in Xiamen; Sunshine City, Gold Coast Phase 2, The Prestige, SCE Mall (Shishi) Phase 1, Sunshine Park Phase 1, Sunshine Town Phase 2, and Parkview Bay in Quanzhou; Sunshine City Phase 1 in Zhangzhou; Sapphire Boomtown in Longyan; Royal Spring City • Spring Villa (Except Zone A) in Anshan; and SCE International Community Phase 2 in Linfen. The completed property area is expected to exceed 2.29 million sq.m..

The Group is fully prepared to take on challenges arising from the uncertainties in the market environment in 2015. In addition to consolidating its market share in Fujian Province, the Group will continue to explore the business development in its current regions outside Fujian Province. In addition, we will persist in our high-quality and high-turnover operation model to ensure a stable cash flow that renders strong support for the future development of the Group and improve our profitability.

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly includes sale of properties, rental income and property management income.

The annual revenue increased by approximately 4.5% from approximately RMB6,588,124,000 in 2013 to approximately RMB6,887,392,000 in 2014, which was attributable to the increase in property sales income.

- **Sale of properties**

  Income from property sales increased by approximately 4.2% from approximately RMB6,440,475,000 in 2013 to approximately RMB6,709,957,000 in 2014, which was mainly due to the significant increase in average unit selling price from approximately RMB8,531 per sq.m. in 2013 to approximately RMB11,022 per sq.m. in 2014, despite the decrease in delivered area by approximately 19.4% from approximately 754,989 sq.m. in 2013 to approximately 608,796 sq.m. in 2014.

- **Rental income**

  Rental income increased by approximately 14.4% from approximately RMB76,719,000 in 2013 to approximately RMB87,791,000 in 2014, which was mainly attributable to the increase in rental income from the shopping mall of World City in Beijing as well as rental income from the shopping mall of Fortune Plaza • World City in Quanzhou which was newly opened in May 2014.

- **Property management income**

  Property management income increased by approximately 26.4% from approximately RMB70,930,000 in 2013 to approximately RMB89,644,000 in 2014, which was mainly attributable to the increase in number and floor area of properties under management.

Cost of Sales

Cost of sales decreased by approximately 5.4% from approximately RMB4,742,908,000 in 2013 to approximately RMB4,485,001,000 in 2014. The decrease in cost of sales was mainly attributable to the decrease in the delivered area.

Gross Profit

Gross profit increased by approximately 30.2% from approximately RMB1,845,216,000 in 2013 to approximately RMB2,402,391,000 in 2014. Gross profit margin increased from approximately 28.0% in 2013 to approximately 34.9% in 2014. The increase in gross profit margin was attributable to the increase in average unit selling price and higher proportion of mid-high-end products with relatively higher gross profit margin delivered during the year.

Other Income and Gains

Other income and gains decreased by approximately 40.4% from approximately RMB162,562,000 in 2013 to approximately RMB96,836,000 in 2014. Apart from bank interest income, other income and gains this year included a hedged gain reclassified to profit or loss upon termination of cash flow hedges of approximately RMB26,884,000 while amount of last year comprised a gain arising from the disposal of a subsidiary amounting to approximately RMB80,276,000.

Changes in Fair Value of Investment Properties

The fair value gains of investment properties increased by approximately 24.3% from approximately RMB602,909,000 in 2013 to approximately RMB749,701,000 in 2014. The increase in the fair value of investment properties was mainly attributable to the value appreciation of the shopping malls of Fortune Plaza • World City in Quanzhou and World City in Beijing, as well as the retail shops in Gold Coast in Shishi which commenced construction during the year.

Selling and Marketing Expenses

Selling and marketing expenses increased significantly by approximately 34.5% from approximately RMB184,547,000 in 2013 to approximately RMB248,227,000 in 2014. The increase in selling and marketing expenses was mainly attributable to the increase in advertisements and promotion activities.

Administrative Expenses

Administrative expenses increased by approximately 13.8% from approximately RMB301,445,000 in 2013 to approximately RMB343,157,000 in 2014. The increase in administrative expenses was mainly attributable to the increase in administrative staff costs due to employment of additional management personnel and operating expenses to cope with the needs of business expansion.

Finance Costs

Finance costs decreased significantly by approximately 34.8% from approximately RMB246,103,000 in 2013 to approximately RMB160,388,000 in 2014. Finance costs mainly represented borrowing costs of partial senior notes which have not been capitalised as such proceeds have not yet been used for project developments. The decrease in finance costs was mainly due to the significant increase in interest capitalised from approximately RMB638,011,000 in 2013 to approximately RMB885,267,000 in 2014.

Income Tax Expense

Income tax expense increased significantly by approximately 33.0% from approximately RMB731,078,000 in 2013 to approximately RMB972,048,000 in 2014. The increase in income tax expense was mainly due to more provision for corporate income tax and land appreciation tax made as a result of increase in gross profits of delivered projects.

Profit for the Year

Profit for the year increased significantly by approximately 33.4% from approximately RMB1,174,264,000 in 2013 to approximately RMB1,567,041,000 in 2014, which was mainly attributable to the increase in gross profit. The core net profit margin increased by 3.6 percentage points from 11.0% in 2013 to 14.6% in 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2014, the Group's cash and bank balances were denominated in different currencies as set out below:

	2014	2013
	RMB'000	RMB'000
Renminbi	**4,348,630**	4,071,169
Hong Kong dollars	**74,617**	22,613
US dollars	**308,911**	271,492
Total cash and bank balances	**4,732,158**	4,365,274

According to the relevant laws and regulations of the PRC, certain property development companies of the Group are required to place certain amounts of cash and bank deposits into designated bank accounts to provide guarantees for the development of the relevant properties. The Group also places certain deposits in banks in the PRC to secure certain loans from banks in Hong Kong. As at 31 December 2014, the amount of restricted cash and pledged deposits were approximately RMB871,469,000 (31 December 2013: approximately RMB1,000,670,000) and approximately RMB327,008,000 (31 December 2013: approximately RMB65,000,000), respectively.

Borrowings and Pledged Assets

The maturity of the borrowings of the Group as at 31 December 2014 is as follows:

	2014 **RMB'000**	2013 RMB'000
Bank and other borrowings:		
Within one year or on demand	**3,699,883**	2,409,326
In the second year	**2,917,500**	2,427,212
In the third to fifth years, inclusive	**1,417,410**	730,000
	8,034,793	5,566,538
Senior notes:		
In the second year	**1,987,179**	–
In the third to fifth years, inclusive	**2,205,041**	4,132,756
	4,192,220	4,132,756
Total borrowings	**12,227,013**	9,699,294

The borrowings were denominated in different currencies as set out below:

	2014 **RMB'000**	2013 RMB'000
Bank and other borrowings:		
Renminbi	**6,551,724**	5,233,909
Hong Kong dollars	**728,623**	210,821
US dollars	**754,446**	121,808
	8,034,793	5,566,538
Senior notes:		
Renminbi	**1,987,179**	1,976,100
US dollars	**2,205,041**	2,156,656
	4,192,220	4,132,756
Total borrowings	**12,227,013**	9,699,294

As at 31 December 2014, approximately RMB7,475,455,000 (31 December 2013: approximately RMB5,566,538,000) of bank and other borrowings was secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale with a total carrying value of approximately RMB13,785,002,000 (31 December 2013: approximately RMB10,979,835,000), and capital stocks of certain subsidiaries. The senior notes of RMB2 billion at a coupon rate of 10.5% due 2016 issued in January 2011 (the "2011 Senior Notes"), the senior notes of US$350 million at a coupon rate of 11.5% due 2017 issued in November 2012 and January 2013 (the "2012 Senior Notes") and approximately RMB559,338,000 (31 December 2013: Nil) of bank borrowings were guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

As at 31 December 2014, except for certain bank and other borrowings of approximately RMB3,322,912,000 (31 December 2013: approximately RMB2,789,085,000) bearing interest at fixed interest rate, all the Group's bank and other borrowings bear interest at floating interest rate. As at 31 December 2014 and 31 December 2013, the 2011 Senior Notes and the 2012 Senior Notes bear interest at fixed interest rate.

Gearing Ratio

The net gearing ratio was calculated by dividing the net amount of borrowings (including bank and other borrowings, the 2011 Senior Notes and the 2012 Senior Notes after deduction of cash and cash equivalents, restricted cash and pledged deposits) by total equity. As at 31 December 2014, the net gearing ratio was 68.0% (31 December 2013: 62.7%).

Exchange Rate Fluctuation Exposures

The majority of the Group's income, expenses, bank deposits and bank and other borrowings as well as the 2011 Senior Notes are denominated in Renminbi. Save as certain bank deposits, bank borrowings and the 2012 Senior Notes which were denominated in foreign currencies, exchange rate changes of Renminbi against other currencies will not have a material adverse effect on the operation of the Group. No foreign currency hedging arrangement was made as at 31 December 2014. The Group will closely monitor its exposure to fluctuation in foreign currencies exchange rates.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group provided financial guarantees to the banks in respect of the following items:

	2014	2013
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**7,379,505**	4,645,945

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	2014	2013
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**538,200**	332,591

Furthermore, as at 31 December 2014, the Group provides guarantee to a financial institution in connection with a loan facility amounted to RMB1,700,000,000 (2013: Nil) granted to a joint venture.

CAPITAL COMMITMENTS

As at 31 December 2014, the capital commitments of the Group were as follows:

	2014	2013
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**7,327,039**	5,711,876

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2014	2013
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development in Mainland China	**267,635**	197,969

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 2,429 employees (31 December 2013: 1,972 employees). During the year, the total cost of employees was approximately RMB202,176,000 (2013: approximately RMB174,786,000). The Group provides employees with competitive remuneration and benefits, and the remuneration policy is reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance its employees' skills and capabilities in all aspects.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band and the respective number of persons for the year ended 31 December 2014 are set out below:

Remuneration bands	Number of persons
RMB500,001 to RMB1,000,000	**8**
RMB1,000,001 to RMB1,500,000	**0**
RMB1,500,001 to RMB2,000,000	**2**

Further details of Directors' remuneration and the five highest paid employees are set out in note 9 and 10 to the financial statements, respectively.

PROPERTY PROFILE

West Taiwan Strait Economic Zone:

Xiamen:
SCE Building
Haicang Vanke Dream Town Phase 2
Haicang Vanke Dream Town Phase 3
Haicang Vanke Dream Town Phase 4
Haicang Vanke Dream Town Phase 5

Quanzhou:
Sapphire Peninsula
The Regent
Fortune Plaza • Royal Terrace
Fortune Plaza • World City
Fortune Plaza • Marina Bay
Fortune Plaza • Imperial Terrace
Sunshine City
SCE Mall
SCE Mall (Shishi)
Gold Coast Phase 1
Gold Coast Phase 2
Gold Coast (Except Phases 1 & 2)
The Prestige
Sunshine Park Phase 1
Sunshine Park Phase 2
Sapphire Residences
Sunshine Town Phase 2
Parkview Bay
Purple Lake International Golf Villa
International Finance Centre
SCE Plaza
World City (Nan'an)

Zhangzhou:
Sapphire Boomtown Phase 2
Sapphire Boomtown Phase 3
Sunshine City Phase 1
Sunshine City Phase 2
Sunshine City Phase 3

Longyan:
Sapphire Boomtown

Nanchang:
Sapphire Boomtown

Yangtze River Delta Economic Zone:

Shanghai:
The Prestige
SCE Plaza Phase 1
SCE Plaza Phase 2
Marina Bay

Bohai Rim Economic Zone:

Beijing:
World City
SCE Building

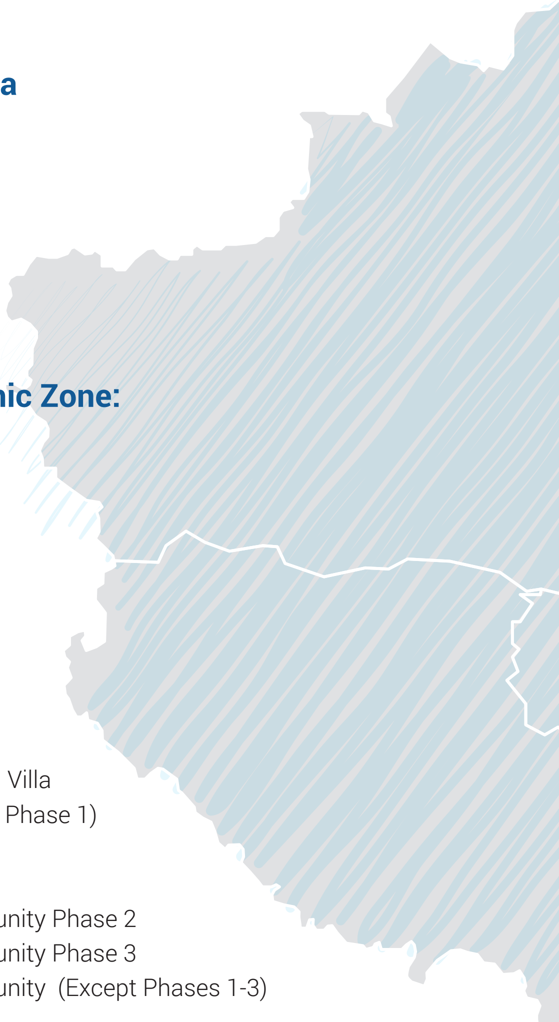
Langfang:
Sunshine City Phase 1
Sunshine City Phase 2

Anshan:
Royal Spring City • Spring Villa
Royal Spring City (Except Phase 1)

Linfen:
SCE International Community Phase 2
SCE International Community Phase 3
SCE International Community (Except Phases 1-3)

Pearl River Delta Economic Zone:

Shenzhen:
Sunshine City Phase 1
Sunshine City Phase 2
Sunshine City Phase 3



PROPERTY PROFILE

PROPERTY PROFILE

SCE BUILDING

Located at Dewai Avenue, Xicheng District, Beijing

Type of property

Office

Percentage of interest attributable to the Group

100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	38,195	2017

THE PRESTIGE

Located at Wanli Community, Putuo District, Shanghai

Type of property

High-rise residential, villas and retail shops

Percentage of interest attributable to the Group

100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	78,402	2017

SCE PLAZA

Located at the junction of Ninghong Road and Shenchang Road, Hongqiao Central Buiness District, Shanghai

Type of property

Office and retail shops

Percentage of interest attributable to the Group

50%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	219,650	2016
Properties held for future development	224,472	2017

MARINA BAY

Located at the southeastern intersection of Linhai Road and Shangnan Road, Pudong New District, Shanghai

Type of property
High-rise residential and villas
Percentage of interest attributable to the Group
100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	130,781	2017

SUNSHINE CITY

Located in Tongle Community, Longgang Road, Longgang District, Shenzhen;
northwest of the cross of Shenzhen-Shantou Highway and Shenzhen-Shantou Expressway

Type of property
High-rise residential and retail shops
Percentage of interest attributable to the Group
63%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	268,331	2015
Properties held for future development	155,767	2017 to 2018

SAPPHIRE BOOMTOWN

Located at east of Chuangxin Er Road, south of Aixihu South Road, High-tech Development Zone, Nanchang

Type of property
High-rise residential, villas and retail shops
Percentage of interest attributable to the Group
100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	301,225	2016

PROPERTY PROFILE

SUNSHINE CITY

Located at north of Sunjiang Road, Jiangnan New District, Quanzhou

Type of property
High-rise residential, SOHO apartments and retail shops
Percentage of interest attributable to the Group
100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	137,902	2015

SCE MALL

Located at Gudian Community of Jinlong Avenue, Licheng District, Quanzhou

Type of property
High-rise residential, SOHO apartments, office, fruit wholesale market and retail shops
Percentage of interest attributable to the Group
60%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	251,290	2016

FORTUNE PLAZA • IMPERIAL TERRACE

Located at south of Haixia Sports Center, west of Anji Road, Fengze District, Quanzhou

Type of property
High-rise residential, SOHO apartments, office, hotel and retail shops
Percentage of interest attributable to the Group
58%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	267,634	2017

INTERNATIONAL FINANCE CENTRE

Located in the southern part of Baozhou Road East section, Quanzhou

Type of property
High-rise residential, office and retail shops
Percentage of interest attributable to the Group
34%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	148,804	2018

SCE PLAZA

Located at east of Pingshan Road, Fengze District, Quanzhou

Type of property
High-rise residential, SOHO apartments, office and retail shops
Percentage of interest attributable to the Group
100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	253,926	2017

GOLD COAST

Located at Yongning Town, Shishi, Quanzhou

Type of property
High-rise residential, villas, low-rise apartments, SOHO apartments, commercial and tourism related integrated development
Percentage of interest attributable to the Group
45%

	Planned GFA (sq.m.)	Expected Year of Completion
Completed properties held for sale	148,747	N/A
Properties under development	201,321	2015 to 2016
Properties held for future development	814,647	2018 to 2020

PROPERTY PROFILE

THE PRESTIGE

Located at south of Baodao Road, Shishi, Quanzhou

Type of property
High-rise residential and retail shops
Percentage of interest attributable to the Group
100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	111,972	2015

SCE MALL (Shishi)

Located at south of Baodao West Road and west of Zhenzhong Road, Shishi, Quanzhou

Type of property
High-rise residential, SOHO apartments, office and retail shops
Percentage of interest attributable to the Group
60%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	297,529	2015 to 2016

SUNSHINE PARK

Located at Chidian Town, Jinjiang, Quanzhou; near Citong Bridge

Type of property
High-rise residential and retail shops
Percentage of interest attributable to the Group
51%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	232,643	2015
Properties held for future development	129,613	2017

SAPPHIRE RESIDENCES

Located at southeast of Yingbin Avenue, Jinjiang, Quanzhou

Type of property

High-rise residential and retail shops

Percentage of interest attributable to the Group

100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	163,885	2017

SUNSHINE TOWN PHASE 2

Located at Nanhuan Road, Xiamei Town, Nan'an, Quanzhou

Type of property

High-rise residential and retail shops

Percentage of interest attributable to the Group

100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	220,229	2015

PARKVIEW BAY

Located at the junction of Jiangbei Avenue and Hubin West Road, Nan'an, Quanzhou

Type of property

High-rise residential and retail shops

Percentage of interest attributable to the Group

80%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	215,332	2015

PROPERTY PROFILE

WORLD CITY (NAN'AN)

Located at east of Meilin Avenue and north of Jiangbei Avenue, Nan'an, Quanzhou

Type of property

SOHO apartments, office, shopping mall and retail shops

Percentage of interest attributable to the Group

80%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	444,668	2018 to 2019

SAPPHIRE BOOMTOWN (EXCEPT PHASE 1)

Located at Shuixian Avenue, Longwen District, Zhangzhou

Type of property

High-rise residential, SOHO apartments, office and retail shops

Percentage of interest attributable to the Group

100%

	Planned GFA (sq.m.)	Expected Year of Completion
Completed properties held for sale	83,086	N/A
Properties under development	206,938	2016

SUNSHINE CITY PHASES 1&2

Located at west of Hongdai Road and south of Tianhu Road, Taiwanese Investment Zone, Zhangzhou

Type of property

High-rise residential and retail shops

Percentage of interest attributable to the Group

70%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	423,059	2015 to 2016

SUNSHINE CITY PHASE 3

Located at west of Hongdai Road and south of Huzhong Road, Taiwanese Investment Zone, Zhangzhou

Type of property
High-rise residential and retail shops
Percentage of interest attributable to the Group
75%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties held for future development	157,304	2017

SAPPHIRE BOOMTOWN

Located at east of Lianzhuang Road and north of Tianxing Road, Xinluo District, Longyan

Type of property
High-rise residential
Percentage of interest attributable to the Group
100%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	267,240	2015

SUNSHINE CITY

Located at north of North Outer Ring Road, Yanjiao Development Zone, Sanhe, Langfang

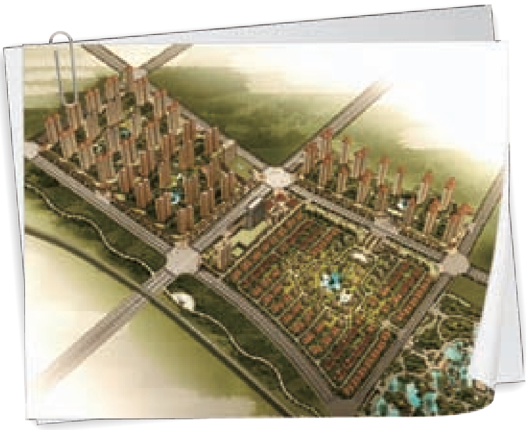
Type of property
High-rise residential and retail shops
Percentage of interest attributable to the Group
55%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	241,346	2016
Properties held for future development	183,431	2017

PROPERTY PROFILE

ROYAL SPRING CITY

Located at west of Anhai Road and north of Tanggangzi Sanatorium, Qianshan District, Anshan



Type of property

High-rise residential, villas, SOHO apartments, hotel and retail shops

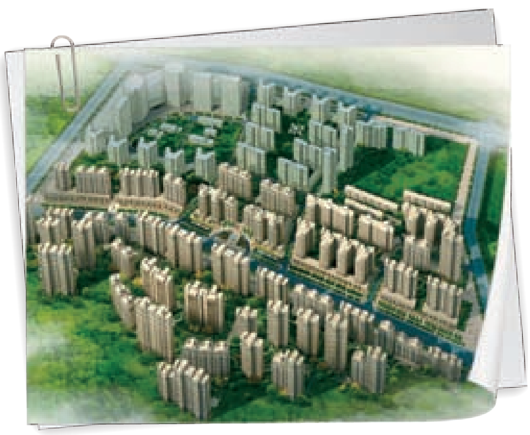
Percentage of interest attributable to the Group

70%

	Planned GFA (sq.m.)	Expected Year of Completion
Completed properties held for sale	21,153	N/A
Properties under development	135,534	2015
Properties held for future development	1,645,139	2018 to 2022

SCE INTERNATIONAL COMMUNITY (EXCEPT PHASE 1)

Located at the junction of Gulou North Avenue and Banxia Road, Yaodu District, Linfen



Type of property

High-rise residential and retail shops

Percentage of interest attributable to the Group

70%

	Planned GFA (sq.m.)	Expected Year of Completion
Properties under development	137,496	2015 to 2016
Properties held for future development	347,337	2017 to 2019

EXECUTIVE DIRECTORS

Wong Chiu Yeung (**黃朝陽**), aged 49, is one of the founders of the Group and the chairman of the Board and President of the Company. Mr. Wong was appointed as an executive Director on 30 November 2007, as well as the chairman of the nomination committee of the Company (the "Nomination Committee") and a member of the remuneration committee of the Company (the "Remuneration Committee") and is also the director of certain subsidiaries of the Company established in the PRC, Hong Kong and the British Virgin Islands. Mr. Wong is responsible for formulating business development strategies for the Group and commercial property management. Since his involvement in the development of the Group's first project in 1996, Mr. Wong has been involved in all of the projects developed by the Group thereafter, and has about 19 years of experience in real estate development. Mr. Wong is a member of the National Committee of Chinese People's Political Consultative Conference (中國政治協商會議全國委員會), vice chairman of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會), guest professor of Nanchang University (南昌大學), vice chairman of the board of directors of Quanzhou Normal University (泉州師範學院), chairman of the board of directors of Nan'an Overseas Chinese Middle School (南安華僑中學), permanent honorable chairman of Hong Kong Federation of Fujian Association (香港福建社團聯會). Mr. Wong holds an Executive Master Degree of Business Administration of Xiamen University. Mr. Wong is the father of Mr. Wong Lun and Mr. Wong To, senior management of the Group.

Chen Yuanlai (**陳元來**), aged 48, is one of the founders of the Group and the vice chairman of the Board of the Company. Mr. Chen was appointed as an executive Director on 12 August 2009 and is also the director of certain subsidiaries of the Company established in the PRC, Hong Kong and the British Virgin Islands. Mr. Chen is responsible for formulating business development strategies for the Group. Since his involvement in the development of the Group's first project in 1996, he has been involved in all of the projects developed by the Group thereafter, and has about 19 years of experience in real estate development. Mr. Chen also has extensive experience in investment management and project management through his involvement in all projects developed by the Group. Mr. Chen was a representative of the Second Session of the People's Congress of Fengze District in Quanzhou (泉州市豐澤區第二屆人民代表大會). Mr. Chen completed the Executive Management course in Business Administration of Commercial Real Estate Development and Funding, a one-year programme offered by School of Professional and Continuing Education of Hong Kong University and Fudan University, Shanghai, in May 2008. Mr. Chen is currently attending an Executive Master of Business Administration programme in Xiamen University.

Cheng Hiu Lok (**鄭曉樂**), aged 50, is one of the founders of the Group and the vice chairman of the Board of the Company. Mr. Cheng was appointed as an executive Director on 12 August 2009 and is also the director of certain subsidiaries of the Company established in the PRC, Hong Kong and the British Virgin Islands. Mr. Cheng is responsible for formulating business development strategies for the Group. Since his involvement in the development of the Group's first project in 1996, he has been involved in all of the projects developed by the Group thereafter. Mr. Cheng has about 19 years of experience in real estate development. Mr. Cheng also has extensive experience in investment management, project management and construction management through his involvement in the projects developed by the Group. Mr. Cheng completed his college education at Fujian Normal University (福建師範大學) in 1987.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Li Wei (李維), aged 44, is an executive Director and the executive vice president of the Company, as well as the chairman of the corporate governance committee of the Company (the "Corporate Governance Committee"). Mr. Li was appointed as an executive Director on 12 August 2009 and is also the director of certain subsidiaries of the Company established in the PRC and Hong Kong. Mr. Li is responsible for the daily operational management, operation plan, and managing the Strategic Development Department of the Group. Before joining the Group in June 2006, Mr. Li was the general manager of the Corporate Operations Department and the Credit Department of the Xiamen Branch of China Construction Bank. Mr. Li graduated from the Department of Banking and Finance of Xiamen University with a Bachelor's degree in Economics in 1992.

Huang Youquan (黃攸權), aged 46, is an executive Director and the vice president of the Company. Mr. Huang was appointed as an executive Director on 1 May 2011 and is also the director of certain subsidiaries of the Company established in the PRC and Hong Kong. Mr. Huang is responsible for the financial management of the Group. Before joining the Group in 2003, Mr. Huang was the audit manager and assistant to the head of the Xiamen office of Fujian Hongshen Accounting Firm (福建弘審會計師事務所有限公司廈門分公司). Mr. Huang graduated from the Department of Mathematics of Xiamen University with a Bachelor's degree in Science in 1991. Mr. Huang is a PRC Certified Public Accountant and a member of the Fujian Institute of Certified Public Accountants. Mr. Huang has completed an Executive Master of Business Administration programme in Xiamen University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ting Leung Huel Stephen (丁良輝), aged 61, MH, FCCA, FCPA (Practising), CTA (HK), ACA, FHKIoD, was appointed as an independent non-executive Director of the Company on 6 January 2010 and is also the chairman of the audit committee of the Company (the "Audit Committee") and a member of the Remuneration Committee and Corporate Governance Committee. Mr. Ting is an accountant in public practice and has more than 30 years of experience in this field. Currently, he is the managing partner of Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting is a member of the 9th, 10th and 11th Chinese People's Political Consultative Conference, Fujian. Mr. Ting is a non-executive director of Chow Sang Sang Holdings International Limited (0116) and an independent non-executive director of six other companies listed on the Hong Kong Stock Exchange, namely Tong Ren Tang Technologies Company Limited (1666), Tongda Group Holdings Limited (0698), JLF Investment Company Limited (0472), Computer and Technologies Holdings Limited (0046), Texhong Textile Group Limited (2678) and Dongyue Group Limited (0189).

Lu Hong Te (呂鴻德), aged 54, was appointed as an independent non-executive Director of the Company on 6 January 2010 and is also a member of the Audit Committee, Nomination Committee and Corporate Governance Committee. Mr. Lu obtained a Bachelor's degree in Industrial and Information Management from National Cheng Kung University in 1983, and a Master's degree and a Doctoral degree in Marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University in 1985 and 1992, respectively. Mr. Lu is a professor at the Department of Business Administration of Chung Yuan Christian University in Taiwan, specialising in marketing management and corporate competitive strategies. He also serves as a visiting professor at institutions including National University of Singapore, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center. Mr. Lu is an independent non-executive director of Capxon International Electronic Company Limited (0469), ANTA Sports Products Limited (2020) and China Lilang Limited (1234), the shares of which are listed on the Hong Kong Stock Exchange. Mr. Lu is also an independent director of two companies in Taiwan, namely Firich Enterprises Co., Ltd. (8076) and Lanner Electronics Inc. (6245), the shares of which are traded in the Gre Tai Securities Market in Taiwan. From January 2007 to June 2012, Mr. Lu was an independent director of Everlight Chemical Industrial Corporation (1711), a company which is listed on the Taiwan Stock Exchange Corporation. From May 2006 to January 2014, Mr. Lu was an independent director of Aiptek International Inc. (6225), a company which is listed on the Taiwan Stock Exchange Corporation.

Dai Yiyi (**戴亦一**), aged 47, was appointed as an independent non-executive Director of the Company on 6 January 2010 and is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Dai is the vice dean and a full-time professor of the Executive Master of Business Administration programme of the School of Management of Xiamen University and also serves as an adjunct professor for real estate CEO programmes hosted by Tsinghua University and Peking University. Mr. Dai has been a consultant with the Fujian Real Estate Association since 2005. Mr. Dai is an independent non-executive director of two companies listed on the Hong Kong Stock Exchange, namely Mingfa Group (International) Company Limited (0846) and Cosmo Lady (China) Holdings Company Limited (2298), and is an independent director of Xiamen International Trade Group Corp., Ltd. (600755), which is listed on the Shanghai Stock Exchange, and is an independent director of New Hua Du Supercenter Co., Ltd. (002264) since May 2013, which is listed on the Shenzhen Stock Exchange. From April 2007 to April 2013, Mr. Dai was an independent director of Xiamen C&D Inc. (600153), a company which is listed on the Shenzhen Stock Exchange. From July 2007 to July 2013, Mr. Dai was an independent director of Fujian Septwolves Industry Co., Ltd. (002029), a company which is listed on the Shenzhen Stock Exchange. From December 2008 to December 2012, Mr. Dai was an independent director of Guangdong Shirongzhaoye Co., Ltd. (002016), a company which is listed on the Shenzhen Stock Exchange. Mr. Dai graduated from Xiamen University with a Bachelor's degree in Economics in 1989, and received a Doctoral degree in Economics from Xiamen University in 1999. He also completed training at the 6th Ford Program of the Sino-American Economics Training Centre of Renmin University of China. Mr. Dai was awarded a certificate as a PRC certified property valuer in 1997.

SENIOR MANAGEMENT

Liu Zhijie (**劉志傑**), aged 58, is the vice president of the Company. He is also the director of certain subsidiaries of the Company established in the PRC. He is responsible for the construction management of the Group. Mr. Liu joined the Group in 1998. Mr. Liu completed his college education in Civil Engineering at Fujian College of Architecture and Civil Engineering (福建省建築高等專科學校) in 1981. Mr. Liu possesses extensive experience in construction and cost management. Mr. Liu was an executive Director of the Company from May 2011 to May 2012.

Li Siu Po (**李少波**), aged 46, is the financial controller and company secretary of the Company. He is responsible for the financial reporting, investor relations and company secretarial work of the Group. Before joining the Group in January 2008, Mr. Li was a manager of one of the international CPA firms. Mr. Li graduated from the Department of Accounting in Hong Kong Polytechnic University with a Bachelor's degree in Accountancy in 1994. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Li has extensive experience in financial management and auditing.

Tang Xiaojuan (**湯筱娟**), aged 42, is the assistant president of the Company. She is responsible for marketing management and property management of the Group. Prior to joining the Group in August 2002, Ms. Tang served as the office manager of Xiamen Yong Hong Ji Real Estate Development Company Limited (廈門永宏基房地產開發有限公司). Ms. Tang graduated from the Department of International Trade and Economics in Jiangxi University of Finance and Economics (江西財經學院) with a Bachelor's degree in Economics in 1994. Ms. Tang is currently attending an Executive Master of Business Administration programme in Xiamen University.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Ku Weihong (**庫衛紅**), aged 46, is the assistant president of the Company. She is responsible for managing daily operation of the office of President of the Group, including internal audit & legal affairs as well as administrative and human resources management of the Group. Prior to joining the Group in November 2010, Ms. Ku served as the chief legal officer of Powerlong Real Estate Holdings Limited. Ms. Ku graduated from the Department of Law of Peking University with a Bachelor's degree in Law in 1990. Ms. Ku holds the lawyer qualification certificate of the PRC and has extensive experience in legal affairs. Ms. Ku is currently attending an Executive Master of Business Administration programme in Beijing University.

Zheng Quanlou (**鄭全樓**), aged 43, is the assistant president of the Company. He is responsible for design management and landscape management of the Group. Before joining the Group in November 1998, Mr. Zheng was the on-site manager of Quanzhou Dong Hai Development Company Limited (泉州市東海開發有限公司). Mr. Zheng completed his college education in construction engineering at College of Architecture and Civil Engineering of Fujian (福建省建築高等專科學校) in 1992 and obtained his Bachelor's degree from the Department of Civil Engineering of Fujian Agriculture and Forestry University in 2009. Mr. Zheng is a PRC Registered Cost Engineer, and serves as an expert of bid evaluation of construction project in Quanzhou since 2006. Mr. Zheng is currently attending an Executive Master of Business Administration programme in Xiamen University.

Zhang Haitao (**張海濤**), aged 46, is the general manager of the Finance Department. She is responsible for the financial management of the Group. Before joining the Group in January 2007, Ms. Zhang was the senior manager of Xiamen Tianjian Huatian Accounting Firm (廈門天健華天會計師事務所). Ms. Zhang graduated from the Department of Accounting of Xiamen University with a Bachelor's degree in Economics in 1990. Ms. Zhang is a PRC Certified Public Accountant and a senior accountant with extensive auditing experience. Ms. Zhang has completed an Executive Master of Business Administration programme in Xiamen University.

Liu Chao (**劉超**), aged 39, is the general manager of the Construction Department. He is responsible for construction management of the Group. Prior to joining the Group in August 1999, Mr. Liu served as an engineer of China Railway Engineering Corporation. Mr. Liu graduated from the Department of Civil Engineering of Shanghai Tiedao University (上海鐵道大學) with a Bachelor's degree in Engineering in 1996. Mr. Liu is currently attending an Executive Master of Business Administration programme in Xiamen University.

Wang Yue (**王躍**), aged 39, is the general manager of the Design Department. Before joining the Group in May 2002, Mr. Wang was a project manager in China Construction Second Engineering Bureau Ltd. (中國建築第二工程局有限公司). Mr. Wang completed his college education in construction engineering at College of Architecture and Civil Engineering of Chongqing (重慶建築高等專科學校) in 1998. Mr. Wang is currently attending an Executive Master of Business Administration programme in Xiamen University.

Wong Lun (**黃倫**), aged 28, is the general manager of the Commercial Real Estate Department. He is responsible for the commercial real estate management of the Group. Mr. Wong joined the Group in September 2010. Mr. Wong was graduated from the School of Engineering of University of Warwick with a Bachelor degree of Science in Engineering and Business Studies in 2010. Mr. Wong Lun is the son of Mr. Wong Chiu Yeung, an executive Director and chairman of the Board.

Wong To (**黃濤**), aged 26, is the general manager of the Marketing Department. He is responsible for sales and marketing of the Group. Mr. Wong joined the Group in October 2011. Mr. Wong has studied project management for construction in University of London. Mr. Wong is currently attending an Executive Master of Business Administration programme in Xiamen University. Mr. Wong To is the son of Mr. Wong Chiu Yeung, an executive Director and chairman of the Board.

COMPANY SECRETARY

Li Siu Po (李少波), a member of senior management of the Group, is the financial controller and company secretary of the Company. The biography of Mr. Li is set forth above.

CORPORATE GOVERNANCE REPORT

The Board of the Company is pleased to present this Corporate Governance Report for the year ended 31 December 2014.

The Company has been committed to maintain a high standard of corporate governance so as to enhance the operational efficiency of the Company. The Company believes that such commitment is beneficial to safeguard the interests of the Company and its shareholders.

During the year ended 31 December 2014, the Company and the Board had been in compliance with the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), save as disclosed in the paragraphs headed "Chairman and Chief Executive Officer" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions of Directors of Listing Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors.

The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have strictly complied with the required standards set out in the Model Code during the year under review.

THE BOARD OF DIRECTORS

Board Composition

The members of the Board of the Company during the year ended 31 December 2014 are set out below:

Executive Directors
Mr. Wong Chiu Yeung *(Chairman)*
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Li Wei
Mr. Huang Youquan

Independent non-executive Directors
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biography of Directors and Senior Management" in this annual report. There is no financial, business, family or other material/relevant relationships between Board members.

Mr. Ting Leung Huel Stephen, one of the independent non-executive Directors, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules which states that "at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise".

In accordance with the provision A.1.8 of the Code, the Company has arranged appropriate insurance cover for the Directors in respect of any possible legal action against them.

In accordance with the provision A.5.6 of the Code, the board of issuers shall adopt diversified measurable targets for the purposes of the diversity of the board. The Company has created the measurable targets in the following areas, including expertise, experience, knowledge, professional skills, education background, independence, age, etc. In doing so, the Company will ensure its Directors will reach the eligible level in terms of their expertise, industrial experience, education background, independence, age and other factors, which enables them to make corresponding contributions to the Board whenever necessary and practicable. Please refer to the paragraph headed "Nomination Committee" of this corporate governance report regarding details of the board diversity policy (the "Board Diversity Policy") adopted by the Board and status of progress on achieving the measurable objectives to implement the Board Diversity Policy.

In accordance with Rule 3.29 of the Listing Rules, for each financial year, the company secretary of an issuer must take no less than fifteen hours of relevant professional training. During the year, the Company confirmed that the company secretary, Mr. Li Siu Po, had participated in proper training programs for not less than fifteen hours to ensure his expertise is in line with all the requirements as applicable to him.

In accordance with the provision A.6.5 of the Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the year, all the Directors have complied with the requirement of provision A.6.5 of the Code through attending trainings and/or reading materials relevant to the Company's business or to director's duties and responsibilities.

Directors' Responsibilities

The Board is responsible to all shareholders for supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policy and monitoring the performance of the senior management, so as to achieve high efficiency in relevant business of the Company. The senior management is responsible for the daily management and specific operation of the Group.

Directors' Attendance Record at Meetings

Pursuant to the provision A.1.1 of the Code, the board of issuers should meet regularly and board meetings should be held at least four times a year. For the year ended 31 December 2014, the Company has held four board meetings, and passed two written resolutions. It is considered that the Directors were well acknowledged to the operation of the Group for the year under review. The attendance of each Director for the board meetings and general meeting of the Company is contained in the following table:

	Number of attendance/ Number of board meetings	Written resolutions	Number of attendance/ Total number of general meeting
Executive Directors:			
Mr. Wong Chiu Yeung	4/4	2/2	1/1
Mr. Chen Yuanlai	3/3[1]	2/2	0/1
Mr. Cheng Hiu Lok	3/3[1]	2/2	0/1
Mr. Li Wei	3/3[1]	2/2	1/1
Mr. Huang Youquan	3/3[1]	2/2	0/1
Independent non-executive Directors:			
Mr. Ting Leung Huel Stephen	4/4	2/2	1/1
Mr. Lu Hong Te	4/4	2/2	0/1
Mr. Dai Yiyi	4/4	2/2	1/1

1 Except for chairman of the Company, Mr. Wong Chiu Yeung, all executive Directors absented themselves from the board meeting held on 19 August 2014 in which the composition, duties and responsibilities of the executive Directors were discussed.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year under review, Mr. Wong Chiu Yeung performed his duties as both the chairman and the chief executive officer of the Company. The Board believes that serving by the same individual as chairman and chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

COMPLIANCE OF NON-COMPETITION DEED

The Company entered into a non-competition deed (the "Non-competition Deed") with Mr. Wong Chiu Yeung on 6 January 2010 pursuant to which Mr. Wong has undertaken to the Company not to compete with any business of the Group and shall use his best endeavors to procure his affiliates not to engage in, assist or support a third party in the operation of, or participate or be interested in any property development business in the PRC. Furthermore, Mr. Wong has undertaken to the Company (for itself and for the benefit of the Group) that during the term of the Non-competition Deed to procure any investment or commercial opportunity relating to property development business in the PRC that he or any of his affiliates identifies or proposes or that is offered or presented to them by a third party to first refer such opportunity to the Company in accordance with terms of the Non-competition Deed.

The Company has received a declaration from Mr. Wong for his compliance with the terms of the Non-competition Deed during the year ended 31 December 2014 and up to the date of this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received the written confirmation from each of the independent non-executive Directors, confirming that he has met the independence requirement set out in Rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive Directors are independent under these independence requirements.

The independent non-executive Directors play an important role in applying their independent analysis and professional judgments to provide a professional and fair view to the decisions of the Board. This is not only beneficial to the warranty of the scientific element of the decision, but also enhancing the protection of interests of the Company and its shareholders.

Please refer to the paragraph headed "Directors' Service Contracts" in the "Report of the Directors" of this annual report for the term of appointment of non-executive Directors.

REMUNERATION COMMITTEE

According to the provisions of the Code, the Company established its Remuneration Committee on 6 January 2010. Under Rule 3.25 of the Listing Rules, the remuneration committee of issuers must appoint an independent non-executive director as the chairman, and the majority of the members shall be independent non-executive directors. With effect from 1 April 2012, the Remuneration Committee, comprising of Mr. Wong Chiu Yeung (an executive Director) and Mr. Ting Leung Huel Stephen (an independent non-executive Director), is chaired by Mr. Dai Yiyi, an independent non-executive Director.

The prime duties of the Remuneration Committee are:

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

- to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and

- to make recommendations to the Board on the remuneration of non-executive Directors.

During the year under review, the Remuneration Committee held one meeting to discuss the 2013 management bonus and 2014 salary under the service contracts for executive Directors. Details of the attendance by members of the Remuneration Committee are set out as below:

	Number of attendance/ Total number of meeting
Mr. Dai Yiyi	1/1
Mr. Wong Chiu Yeung	1/1
Mr. Ting Leung Huel Stephen	1/1

NOMINATION COMMITTEE

According to the provisions of the Code, the Company established the Nomination Committee on 6 January 2010. Under the provision A.5.1 of the Code, the majority of the nomination committee of issuers must be independent non-executive directors, and the chairman of the board or an independent non-executive director must be appointed as the chairman of this committee. With effect from 1 April 2012, the Nomination Committee, comprising of independent non-executive Directors Mr. Lu Hong Te and Mr. Dai Yiyi, is chaired by Mr. Wong Chiu Yeung, chairman of the Board.

The prime duties of the Nomination Committee are:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- to assess the independence of the independent non-executive Directors; and

- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors, succession planning for Directors in particular the chairman and chief executive officer and the policy concerning the diversity of Board members.

During the year under review, the Nomination Committee held one meeting to discuss the composition of the Board and the terms of reference, the diversity policies for the Board, and other issues. Details of the attendance by members of the Nomination Committee are set out as below:

	Number of attendance/ Total number of meeting
Mr. Wong Chiu Yeung	1/1
Mr. Lu Hong Te	1/1
Mr. Dai Yiyi	1/1

The Company and the Nomination Committee periodically review the Board Diversity Policy, and monitor the progress on achieving the measurable objectives (the "Measurable Objectives") which are set for implementing diversity on the Board. For the year ended 31 December 2014, the Board has adopted and the Company has achieved the following Measurable Objectives:

(a) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;

(b) To ensure at least 35% of the members of the Board have more than 10 years of experience of real estate development;

(c) To ensure the appropriate proportion of the independent non-executive Directors to the executive Directors in order to maintain the independence of the Board. In particular, at least 35% of the members of the Board shall be independent non-executive Directors;

(d) To ensure at least 60% of the members of the Board shall have attained bachelor's degree or higher level of education; and

(e) To ensure the age distribution of the members of the Board comprised of people from at least three decades.

AUDIT COMMITTEE

According to the provisions of the Code, the Company established the Audit Committee on 6 January 2010. Under Rule 3.21 of the Listing Rules, the audit committee of issuers must comprise of all non-executive directors. The Audit Committee comprises three independent non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman, Mr. Lu Hong Te and Mr. Dai Yiyi as members.

The prime duties of the Audit Committee are:

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

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and to review significant financial reporting judgments contained in them; and

- oversight of the Company's financial reporting system and internal control procedures.

During the year under review, the Audit Committee held two meetings to review the 2013 annual report and the 2014 interim report of the Company. Details of the attendance by members of the Audit Committee are set out as below:

	Number of attendance/ Total number of meetings
Mr. Ting Leung Huel Stephen	2/2
Mr. Lu Hong Te	2/2
Mr. Dai Yiyi	2/2

CORPORATE GOVERNANCE COMMITTEE

Pursuant to the provision D.3.1 of the Code, the Company established the Corporate Governance Committee on 1 April 2012 to better implement and review the policies and practices on corporate governance. Mr. Li Wei, an executive Director, was appointed as chairman of the Corporate Governance Committee and Mr. Ting Leung Huel Stephen and Mr. Lu Hong Te, both independent non-executive Directors, were appointed as members of the Corporate Governance Committee.

The prime duties of the Corporate Governance Committee are:

- to develop and review the Company's policies and practices on corporate governance and to make recommendations to the Board;

- to review and approve the annual corporate governance report and related disclosures in the annual and interim reports of the Company and ensuring compliance with relevant requirements under the Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Company;

- to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies, and in particular to monitor the implementation of the Company's plans to maintain high compliance with its own risk management standards;

- to review and monitor the training and continuous professional development of directors and senior management; and

- to review the Company's compliance with the corporate governance code from time to time adopted by the Company and the disclosure in the corporate governance report to be contained in the Company's annual reports.

During the year under review, the Corporate Governance Committee met once to discuss the adoption of the corporate governance codes. Details of the attendance by members of the Corporate Governance Committee are set out as below:

	Number of attendance/ Total number of meeting
Mr. Li Wei	1/1
Mr. Ting Leung Huel Stephen	1/1
Mr. Lu Hong Te	1/1

AUDITORS' REMUNERATION

For the year under review, the fees paid to the auditor of the Company, Ernst & Young, in respect of the audit services and non-audit services provided to the Company amounted to approximately RMB3,185,000 and approximately RMB786,000, respectively.

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment and removal of the auditors. The Audit Committee recommended the re-appointment of Ernst & Young as the external auditors of the Group for the year ending 31 December 2015, subject to the approval of the shareholders at the annual general meeting of the Company.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2014, and confirm that the financial statements give a true view of the financial positions and results of the Company and the Group as at the date and for the year of the date ended, and are prepared 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. The statement of the external auditors of the Company, Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 65 to 66 of this annual report.

INTERNAL CONTROLS

The Board is fully responsible for maintaining proper and effective internal controls and for regularly reviewing the operational efficiency of the financial, operational, compliance, risk controls, human resources and other aspects of the system in order to safeguard the independence of the respective duties and powers of the Group which in turn protecting the investment of shareholders and the assets of the Company.

The Audit and Legal Department of the Company is responsible for regular review and audit of the finance and operation of the Company and its subsidiaries for the purpose of ensuring the internal controls are in place and functioning properly as intended. For weaknesses of internal controls and accounting procedures of the Group which the external auditors have identified and reported to the Company, the Company would pay full attention to the recommendations made by the external auditors and make appropriate improvements.

Besides, the Company has also appointed Ernst & Young (China) Advisory Limited to examine and evaluate the internal control system of the Group for the year. The 2014 internal control assessment report revealed that no material control weakness was identified.

During the year under review, the Board has constructed a review on the internal control system of the Group and its effectiveness and concluded that the internal control system of the Group was adequate and effective during the year.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

Establishing a good relationship with investors plays a vital role in enhancing the operational efficiency of the Company and in protecting interests of the shareholders. The Company insists a transparent, honest and timely disclosure of related information on the business development of the Company through various channels to ensure that the shareholders and investors have an adequate understanding of the operations of the Company.

The Company's website at http://www.sce-re.com provides information such as e-mail address, correspondence address, telephone numbers, etc. for making inquiries to the Company in order to maintain effective communication with the shareholders and investors. In addition, interim and annual reports, circulars and notices of the Company will be despatched to shareholders in compliance with the Listing Rules and the same will also be published on the website of the Company and that of the Hong Kong Stock Exchange.

During the year, the Company has received numerous visits from investors and arranged investors and analysts to visit the Group's property sites at various locations. The Company has also presented to them the development strategies and business operation status of the Company. The Company also participated in various investor conferences and non-deal roadshows to enhance the industry awareness of the Company. The management believes actively seeking face-to-face communication with shareholders and investors is the best way to enhance their confidence in the Company. Particulars of the investors' meetings during the year are set out in the following table:

Date	Description	Place	Host
13 January 2014	UBS 2014 Greater China Conference	Shanghai	UBS
28–29 April 2014	HSBC 5th Annual Greater China Property Conference	Hong Kong	HSBC
13–14 May 2014	Morgan Stanley 4th Annual Hong Kong Investor Summit	Hong Kong	Morgan Stanley
10–12 June 2014	J.P. Morgan Global China Summit 2014	Beijing	J.P. Morgan
20 November 2014	Nomura Asian High Yield Corporate Day	Hong Kong	Nomura

The Company's annual general meeting of shareholders is a good opportunity for communication between the Board and shareholders of the Company. Notice of annual general meeting and related documents will be sent to the shareholders pursuant to the requirements of the Listing Rules, and will be published on the website of the Hong Kong Stock Exchange and that of the Company.

SHAREHOLDERS' RIGHTS

1. Procedures for shareholders to convene an extraordinary general meeting

1.1 The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 58 of the articles of association of the Company:

(1) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(2) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at ir@sce-re.com.

(3) The EGM shall be held within two months after the deposit of such Requisition.

(4) If the Board fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

2. Procedures for raising enquiries

2.1 Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.

2.2 Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@sce-re.com.

2.3 Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

3. Procedures and contact details for putting forward proposals at shareholders' meetings

3.1 To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at ir@sce-re.com.

3.2 The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong share registrar and upon confirmation by the branch share registrar that the request is made by a Shareholder and such request is proper and in order, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

3.3 The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting;

(2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution in an extraordinary general meeting;

(3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval in an extraordinary general meeting other than by way of a special resolution of the Company.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in property development, property investment and property management in the PRC during the year. Details of the principal activities of the principal subsidiaries are set out in note 21 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 67 to 167.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2014.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities, perpetual capital instruments and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 168. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 19 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in note 24 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 37 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 38(e) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company's reserves available for distribution calculated in accordance with the provisions of the Companies Law of the Cayman Islands amounted to approximately RMB1,476,373,000.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling approximately RMB2,386,000.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, sales to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

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

Executive Directors:
Mr. Wong Chiu Yeung
Mr. Chen Yuanlai
Mr. Cheng Hiu Lok
Mr. Li Wei
Mr. Huang Youquan

Independent non-executive Directors:
Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

In accordance with article 84 of the Company's articles of association, at each annual general meeting, one third of the directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. The directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of directors upon reaching any age limit.

Mr. Wong Chiu Yeung, Mr. Cheng Hiu Lok and Mr. Dai Yiyi will retire as Directors at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at the meeting.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from all the three independent non-executive Directors and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 39 to 43 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok and Mr. Li Wei, being executive Directors, has entered into a service contract with the Company for a term of three years commencing from 5 February 2010. Mr. Huang Youquan, being an executive Director, has entered into a service contract with the Company for a term from 1 May 2011 to 4 February 2013. Each of their service contracts is renewable automatically upon the expiry of the then current term of appointment, subject to termination by either party giving not less than three months' written notice.

The Company has issued a letter of appointment to each of Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi, being independent non-executive Directors for an initial term of three years commencing from 6 January 2010. Upon expiry of the initial term, the Company has issued a letter of appointment to each of Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi, for their appointment as independent non-executive Directors for a term of three years commencing from 6 January 2013 to 5 January 2016, which is renewable automatically thereafter for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, subject to termination by either party giving not less than two months' written notice and the retirement by rotation requirement in accordance with the articles of association of the Company and the Listing Rules.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions set out in note 45 to the financial statements and the transaction specified in the paragraph headed "Connected Transaction" in this section, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

At 31 December 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares (the "Shares") of the Company:

	Interest in Shares			
Name of Director	**Beneficial Owner**	**Interest of controlled corporation**	**Total number of Shares held or interested**	**Percentage of the Company's issued share capital**
Mr. Wong Chiu Yeung ("Mr. Wong")	3,600,000	1,968,000,000 (Note 1)	1,971,600,000	57.58%
Mr. Chen Yuanlai ("Mr. Chen")	17,000,000	144,000,000 (Note 2)	161,000,000	4.70%
Mr. Cheng Hiu Lok ("Mr. Cheng")	–	144,000,000 (Note 3)	144,000,000	4.21%

Note 1: These 1,968,000,000 Shares were registered in the name of Newup Holdings Limited ("Newup"). Mr. Wong held 100% of the entire issued share capital of Newup and was deemed to be interested in the 1,968,000,000 Shares held by Newup pursuant to the SFO.

Note 2: These 144,000,000 Shares were registered in the name of Rising Trade Holdings Limited. Mr. Chen held 100% of the entire issued share capital of Rising Trade Holdings Limited and was deemed to be interested in the 144,000,000 Shares held by Rising Trade Holdings Limited pursuant to the SFO.

Note 3: These 144,000,000 Shares were registered in the name of Wealthy Gate Holdings Limited. Mr. Cheng held 100% of the entire issued share capital of Wealthy Gate Holdings Limited and was deemed to be interested in the 144,000,000 Shares held by Wealthy Gate Holdings Limited pursuant to the SFO.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The participants of the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The Scheme became effective on 6 January 2010 and unless otherwise cancelled or amended, will remain in force for a period of 10 years to 5 January 2020.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% 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 share 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 of the Company. 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 or 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 5 business days from the date of delivery of the offer letter, 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, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of the grant of the share options.

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets on the date of the offer of the share options; (ii) the average closing price of the Company's shares as quoted on the Hong Kong 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.

Further details of the Scheme are disclosed in note 37 to the financial statements. No share options had been granted under the Scheme since the Scheme has become effective.

CONTRACT OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2014, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions:

Name	Capacity and nature of interest	Number of Shares held or interested	Percentage of the Company's issued share capital
Newup (Note)	Beneficial owner	1,968,000,000	57.48%

Note: Newup was wholly-owned and controlled by Mr. Wong; accordingly, Mr. Wong was deemed to be interested in the Shares held by Newup. Mr. Wong was the sole director of Newup.

Save as disclosed above, as at 31 December 2014, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CONNECTED TRANSACTION

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions disclosed in note 45 to the financial statements.

As announced by the Company on 29 January 2014, Xiamen Huihongda Investment Co., Ltd. (廈門輝宏達投資有限公司), an indirect non-wholly owned subsidiary of the Company, entered into sale and purchase agreements and other ancillary documents with Mr. Cheng Hiu Lok ("Mr. Cheng"), an executive Director, on 27 January 2014 pursuant to which the Group sold a residential property and several car park spaces to Mr. Cheng for an aggregate consideration of approximately RMB15.75 million within the ordinary and usual course of business of the Group. Pursuant to the agreements, the sale shall be completed on or before 31 May 2015. As Mr. Cheng is an executive Director and hence a connected person of the Company, the transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules as at 17 March 2015, being the latest practicable date prior to the issue of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DISCLOSURE PURSUANT TO RULES 13.18 OF THE LISTING RULES

As disclosed in the announcement of the Company dated 3 January 2014, pursuant to an agreement (the "Facility Agreement") dated 3 January 2014 entered into by and among, inter alia, the Company as borrower, certain of its subsidiaries as original guarantors, and a syndicate of banks, the banks have agreed to grant to the Company an US$27,000,000 and HK$500,000,000 dual tranche term loan facility (the "Facility") to finance repayment of certain existing indebtedness (unless earlier repaid from other resources), land acquisitions and general corporate funding of the Group.

The Facility is for a term of three years commencing from the date of the Facility Agreement, and is guaranteed by certain subsidiaries of the Company and secured by pledges over their capital stocks.

The Facility Agreement contains a requirement that Mr. Wong, a controlling shareholder and an executive Director, must (i) remain the single largest shareholder in the Company; (ii) hold legally and beneficially and directly or indirectly 40% or more of all classes of the Company's voting share capital; and (iii) continue to control (as defined in the Code on Takeovers and Mergers) the Company. A breach of such requirement will constitute an event of default under the Facility Agreement, and as a result, the Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of the 2011 Senior Notes and the 2012 Senior Notes.

As at the date of this annual report, Mr. Wong and his associates jointly own approximately 57.58% of the voting share capital of the Company.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD
Wong Chiu Yeung
Chairman

Hong Kong
17 March 2015

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of China SCE Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 67 to 167, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

We conducted our audit in accordance with 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT

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

OPINION

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

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

17 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	6	**6,887,392**	6,588,124
Cost of sales		**(4,485,001)**	(4,742,908)
Gross profit		**2,402,391**	1,845,216
Other income and gains	6	**96,836**	162,562
Changes in fair value of investment properties	16	**749,701**	602,909
Selling and marketing expenses		**(248,227)**	(184,547)
Administrative expenses		**(343,157)**	(301,445)
Other expenses		**–**	(711)
Finance costs	7	**(160,388)**	(246,103)
Exchange differences arising from retranslation of senior notes, net	8	**19,705**	–
Share of profits and losses of:			
Joint ventures		**21,444**	25,772
Associates		**784**	1,689
PROFIT BEFORE TAX	8	**2,539,089**	1,905,342
Income tax expense	11	**(972,048)**	(731,078)
PROFIT FOR THE YEAR		**1,567,041**	1,174,264
OTHER COMPREHENSIVE INCOME/(LOSS):			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Changes in fair value of derivative financial instruments		**(24,916)**	131,618
Reclassification adjustments for exchange gains/(losses) included in profit or loss	8	**26,596**	(55,232)
		1,680	76,386
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges		**(26,884)**	–
		(25,204)	76,386
Share of other comprehensive loss of joint ventures		**(5,968)**	(357)
Share of other comprehensive income/(loss) of associates		**(12)**	14
Exchange differences on translation of foreign operations		**(93,854)**	88,413
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(125,038)**	164,456
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,442,003**	1,338,720

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Profit attributable to:			
Owners of the parent	12	**900,580**	887,816
Holders of perpetual capital instruments		**68,202**	–
Non-controlling interests		**598,259**	286,448
		1,567,041	1,174,264
Total comprehensive income attributable to:			
Owners of the parent		**793,097**	1,030,911
Holders of perpetual capital instruments		**68,202**	–
Non-controlling interests		**580,704**	307,809
		1,442,003	1,338,720
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic and diluted		**RMB26.3 cents**	RMB25.9 cents

Details of dividends for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property and equipment	15	**133,463**	154,712
Investment properties	16	**4,801,200**	4,012,400
Prepaid land lease payments	17	**2,345,797**	2,671,226
Intangible asset	18	**3,986**	4,153
Properties under development	19	**1,635,932**	1,464,333
Contract in progress	20	**566,286**	441,202
Investments in joint ventures	22	**506,365**	130,889
Investments in associates	23	**54,148**	53,376
Prepayments and deposits	26	**698,356**	1,539,239
Derivative financial instruments	34	**–**	99,981
Deferred tax assets	35	**210,338**	155,871
Total non-current assets		**10,955,871**	10,727,382
CURRENT ASSETS			
Properties under development	19	**12,244,971**	8,024,674
Completed properties held for sale	24	**3,337,454**	2,289,127
Trade receivables	25	**101,050**	166,810
Prepayments, deposits and other receivables	26	**1,887,760**	1,204,030
Due from related parties	27	**851,822**	17,401
Prepaid income tax		**331,986**	134,232
Restricted cash	28	**871,469**	1,000,670
Pledged deposits	28	**327,008**	65,000
Cash and cash equivalents	28	**3,533,681**	3,299,604
Total current assets		**23,487,201**	16,201,548
CURRENT LIABILITIES			
Trade and bills payables	29	**1,512,823**	1,255,128
Receipts in advance	30	**6,572,830**	4,502,166
Other payables and accruals	31	**1,125,341**	1,534,301
Interest-bearing bank and other borrowings	32	**3,699,883**	2,409,326
Due to related parties	27	**352,537**	235,863
Tax payable		**920,210**	659,557
Total current liabilities		**14,183,624**	10,596,341
NET CURRENT ASSETS		**9,303,577**	5,605,207
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,259,448**	16,332,589

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,259,448**	16,332,589
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	32	**4,334,910**	3,157,212
Senior notes	33	**4,192,220**	4,132,756
Deferred tax liabilities	35	**693,718**	520,491
Provision for major overhauls	36	**24,842**	19,923
Total non-current liabilities		**9,245,690**	7,830,382
Net assets		**11,013,758**	8,502,207
EQUITY			
Equity attributable to owners of the parent			
Issued capital	37	**295,732**	295,732
Reserves	38	**6,249,356**	5,443,274
		6,545,088	5,739,006
Perpetual capital instruments	39	**1,173,000**	–
Non-controlling interests		**3,295,670**	2,763,201
Total equity		**11,013,758**	8,502,207

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to owners of the parent												
	Issued capital RMB'000 (note 37)	Share premium account RMB'000 (note 38(e))	Capital reserve RMB'000 (note 38(b))	Statutory surplus reserve RMB'000 (note 38(c))	Merger reserve RMB'000 (note 38(d))	Other reserves RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual capital instruments RMB'000 (note 39)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	250,683	1,657,205	54,446	275,669	30	(168)	(95,993)	117,316	2,582,161	4,841,349	–	2,079,535	6,920,884
Profit for the year	–	–	–	–	–	–	–	–	887,816	887,816	–	286,448	1,174,264
Other comprehensive income/(loss) for the year:													
Share of other comprehensive loss of joint ventures	–	–	–	–	–	(357)	–	–	–	(357)	–	–	(357)
Share of other comprehensive income of associates	–	–	–	–	–	14	–	–	–	14	–	–	14
Cash flow hedges	–	–	–	–	–	–	76,386	–	–	76,386	–	–	76,386
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	67,052	–	67,052	–	21,361	88,413
Total comprehensive income/(loss) for the year	–	–	–	–	–	(343)	76,386	67,052	887,816	1,030,911	–	307,809	1,338,720
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	709,720	709,720
Acquisition of a non-controlling interest	–	–	2,529	–	–	–	–	–	–	2,529	–	(22,529)	(20,000)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(97,734)	(97,734)
Dividend paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(213,600)	(213,600)
Bonus issue	45,049	(45,049)	–	–	–	–	–	–	–	–	–	–	–
2013 interim dividend	–	(135,783)	–	–	–	–	–	–	–	(135,783)	–	–	(135,783)
Transfer to statutory surplus reserve	–	–	–	101,274	–	–	–	–	(101,274)	–	–	–	–
At 31 December 2013	295,732	1,476,373*	56,975*	376,943*	30*	(511)*	(19,607)*	184,368*	3,368,703*	5,739,006	–	2,763,201	8,502,207

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to owners of the parent												
	Issued capital RMB'000 (note 37)	Share premium account RMB'000 (note 38(e))	Capital reserve RMB'000 (note 38(b))	Statutory surplus reserve RMB'000 (note 38(c))	Merger reserve RMB'000 (note 38(d))	Other reserves RMB'000	Hedging reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual capital instruments RMB'000 (note 39)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	295,732	1,476,373*	56,975*	376,943*	30*	(511)*	(19,607)*	184,368*	3,368,703*	5,739,006	–	2,763,201	8,502,207
Profit for the year	-	-	-	-	-	-	-	-	900,580	900,580	68,202	598,259	1,567,041
Other comprehensive income/(loss) for the year:													
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(5,968)	-	-	-	(5,968)	-	-	(5,968)
Share of other comprehensive loss of associates	-	-	-	-	-	(12)	-	-	-	(12)	-	-	(12)
Cash flow hedges	-	-	-	-	-	-	1,680	-	-	1,680	-	-	1,680
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges	-	-	-	-	-	-	(26,884)	-	-	(26,884)	-	-	(26,884)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(76,299)	-	(76,299)	-	(17,555)	(93,854)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(5,980)	(25,204)	(76,299)	900,580	793,097	68,202	580,704	1,442,003
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	60,750	60,750
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(126,000)	(126,000)
Partial disposal of a subsidiary	-	-	12,985	-	-	-	-	-	-	12,985	-	17,015	30,000
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	1,173,000	-	1,173,000
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	(68,202)	-	(68,202)
Transfer to statutory surplus reserve	-	-	-	114,407	-	-	-	-	(114,407)	-	-	-	-
At 31 December 2014	295,732	1,476,373*	69,960*	491,350*	30*	(6,491)*	(44,811)*	108,069*	4,154,876*	6,545,088	1,173,000	3,295,670	11,013,758

* These reserve accounts comprise the consolidated reserves of RMB6,249,356,000 (2013: RMB5,443,274,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,539,089**	1,905,342
Adjustments for:			
Finance costs		**149,181**	227,588
Share of profits and losses of:			
Joint ventures	22	**(21,444)**	(25,772)
Associates	23	**(784)**	(1,689)
Interest income	6	**(40,490)**	(43,825)
Write-off of items of property and equipment	8	**–**	711
Gain on disposal of items of property and equipment, net	6,8	**(137)**	(40)
Gain on disposal of a subsidiary	6	**–**	(80,276)
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges	6	**(26,884)**	–
Depreciation	15	**29,406**	29,763
Amortisation of prepaid land lease payments	17	**31,757**	42,181
Changes in fair value of investment properties	16	**(749,701)**	(602,909)
Amortisation of an intangible asset	18	**167**	166
Loss on derivative financial instruments	7	**11,207**	18,515
		1,921,367	1,469,755
Additions to prepaid land lease payments	17	**(906,083)**	(2,419,329)
Increase in properties under development		**(7,699,641)**	(4,284,299)
Increase in contract in progress	20	**(125,084)**	(128,130)
Decrease in completed properties held for sale		**4,416,193**	4,697,847
Decrease in trade receivables		**65,760**	221,540
Decrease/(increase) in prepayments, deposits and other receivables		**82,340**	(2,634,247)
Decrease/(increase) in amounts due from related parties		**666**	(135)
Increase in trade and bills payables		**257,695**	442,207
Increase in receipts in advance		**2,070,664**	1,695,779
Increase/(decrease) in other payables and accruals		**(423,812)**	898,651
Increase in provision for major overhauls	36	**3,960**	2,805
Cash used in operations		**(335,975)**	(37,556)
Interest received		**40,490**	43,825
Interest paid		**(1,026,073)**	(840,705)
PRC corporate income tax paid		**(470,555)**	(356,061)
PRC land appreciation tax paid		**(319,834)**	(343,405)
Net cash flows used in operating activities		**(2,111,947)**	(1,533,902)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Net cash flows used in operating activities		**(2,111,947)**	(1,533,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment	15	**(8,412)**	(13,461)
Additions to investment properties	16	**(9,154)**	(582,172)
Proceeds from disposal of items of property and equipment		**392**	379
Proceeds from disposal of a subsidiary	40	**–**	180,144
Proceeds from partial disposal of a subsidiary		**30,000**	–
Investment in a joint venture		**(360,000)**	–
Decrease/(increase) in advances of loans to joint ventures and associates		**(835,087)**	181,933
Decrease/(increase) in restricted cash		**129,201**	(322,601)
Decrease/(increase) in pledged deposits		**(262,008)**	108,000
Decrease/(increase) in time deposits with original maturity over three months		**(133,449)**	10,000
Net cash flows used in investing activities		**(1,448,517)**	(437,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of senior notes		**–**	1,013,312
Issuance costs of senior notes		**–**	(18,004)
Net proceeds from issuance of perpetual capital instruments		**1,173,000**	–
Proceeds from the termination of cross currency interest rate swap contracts		**75,065**	–
New bank and other borrowings		**4,701,779**	4,886,420
Repayment of bank and other borrowings		**(2,297,619)**	(3,065,764)
Increase/(decrease) in advances from non-controlling shareholders of certain subsidiaries		**50,338**	(268,639)
Acquisition of a non-controlling interest		**–**	(20,000)
Decrease in an amount due to non-controlling shareholders of certain subsidiaries		**(15,000)**	(7,500)
Capital contribution from non-controlling shareholders		**60,750**	709,720
Increase in amounts due to related parties, net		**116,674**	165,613
Distribution to holders of perpetual capital instruments		**(68,202)**	–
Dividends paid	38	**–**	(135,783)
Dividends paid to non-controlling shareholders of subsidiaries		**(126,000)**	(213,600)
Settlement of interest element of derivative financial instruments		**(18,107)**	(19,486)
Net cash flows from financing activities		**3,652,678**	3,026,289
NET INCREASE IN CASH AND CASH EQUIVALENTS		**92,214**	1,054,609
Cash and cash equivalents at beginning of year		**3,284,604**	2,252,221
Effect of foreign exchange rate changes, net		**8,414**	(22,226)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,385,232**	3,284,604

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**3,099,827**	3,054,030
Non-pledged time deposits with original maturity of less than three months when acquired		**285,405**	230,574
Non-pledged time deposits with original maturity of over three months when acquired		**148,449**	15,000
Cash and cash equivalents as stated in the statement of financial position	28	**3,533,681**	3,299,604
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(148,449)**	(15,000)
Cash and cash equivalents as stated in the statement of cash flows		**3,385,232**	3,284,604

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary	21	**–**	–
Due from subsidiaries	21	**1,429,532**	1,394,259
Derivative financial instruments	34	**–**	99,981
Total non-current assets		**1,429,532**	1,494,240
CURRENT ASSETS			
Prepayments	26	**350**	560
Due from subsidiaries	21	**4,016,496**	4,163,289
Cash and cash equivalents	28	**180,086**	67,927
Total current assets		**4,196,932**	4,231,776
CURRENT LIABILITIES			
Other payables and accruals	31	**135,983**	137,030
Due to subsidiaries	21	**1,183**	707,657
Interest-bearing bank and other borrowings	32	**518,722**	204,576
Total current liabilities		**655,888**	1,049,263
NET CURRENT ASSETS		**3,541,044**	3,182,513
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,970,576**	4,676,753
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	32	**728,712**	–
Senior notes	33	**4,192,220**	4,132,756
Total non-current liabilities		**4,920,932**	4,132,756
Net assets		**49,644**	543,997
EQUITY			
Issued capital	37	**295,732**	295,732
Reserves	38(e)	**(246,088)**	248,265
Total equity		**49,644**	543,997

Director *Director*

1. CORPORATE INFORMATION

China SCE Property Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") during the year.

In the opinion of the directors, the ultimate holding company of the Company is Newup Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

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

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group does not have any levies.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

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

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

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

(Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

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

(Continued)

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries *(Continued)*

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

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

(b) rights arising from other contractual arrangements; and

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

The results of a subsidiary are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

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

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates and joint ventures *(Continued)*

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

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

(iii) the entity and the Group 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); and

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

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and equipment and depreciation *(Continued)*

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

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

Leasehold land under finance leases	Over the lease terms
Buildings	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	19% to 25%
Transportation equipment	10% to 25%

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

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

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Revenue is only recognised upon completion of the development. Sales deposits/instalments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Service concession arrangement

The Group has entered into a service concession arrangement with a government body in Quanzhou, the PRC, for the operation and management of certain sports and recreation facilities. The transactions related to such service concession arrangement are accounted for by the Group as follows:

Consideration paid by the Group

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public services. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible asset (other than goodwill)" below.

Operating services

Revenue relating to operating services is accounted for in accordance with the policy for "Revenue recognition" below.

Contractual obligations to restore the sports and recreation facilities to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licence. The obligations are (a) to maintain the sports and recreation facilities it operates to a specified level of serviceability and (b) to restore the sports and recreation facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the sports and recreation facilities, except for the upgrade element, are recognised and measured in accordance with the policy set out for "Provisions" below.

Intangible asset (other than goodwill)

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible asset (other than goodwill) *(Continued)*

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement of an intangible asset recognised in profit or loss in the period is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

Operating concession

Operating concession represents the right to operate certain sports and recreation facilities and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the operating concession granted to the Group of 30 years.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at the end of the reporting period when the fair value can be determined reliably.

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

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

The Group's financial assets include cash and bank balances, amounts due from related parties, deposits and trade and other receivables which are classified and accounted for as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement

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

Derecognition of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

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

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

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Initial recognition and subsequent measurement (Continued)

For the purpose of hedge accounting, hedges are classified as:

- cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment affects profit or loss is met.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Current versus non-current classification

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents

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

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

Perpetual capital instruments

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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

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

Revenue recognition

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

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties have been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectability of related receivables is reasonably assured;

(b) from the rendering of services, when the services have been rendered;

(c) rental income, on a time proportion basis over the lease terms;

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

(e) facilities rental income, on a time proportion basis over the lease terms.

Land development contract

The Group has entered into a land development contract (the "Land Development Contract") with the local government of Nan'an City (the "Nan'an Government"), the PRC, to carry out the construction and preparation works in respect of land infrastructure and ancillary public facilities on certain land parcels in Nan'an City.

Pursuant to the Land Development Contract, upon completion of the necessary construction and development works of each land parcel, the Group will be entitled to the entire sale proceeds arising from the sale of the relevant land parcel by the Nan'an Government through public auction.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Land development contract *(Continued)*

Revenue from the Land Development Contract is recognised upon the transfer of risks and rewards in connection with the land parcel developed and when the amount of revenue can be measured reliably, which occurs upon the completion of related construction and development works as well as the sale of the relevant land parcel. The timing of sale of each land parcel by the Nan'an Government is uncertain and out of the control of the Group.

Costs incurred by the Group in connection with the Land Development Contract comprise the aggregate costs of construction, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such land development contract and are classified as "Contract in progress" before the relevant land parcels are sold.

Contract in progress is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of the proceeds derived from the sale of the relevant land parcels by the Nan'an Government, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of the land parcels based on prevailing market conditions.

Other employee benefits

Pension schemes

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

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Pension Scheme") operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Pension Scheme.

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholders.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK$") while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

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

The functional currencies of certain subsidiaries, joint ventures and associates operating outside the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Valuation of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

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 a provision for properties under development and completed properties held 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.

Allocation of construction cost on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metre sold during the year multiplied by the average cost per square metre of that particular phase of the project.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in HKAS 12 *Income Taxes* that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. The presumption is rebutted only in the circumstance that there is sufficient evidence such as historical transaction, future development plan and management's intention to demonstrate the investment property is held with the objective to consume substantially all of the economic benefits over time, rather than through sale. Continuous assessments on the presumption will be made by management at each reporting date.

Consolidation of entities in which the Group holds less than majority of voting rights

The Group considers that it controls Grand Richy Investments Limited ("Grand Richy") and its subsidiaries even though it owns less than 50% of the voting rights. This is because the Group had reached an agreement with one of the shareholders of Grand Richy in the prior year for the entrustment of that shareholder's power in the board of directors of Grand Richy to the Group. Accordingly, the Group is able to control and direct the financing and operating activities of Grand Richy.

The Group also considers that it controls Quanzhou Puxi No. 3 Property Development Company Limited ("Quanzhou Puxi") even though it owns less than 50% of its equity interest. Pursuant to the Memorandum and Articles of Association of Quanzhou Puxi, the Group is entitled to appoint a majority of directors in the board of directors of Quanzhou Puxi. With all major decision including operating and financing activities of Quanzhou Puxi are being determined by a simple majority vote in the board meetings, the Group is able to control and direct the financing and operating activities of Quanzhou Puxi.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

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, described below.

Estimation of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

Deferred tax assets

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Allowance on trade and other receivables

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

Provision for major overhauls

The Group has contractual obligations which it must fulfil as a condition of the operating concession granted by the grantor, which are (a) to maintain the sports and recreation facilities it operates to a specified level of serviceability and (b) to restore the sports and recreation facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the sports and recreation facilities, except for the upgrade element, are recognised and measured in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The estimation of the expenditure requires the Group to estimate the expected future cash outlays on major overhauls of the facilities over the service concession period and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment and property management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purposes, the property management segment combines with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 6 to the financial statements.

The Group's revenue from external customers is derived solely from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

During the years ended 31 December 2014 and 2013, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, and other sales related taxes from the sale of properties; gross rental income received and receivable from investment properties, and property management fee income, net of business tax, received and receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2014	2013
	RMB'000	RMB'000
Revenue		
Sale of properties	**6,709,957**	6,440,475
Gross rental income	**87,791**	76,719
Property management fees	**89,644**	70,930
	6,887,392	6,588,124
Other income and gains		
Bank interest income	**40,490**	43,825
Foreign exchange gains, net (note 8)	**–**	19,943
Gain on disposal of items of property and equipment, net	**137**	40
Gain on disposal of a subsidiary (note 40)	**–**	80,276
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges	**26,884**	–
Forfeiture income on deposits received	**11,459**	6,971
Others	**17,866**	11,507
	96,836	162,562

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2014 **RMB'000**	2013 RMB'000
Interest on bank and other borrowings and senior notes wholly repayable within five years	**1,033,489**	864,862
Increase in a discounted amount of provision for major overhauls arising from the passage of time (note 36)	**959**	737
Loss on derivative financial instruments	**11,207**	18,515
Total interest expense on financial liabilities not at fair value through profit or loss	**1,045,655**	884,114
Less: Interest capitalised	**(885,267)**	(638,011)
	160,388	246,103

8. PROFIT BEFORE TAX

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

	Notes	**2014 RMB'000**	2013 RMB'000
Cost of properties sold		**4,416,193**	4,697,847
Cost of services provided		**68,641**	44,895
Depreciation	15	**29,406**	29,763
Amortisation of land lease payments	17	**31,757**	42,181
Amortisation of an intangible asset*	18	**167**	166
Provision for major overhauls	36	**4,384**	4,196
Minimum lease payments under operating leases for land and buildings		**5,294**	5,631
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**293**	409
Auditors' remuneration		**3,185**	2,945
Employee benefit expense (including directors' remuneration (note 9)):			
Salaries and other staff costs		**179,468**	159,171
Pension scheme contributions		**22,708**	15,615
Less: Amount capitalised		**(42,968)**	(38,398)
		159,208	136,388
Write-off of items of property and equipment**	15	**–**	711
Gain on disposal of items of property and equipment, net		**(137)**	(40)
Exchange differences arising from retranslation of senior notes		**(46,301)**	55,232
Less: Reclassification from hedging reserve as a result of cash flow hedges	34	**26,596**	(55,232)
Net exchange differences arising from retranslation of senior notes, net		**(19,705)**	–
Other foreign exchange differences, net		**28,100**	(19,943)
Exchange differences, net		**8,395**	(19,943)

* The amortisation of an intangible asset for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** This item is included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income of the Group.

9. DIRECTORS' REMUNERATION

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

	2014	2013
	RMB'000	RMB'000
Fees	**657**	657
Other emoluments:		
Salaries, allowances and benefits in kind	**5,986**	5,643
Discretionary performance related bonuses	**4,751**	6,742
Pension scheme contributions	**106**	108
	10,843	12,493
	11,500	13,150

(a) Independent non-executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2014					
Independent non-executive directors:					
Mr. Ting Leung Huel Stephen	219	–	–	–	219
Mr. Lu Hong Te	219	–	–	–	219
Mr. Dai Yiyi	219	–	–	–	219
	657	–	–	–	657

9. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2013					
Independent non-executive directors:					
Mr. Ting Leung Huel Stephen	219	–	–	–	219
Mr. Lu Hong Te	219	–	–	–	219
Mr. Dai Yiyi	219	–	–	–	219
	657	–	–	–	657

(b) Executive directors

	Fees RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Discretionary performance related bonuses RMB'000**	**Pension scheme contributions RMB'000**	**Total RMB'000**
2014					
Executive directors:					
Mr. Wong Chiu Yeung ("Mr.Wong")	**–**	**1,402**	**1,409**	**13**	**2,824**
Mr. Chen Yuanlai	**–**	**1,144**	**894**	**13**	**2,051**
Mr. Cheng Hiu Lok	**–**	**1,144**	**894**	**13**	**2,051**
Mr. Li Wei	**–**	**1,148**	**767**	**34**	**1,949**
Mr. Huang Youquan	**–**	**1,148**	**787**	**33**	**1,968**
	–	**5,986**	**4,751**	**106**	**10,843**

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2013					
Executive directors:					
Mr. Wong	–	1,316	1,998	12	3,326
Mr. Chen Yuanlai	–	1,082	1,276	12	2,370
Mr. Cheng Hiu Lok	–	1,082	1,276	12	2,370
Mr. Li Wei	–	1,082	1,094	42	2,218
Mr. Huang Youquan	–	1,081	1,098	30	2,209
	–	5,643	6,742	108	12,493

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five (2013: five) directors, details of whose remuneration are set out in note 9 above.

11. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2014	2013
	RMB'000	RMB'000
Group:		
Current charge for the year:		
PRC CIT	**509,799**	337,906
PRC LAT	**401,643**	280,300
Overprovision in prior years:		
Hong Kong	**–**	(5,437)
Mainland China	**(58,154)**	(31,951)
	853,288	580,818
Deferred (note 35)	**118,760**	150,260
Total tax charge for the year	**972,048**	731,078

11. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2014 **RMB'000**	2013 RMB'000
Profit before tax	**2,539,089**	1,905,342
At the statutory/applicable rates of different jurisdictions	**678,485**	519,250
Lower tax rates for specific cities	**(81,185)**	(34,188)
Adjustments in respect of current tax of previous periods	**(58,154)**	(37,388)
Profits and losses attributable to joint ventures and associates	**(5,661)**	(6,611)
Income not subject to tax	**(2,228)**	(15,941)
Expenses not deductible for tax	**110,636**	77,797
Tax losses not recognised	**306**	–
Tax effect on unrealised profits arising from transactions within the Group	**14,254**	17,992
LAT	**401,643**	280,300
Tax effect of LAT	**(86,048)**	(70,133)
Tax charge at the Group's effective rate	**972,048**	731,078

The share of tax charge for the year ended 31 December 2014 attributable to joint ventures and associates amounting to RMB11,927,000 (2013: RMB28,481,000) and RMB317,000 (2013: RMB911,000), respectively, are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a loss of RMB82,988,000 (2013: RMB216,453,000) which has been dealt with in the financial statements of the Company (note 38(e)).

13. DIVIDENDS

	2014	2013
	RMB'000	RMB'000
Interim dividend — Nil (2013: HK6 cents per ordinary share)	**–**	135,783

The directors do not recommend the payment of any final dividend for the year ended 31 December 2014.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 3,423,840,000 (2013: 3,423,840,000) in issue during the year (note 37).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

15. PROPERTY AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
31 December 2014					
At 1 January 2014:					
Cost	99,585	31,656	29,361	90,886	251,488
Accumulated depreciation	(13,967)	(21,328)	(19,410)	(42,071)	(96,776)
Net carrying value	85,618	10,328	9,951	48,815	154,712
At 1 January 2014, net of accumulated depreciation	85,618	10,328	9,951	48,815	154,712
Additions	–	2,942	4,485	985	8,412
Depreciation	(3,276)	(4,762)	(4,643)	(16,725)	(29,406)
Disposals	–	–	(175)	(80)	(255)
At 31 December 2014, net of accumulated depreciation	82,342	8,508	9,618	32,995	133,463
At 31 December 2014:					
Cost	99,585	34,598	33,671	92,308	260,162
Accumulated depreciation	(17,243)	(26,090)	(24,053)	(59,313)	(126,699)
Net carrying value	82,342	8,508	9,618	32,995	133,463

15. PROPERTY AND EQUIPMENT *(Continued)*

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
31 December 2013					
At 1 January 2013:					
Cost	72,385	29,871	24,229	85,683	212,168
Accumulated depreciation	(10,691)	(16,796)	(14,690)	(25,127)	(67,304)
Net carrying value	61,694	13,075	9,539	60,556	144,864
At 1 January 2013, net of accumulated depreciation	61,694	13,075	9,539	60,556	144,864
Additions	–	2,644	5,252	5,565	13,461
Transfer from investment properties (note 16)	27,200	–	–	–	27,200
Depreciation	(3,276)	(4,535)	(4,721)	(17,231)	(29,763)
Write-off	–	(702)	(9)	–	(711)
Disposals	–	(154)	(110)	(75)	(339)
At 31 December 2013, net of accumulated depreciation	85,618	10,328	9,951	48,815	154,712
At 31 December 2013:					
Cost	99,585	31,656	29,361	90,886	251,488
Accumulated depreciation	(13,967)	(21,328)	(19,410)	(42,071)	(96,776)
Net carrying value	85,618	10,328	9,951	48,815	154,712

At 31 December 2014, certain of the Group's buildings with an aggregate carrying amount of RMB77,205,000 (2013: RMB37,714,000) were pledged to banks to secure certain bank and other borrowings granted to the Group (note 42).

The Group's leasehold land included in property and equipment with a net carrying amount of RMB6,756,000 (2013: RMB6,744,000) is situated in Hong Kong and is held under a medium term lease.

16. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 31 December 2012 and 1 January 2013	1,775,000	1,079,000	2,854,000
Additions	–	582,172	582,172
Transfer	2,162,000	(2,162,000)	–
Transfer from properties under development	–	519	519
Transfer to property and equipment (note 15)	(27,200)	–	(27,200)
Net gain from a fair value adjustment	102,600	500,309	602,909
Carrying amount at 31 December 2013 and 1 January 2014	**4,012,400**	**–**	**4,012,400**
Additions	**9,154**	**–**	**9,154**
Transfer from properties under development	**–**	**29,945**	**29,945**
Net gain from a fair value adjustment	**646,646**	**103,055**	**749,701**
Carrying amount at 31 December 2014	**4,668,200**	**133,000**	**4,801,200**

All of the Group's investment properties are situated in Mainland China and are held under medium term leases.

The Group's investment properties were revalued on 31 December 2014 based on valuations performed by DTZ Debenham Tie Leung, independent professionally qualified valuers, at RMB4,801,200,000 (2013: RMB4,012,400,000).

At 31 December 2014, the Group's investment properties with an aggregate carrying amount of RMB2,522,700,000 (2013: RMB3,609,500,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

The Group's completed investment properties are leased to third parties and companies controlled by Mr. Wong under operating leases, further summary details of which are included in note 43(a).

Fair value hierarchy

For the years ended 31 December 2014 and 2013, the fair value measurements of all investment properties of the Group are categorised within Level 3 of the fair value hierarchy and details of their movement are disclosed above.

16. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

In the opinion of the directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use.

The following table illustrates the fair value measurement of the Group's investment properties using:

	Fair value measurement using significant unobservable inputs (Level 3)	
	2014	2013
	RMB'000	RMB'000
Recurring fair value measurement for:		
Office properties	**570,900**	566,900
Retail properties	**4,074,300**	3,290,800
Residential properties	**21,800**	20,500
Car parks	**134,200**	134,200
	4,801,200	4,012,400

16. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

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

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	
			2014	2013
Office properties	Investment method and direct comparison method (refer below)	Estimated rental value per square metre and per month (RMB)	**56 to 125**	56 to 125
		Capitalisation rate	**6%**	6%
		Price per square metre (RMB)	**12,500 to 18,200**	12,000 to 20,000
Retail properties	Investment method and direct comparison method (refer below)	Estimated rental value per square metre and per month (RMB)	**110 to 600**	52 to 600
		Capitalisation rate	**5% to 6.5%**	5% to 6.5%
		Price per square metre (RMB)	**22,000 to 93,200**	22,000 to 60,000
Residential properties	Investment method and direct comparison method (refer below)	Estimated rental value per square metre and per month (RMB)	**115 to 150**	110 to 140
		Capitalisation rate	**2.5%**	2.5%
		Price per square metre (RMB)	**53,300 to 68,100**	40,000 to 60,000
Car parks	Investment method and direct comparison method (refer below)	Estimated rental value per car park and per month (RMB)	**1,300**	1,300
		Capitalisation rate	**5%**	5%
		Price per car park (RMB)	**170,000 to 316,000**	100,000 to 350,000

As at 31 December 2014, the construction of all investment properties were completed and their valuations were based on either the investment method by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties or the direct comparison method by reference to comparable market transactions.

16. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Significant increases/(decreases) in estimated rental value per square metre or per car park or price per square metre in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated rental value per square metre and the price per square metre are accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

17. PREPAID LAND LEASE PAYMENTS

	2014 **RMB'000**	2013 RMB'000
Carrying amount at 1 January	**2,720,391**	2,314,353
Additions	**906,083**	2,419,329
Transfer to properties under development	**(1,301,453)**	(2,766,363)
Transfer from prepayments and deposits	**82,462**	795,253
Recognised during the year	**(31,757)**	(42,181)
Carrying amount at 31 December	**2,375,726**	2,720,391
Current portion included in prepayments, deposits and other receivables	**(29,929)**	(49,165)
Non-current portion	**2,345,797**	2,671,226

The Group's leasehold lands are situated in Mainland China and are held under the following lease terms:

	2014 **RMB'000**	2013 RMB'000
Long term leases	**1,900,755**	2,234,585
Medium term leases	**474,971**	485,806
	2,375,726	2,720,391

At 31 December 2014, certain of the Group's leasehold land with an aggregate carrying amount of RMB1,287,033,000 (2013: RMB1,655,113,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

18. INTANGIBLE ASSET

	Operating concession	
	2014	2013
	RMB'000	RMB'000
Cost at 1 January, net of accumulated amortisation	**4,153**	4,319
Amortisation provided during the year	**(167)**	(166)
At 31 December	**3,986**	4,153
At 31 December:		
Cost	**4,861**	4,861
Accumulated amortisation	**(875)**	(708)
Net carrying amount	**3,986**	4,153

On 28 March 2006, Quanzhou Straits Sports Centre Co., Ltd. (the "Straits Sports Centre") entered into an operating right concession agreement (the "Operating Right Agreement") with Quanzhou Sports Bureau (the "Sports Bureau"), a local government body in Quanzhou, the PRC, at a cash consideration of RMB5,000,000. Pursuant to the Operating Right Agreement, the Straits Sports Centre is granted an operating concession (the "Operating Concession") to operate and manage certain sports and recreation facilities (the "Facilities") in Quanzhou for a period of 30 years (the "Operating Period").

This service concession arrangement involves the Group as operator (i) paying a specific amount as consideration to obtain the Operating Concession of the Facilities; (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the Sports Bureau for the Operating Period; and (iii) receiving a right to charge users using the Facilities. The Group is entitled to operate and manage the Facilities, and is entitled to all the income associated with the operation of the Facilities. However, the relevant government bodies as grantors will control and regulate the scope of services provided and the prices charged by the Group during the Operating Period, retain ownership, and be entitled to any residual interest in the Facilities at the end of the Operating Period.

The cost of the Operating Concession is being amortised over the Operating Period.

19. PROPERTIES UNDER DEVELOPMENT

	2014 RMB'000	2013 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**12,244,971**	8,024,674
Beyond normal operating cycle included under non-current assets	**1,635,932**	1,464,333
	13,880,903	9,489,007
Properties under development expected to be completed within normal operating cycle and recovered:		
Within one year	**6,677,500**	2,243,940
After one year	**5,567,471**	5,780,734
	12,244,971	8,024,674

The Group's properties under development are located in Mainland China and are held under the following lease terms:

	2014 RMB'000	2013 RMB'000
Long term leases	**13,314,918**	8,195,776
Medium term leases	**565,985**	1,293,231
	13,880,903	9,489,007

At 31 December 2014, certain of the Group's properties under development, including the relevant land use rights, with an aggregate carrying amount of RMB8,673,561,000 (2013: RMB4,447,103,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

20. CONTRACT IN PROGRESS

	2014	2013
	RMB'000	RMB'000
At 1 January	**441,202**	313,072
Additions	**125,084**	128,130
At 31 December	**566,286**	441,202

On 18 August 2009, the Group entered into the Land Development Contract with the Nan'an Government to carry out the construction and preparation works in respect of land infrastructure and ancillary public facilities over certain land parcels in Nan'an City. Pursuant to the Land Development Contract, although the Group does not have ownership title or land use right to such land parcels, when the land parcels are sold by the Nan'an Government through public auctions, the Group is entitled to the entire sales proceeds arising from such land sales.

The development of the relevant land parcels commenced in 2010 and is expected to be completed gradually in and after 2016.

Contract in progress represents costs incurred by the Group in connection with the construction and development of the relevant land parcels under the Land Development Contract and comprises relocation and demolition work, costs of construction, materials and supplies, capitalised borrowing costs on related borrowed funds during the period of development and other costs directly attributable to the Land Development Contract.

21. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	RMB'000	RMB'000
Unlisted investment, at cost	**–**	–
Due from subsidiaries	**1,429,532**	1,394,259
	1,429,532	1,394,259

The amounts due from and due to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand.

The amounts advanced to the subsidiaries included in the investments in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these advances are considered as part of the Company's investments in the subsidiaries.

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Affluent Way International Limited ø	BVI	US$1	100	–	Investment holding
South China Property International Limited ø	Hong Kong	HK$10,000	–	100	Investment holding
South China Group (H.K.) Limited ø	Hong Kong	HK$100	–	100	Investment holding
Grand Richy Investments Limited	BVI	US$100	–	45	Investment holding
Xiamen Zhongjun Industrial Co., Ltd. ** (廈門中駿集團有限公司#)	PRC	HK$1,670,000,000	–	100	Investment holding and trading of construction materials
Xiamen Guanjun Aviation Storage Services Co., Ltd. * (廈門冠駿航空倉儲服務有限公司#)	PRC	RMB50,000,000	–	100	Property investment
Tangshan SCE Real Estate Development Co., Ltd. * (唐山中駿房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development
Nan'an Junjie Real Estate Development Co., Ltd. * (南安駿杰房地產開發有限公司#)	PRC	RMB100,000,000	–	80	Property development
Beijing Dushishengjing Real Estate Development Co., Ltd. *^ (北京都市聖景房地產開發有限公司#)	PRC	RMB10,000,000	–	100	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhangzhou Long Wen Hua Gang Real Estate Development Co., Ltd. * (漳州龍文華港房地產發展有限公司#)	PRC	RMB100,000,000	–	100	Property development
Beijing Jinghui Real Estate Development Co., Ltd. ** (北京京匯房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development and property investment
Fujian Zhongjun Industrial Co., Ltd. * (福建中駿置業有限公司#)	PRC	RMB1,000,000,000	–	100	Investment holding and property development
Zhongjun (Quanzhou) Real Estate Development Co., Ltd. * (中駿(泉州)房地產開發有限公司#)	PRC	RMB315,000,000	–	100	Property development and property investment
Nan'an Huajing Real Estate Development Co., Ltd. * (南安市華景房地產開發有限公司#)	PRC	RMB70,000,000	–	100	Property development
Fujian Taijing Construction Co., Ltd. * (福建泰景建設有限公司#)	PRC	RMB59,720,000	–	100	Property construction
Shanxi Yuanhong Real Estate Development Co., Ltd. * (山西源宏房地產開發有限公司#)	PRC	RMB100,000,000	–	70	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Xiamen Zhongjun Tianfeng Real Estate Co., Ltd. *** (廈門中駿天峰房地產有限公司#)	PRC	RMB240,000,000	–	60	Property development
Fujian Straits West-Coast Investment Co., Ltd. * ("West-Coast Investment") (福建省海峽西岸投資有限公司#)	PRC	RMB700,000,000	–	58	Property development and property investment
Quanzhou Puxi No.3 Property Development Co., Ltd. *** (泉州市浦西三號置業有限公司#)	PRC	RMB900,000,000	–	34	Property development
Xiamen Junyou Real Estate Development Co., Ltd. *∞ (廈門駿友房地產開發有限公司#)	PRC	RMB10,000,000	–	100	Property development
South Fujian Gold Coast Resort Co., Ltd. Shishi **^ (石獅市閩南黃金海岸渡假村有限公司#)	PRC	RMB800,000,000	–	45	Property development and property investment

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Xiamen Huihongda Investment Co., Ltd. *∞^ ("Huihangda") (廈門輝宏達投資有限公司#)	PRC	RMB301,000,000	–	65	Property development
Quanzhou Junhua Real Estate Development Co., Ltd. * (泉州駿華房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development
Quanzhou Junxiang Real Estate Development Co., Ltd. * (泉州駿祥房地產開發有限公司#)	PRC	RMB100,000,000	–	51	Property development
Longyan Junlong Real Estate Development Co., Ltd. * (龍岩駿龍房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development
Nanchang Zhongjun Real Estate Development Co., Ltd. * (南昌中駿房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development
Shishi Junde Real Estate Development Co., Ltd.* (石獅駿德房地產開發有限公司#)	PRC	RMB600,000,000	–	60	Property development

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below: *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shishi Juncheng Real Estate Development Co., Ltd. * (石獅駿誠房地產開發有限公司#)	PRC	RMB100,000,000	–	100	Property development
Zhangzhou Junmei Real Estate Development Co., Ltd. *** (漳州駿美房地產開發有限公司#)	PRC	RMB300,000,000	–	70	Property development
Shanghai Juntai Real Estate Development Co., Ltd. *** (上海駿泰房地產開發有限公司#)	PRC	RMB750,000,000	–	100	Property development

* Registered as limited liability companies under the PRC law

** Registered as wholly-foreign-owned entities under the PRC law

*** Registered as Sino-foreign joint ventures under the PRC law

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

^ At 31 December 2014, the equity interests of these companies were pledged to secure certain bank and other borrowings of RMB1,509,338,000 (2013: RMB854,000,000) granted to the Group (note 32).

ø At 31 December 2014, the equity interests of these companies were pledged under share mortgage to the holders of the senior notes to secure the senior notes of RMB2,000,000,000 at a coupon rate of 10.5% due 2016 issued in January 2011 (the "2011 Senior Notes") and the senior notes of US$350,000,000 at a coupon rate of 11.5% due 2017 issued in November 2012 and January 2013 (the "2012 Senior Notes") (2013: the 2011 Senior Notes and the 2012 Senior Notes) (note 33).

∞ At 31 December 2014, certain equity interests of these companies were pledged to the Fund Investors (as defined in note 32) for bank and other borrowings of RMB93,912,000 granted to the Group (2013: RMB259,400,000) (note 32).

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests:		
West-Coast Investment	**42%**	42%
Quanzhou Puxi	**66%**	66%
Huihongda	**35%**	35%

	2014	2013
	RMB'000	RMB'000
Profit/(loss) for the year attributable to non-controlling interests:		
West-Coast Investment	**237,004**	238,557
Quanzhou Puxi	**237,631**	(12,569)
Huihongda	**121,071**	41,643
Dividends paid to non-controlling interests of West-Coast Investment	**126,000**	126,000
Accumulated balances of non-controlling interests at the reporting dates:		
West-Coast Investment	**917,237**	806,233
Quanzhou Puxi	**809,108**	571,477
Huihongda	**267,261**	146,190

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2014	West-Coast Investment RMB'000	Quanzhou Puxi RMB'000	Huihongda RMB'000
Revenue	1,873,466	1,572,921	1,631,318
Other income	339,747	2,054	49,931
Total expenses	(1,648,917)	(1,214,929)	(1,335,332)
Profit for the year	564,296	360,046	345,917
Total comprehensive income for the year	564,296	360,046	345,917
Current assets	913,151	1,376,075	1,174,164
Non-current assets	2,407,484	225,926	25,381
Current liabilities	(817,046)	(366,080)	(435,941)
Non-current liabilities	(319,691)	(10,000)	–
Net cash flows from/(used in) operating activities	(11,359)	126,918	(123,097)
Net cash flows from investing activities	490,418	81,807	470,059
Net cash flows used in financing activities	(580,052)	(219,933)	(161,315)
Net increase/(decrease) in cash and cash equivalents	(100,993)	(11,208)	185,647

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

2013	West-Coast Investment RMB'000	Quanzhou Puxi RMB'000	Huihongda RMB'000
Revenue	2,311,843	–	474,874
Other income	456,269	1,544	3,268
Total expenses	(2,200,118)	(20,588)	(359,161)
Profit/(loss) for the year	567,994	(19,044)	118,981
Total comprehensive income/(loss) for the year	567,994	(19,044)	118,981
Current assets	2,221,193	1,723,528	2,094,612
Non-current assets	2,211,159	230,507	10,829
Current liabilities	(2,162,624)	(958,160)	(1,291,754)
Non-current liabilities	(350,126)	(130,000)	(396,000)
Net cash flows from/(used in) operating activities	626,920	(249,826)	42,841
Net cash flows from/(used in) investing activities	(268,860)	265,315	275,829
Net cash flows used in financing activities	(508,239)	(5,844)	(273,519)
Net increase/(decrease) in cash and cash equivalents	(150,179)	9,645	45,151

22. INVESTMENTS IN JOINT VENTURES

	2014 RMB'000	2013 RMB'000
Share of net assets	**518,278**	142,802
Due to joint ventures	**(11,913)**	(11,913)
	506,365	130,889

The amounts due to joint ventures are unsecured, interest-free and have no fixed terms of repayment.

22. INVESTMENTS IN JOINT VENTURES *(Continued)*

Particulars of the Group's joint ventures are as follows:

Name	Nominal value of registered/ paid-up capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Well China International Investment Holdings Limited	Ordinary shares of HK$140,000,000	Hong Kong	49(1)	Investment holding
Shanghai Zhongjun Chuangfu Real Estate Development Co., Ltd. ** ("Shanghai Zhongjun Chuangfu") (上海中駿創富房地產開發有限公司#)	Registered capital of RMB1,800,000,000	PRC	50(2)	Property development
Quanzhou Yuanhang Real Estate Development Co., Ltd. * (泉州遠航房地產開發有限公司#)	Registered capital of RMB150,000,000	PRC	49(1)	Property development
Xiamen Vanke Maluanwan Property Co., Ltd. * ("Vanke Maluanwan") (廈門市萬科馬鑾灣置業有限公司#)	Registered capital of RMB30,000,000	PRC	20	Property development

* Registered as limited liability companies under the PRC law

** Registered as Sino-foreign joint ventures under the PRC law

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

(1) Pursuant to the relevant shareholders' agreements, the Group is entitled to a 50% voting right in the boards of directors of these entities.

(2) Pursuant to the relevant shareholders' agreements, the Group is entitled to a 40% voting right in the board of directors of this entity.

All of the above investments in joint ventures are held indirectly by subsidiaries of the Company.

During the year ended 31 December 2013, the Group had discontinued the recognition of its share of losses of Vanke Maluanwan because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses beyond its registered capital amount. The amounts of the Group's unrecognised share of losses of this joint venture for the year ended 31 December 2013 was RMB4,948,000.

22. INVESTMENTS IN JOINT VENTURES *(Continued)*

Notes:

(a) The following tables illustrate the summarised financial information in respect of Shanghai Zhongjun Chuangfu and Vanke Maluanwan adjusted for any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

(i) Summarised financial information in respect of Shanghai Zhongjun Chuangfu

	2014 RMB'000
Cash and cash equivalents	**105,150**
Other current assets	**2,175,946**
Current assets	**2,281,096**
Non-current assets	**1,893,215**
Other current liabilities	**(672,766)**
Current liabilities	**(672,766)**
Non-current financial liabilities	**(1,700,000)**
Non-current liabilities	**(1,700,000)**
Net assets	**1,801,545**
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	**20%**
Carrying amount of the investment	**360,309**
Bank interest income	**1,035**
Depreciation	**(259)**
Tax	**1,439**
Total comprehensive income for the year	**1,545**

22. INVESTMENTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

(ii) Summarised financial information in respect of Vanke Maluanwan

	2014	2013
	RMB'000	RMB'000
Cash and cash equivalents	**500,365**	190,399
Other current assets	**3,681,766**	2,305,184
Current assets	**4,182,131**	2,495,583
Non-current assets	**398**	678,291
Other current liabilities	**(4,069,324)**	(3,198,614)
Current liabilities	**(4,069,324)**	(3,198,614)
Net assets/(liabilities)	**113,205**	(24,740)
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**20%**	20%
Carrying amount of the investment	**22,641**	(4,948)
Revenue	**905,950**	–
Bank interest income	**1,732**	1,466
Depreciation	**(104)**	(45)
Tax	**(46,913)**	11,328
Total comprehensive income/(loss) for the year	**137,945**	(34,725)

22. INVESTMENTS IN JOINT VENTURES *(Continued)*

Notes: *(Continued)*

(b) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2014 **RMB'000**	2013 RMB'000
Share of joint ventures' profit/(loss) for the year	**(1,506)**	25,772
Share of the joint ventures' other comprehensive loss	**(5,968)**	(357)
Share of the joint ventures' total comprehensive income/(loss)	**(7,474)**	25,415
Aggregate carrying amount of the Group's investments in the joint ventures	**135,328**	142,802

23. INVESTMENTS IN ASSOCIATES

	2014 **RMB'000**	2013 RMB'000
Share of net assets	**54,148**	53,376

Particulars of the associates are as follows:

Name	**Nominal value of registered/ paid-up capital**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Quanzhou Baoxing Real Estate Development Co., Ltd. * (泉州寶興房地產開發有限公司#)	Registered capital of RMB48,000,000	PRC	30	Property development
China Bright Investments Limited	Ordinary shares of HK$100	Hong Kong	20	Investment holding
Xiamen Dayoufu Property Consultation Co., Ltd. ** (廈門大友富置業顧問有限公司#)	Registered capital of HK$3,000,000	PRC	20	Property agency

* Registered as a limited liability company under the PRC law

** Registered as a wholly-foreign-owned entity under the PRC law

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

23. INVESTMENTS IN ASSOCIATES *(Continued)*

All of the above investments in associates are held indirectly by subsidiaries of the Company.

All associates have been accounted for using the equity method in these financial statements and their financial year end date is coterminous with that of the Group.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2014	2013
	RMB'000	RMB'000
Share of the associates' profit for the year	**784**	1,689
Share of the associates' other comprehensive income/(loss)	**(12)**	14
Share of the associates' total comprehensive income	**772**	1,703
Aggregate carrying amount of the Group's investments in the associates	**54,148**	53,376

24. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are located in Mainland China and are held under the following lease terms:

	2014	2013
	RMB'000	RMB'000
Long term leases	**2,003,407**	1,525,343
Medium term leases	**1,334,047**	763,784
	3,337,454	2,289,127

All the completed properties held for sale are stated at cost.

At 31 December 2014, certain of the Group's completed properties held for sale with an aggregate carrying amount of RMB897,495,000 (2013: RMB1,165,405,000) were pledged to secure certain bank and other borrowings granted to the Group (note 42).

25. TRADE RECEIVABLES

The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of property management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period of three months to the lessees of the Group's investment properties, extending up to six months for major customers.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

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

	2014 **RMB'000**	2013 RMB'000
Neither past due nor impaired	**100,465**	166,034
1 to 6 months past due	**125**	196
7 to 12 months past due	**–**	–
Over 1 year past due	**460**	580
	101,050	166,810

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

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

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayments (note)	**984,762**	1,676,206	**350**	560
Deposits	**485,950**	525,318	**–**	–
Other receivables	**1,115,404**	541,745	**–**	–
	2,586,116	2,743,269	**350**	560
Non-current portion	**(698,356)**	(1,539,239)	**–**	–
Current portion	**1,887,760**	1,204,030	**350**	560

Note: The balances included prepayments for the acquisition of land use rights in Mainland China amounting to RMB495,356,000 as at 31 December 2014 (2013: RMB1,336,239,000).

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

27. BALANCES WITH RELATED PARTIES

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

	Group	
	2014	2013
	RMB'000	RMB'000
Due from related parties:		
Companies controlled by Mr. Wong	**–**	666
Joint ventures	**851,318**	16,243
Associates	**504**	492
	851,822	17,401
Due to related parties:		
Companies controlled by Mr. Wong	**927**	–
Joint ventures	**288,365**	173,760
Associates	**63,245**	62,103
	352,537	235,863

The balances are non-trade in nature, unsecured, interest-free and are repayable on demand.

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

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**4,298,304**	4,119,700	**180,086**	67,927
Time deposits	**433,854**	245,574	**–**	–
Less: Restricted cash (notes)	**(871,469)**	(1,000,670)	**–**	–
Pledged deposits (note (e))	**(327,008)**	(65,000)	**–**	–
Cash and cash equivalents	**3,533,681**	3,299,604	**180,086**	67,927

Notes:

(a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects. As at 31 December 2014, such guarantee deposits amounted to RMB792,390,000 (2013: RMB847,729,000).

(b) According to the relevant mortgage facility agreements signed by certain subsidiaries of the Group with their banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the banks. As at 31 December 2014, such deposits amounted to RMB23,221,000 (2013: RMB14,714,000).

(c) Pursuant to a management agreement entered into between the Sports Bureau and Straits Sports Centre, the fund advanced by the Sports Bureau and deposited in a designated bank account can only be used for the payments of construction costs and expenditure incurred for the construction of the Facilities. As at 31 December 2014, such advance amounted to RMB6,000,000 (2013: RMB6,000,000).

(d) In addition to the restrictions as detailed in notes (a), (b) and (c), certain subsidiaries of the Group are also required to place certain of their bank deposit amounts as guarantee deposits for public maintenance fund, or there are restrictions as to the use of certain unutilised bank loan proceeds and proceeds from Perpetual Capital Instruments (note 39) deposited in the subsidiaries' bank accounts. As at 31 December 2014, the aggregate amount of such deposits amounted to RMB49,858,000 (2013: RMB132,227,000).

(e) The bank deposits were pledged to secure general banking facilities and bills payable granted to the Group (note 42).

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB4,348,630,000 (2013: RMB4,071,169,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS *(Continued)*

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

29. TRADE AND BILLS PAYABLES

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

	2014	2013
	RMB'000	RMB'000
Within 1 year	**1,480,977**	1,226,721
Over 1 year	**31,846**	28,407
	1,512,823	1,255,128

The trade and bills payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

As at 31 December 2014, certain bills payable of the Group with an aggregate amount of RMB59,674,000 (2013: Nil) were secured by certain time deposits of the Group (note 28).

30. RECEIPTS IN ADVANCE

Receipts in advance represent sales proceeds received from buyers in connection with the Group's pre-sale of properties.

31. OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Notes	**2014**	2013	**2014**	2013
		RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits received		**163,083**	228,831	**–**	–
Accruals		**190,614**	191,210	**135,983**	130,130
Due to non-controlling shareholders	(a)	**–**	15,000	**–**	–
Advances from non-controlling shareholders	(b)	**591,669**	541,331	**–**	–
Derivative financial instruments	34	**–**	6,900	**–**	6,900
Other payables		**179,975**	551,029	**–**	–
		1,125,341	1,534,301	**135,983**	137,030

Notes:

(a) The balance as at 31 December 2013 bore interest at 6% per annum (being the one-year lending rate quoted by the People's Bank of China).

(b) The balances are unsecured, interest-free and repayable on demand.

Other payables are non-interest-bearing and are expected to be settled within one year.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2014			2013		
	Contractual interest rate (%) per annum	Maturity	RMB'000	Contractual interest rate (%) per annum	Maturity	RMB'000
Current						
Bank loans — secured	1.67–10.00	2015	1,443,079	1.67–9.75	2014	1,283,629
Current portion of long term bank loans — secured	4.88–7.50	2015	585,892	6.30–8.32	2014	716,612
Other loans — secured	5.70–13.50	2015	1,670,912	5.50–11.00	2014	409,085
			3,699,883			2,409,326
Non-current						
Bank loans — secured	1.76–7.80	2016–2019	3,204,910	6.30–8.50	2015–2016	1,111,212
Other loans — secured	10.00–13.50	2016	1,130,000	5.70–13.50	2015–2016	2,046,000
			4,334,910			3,157,212
			8,034,793			5,566,538

Company

	2014			2013		
	Contractual interest rate (%) per annum	Maturity	RMB'000	Contractual interest rate (%) per annum	Maturity	RMB'000
Current						
Bank loans — secured	1.67–6.00	2015	443,920	2.13	2014	204,576
Current portion of long term bank loans — secured	4.88–5.38	2015	74,802	–	–	–
			518,722			204,576
Non-current						
Bank loans — secured	1.76–5.38	2016–2017	728,712	–	–	–
			1,247,434			204,576

32. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	Group		Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	**2,028,971**	2,000,241	**518,722**	204,576
In the second year	**1,787,500**	1,111,212	**429,302**	–
In the third to fifth years, inclusive	**1,417,410**	–	**299,410**	–
	5,233,881	3,111,453	**1,247,434**	204,576
Other borrowings repayable:				
Within one year	**1,670,912**	409,085	**–**	–
In the second year	**1,130,000**	1,316,000	**–**	–
In the third to fifth years, inclusive	**–**	730,000	**–**	–
	2,800,912	2,455,085	**–**	–
	8,034,793	5,566,538	**1,247,434**	204,576

Notes:

(a) Certain of the Group's bank and other borrowings are secured by the Group's bank deposits, property and equipment, investment properties, prepaid land lease payments, properties under development and completed properties held for sale, details of which are disclosed in note 42 to the financial statements.

(b) Certain of the Group's bank and other borrowings with an aggregate amount of RMB1,509,338,000 (2013: RMB854,000,000) were secured by share charges in respect of the equity interests of certain subsidiaries of the Group (note 21).

(c) Except for certain secured bank and other borrowings of RMB728,623,000 (2013: RMB210,821,000) and RMB754,446,000 (2013: RMB121,808,000) as at 31 December 2014 which were denominated in HK$ and United States dollars ("US$"), respectively, all of the Group's bank and other borrowings were denominated in RMB.

(d) At the end of the reporting period, except for certain bank and other borrowings of RMB3,322,912,000 (2013: RMB2,789,085,000), the interest rates of which were fixed in nature, all borrowings bear interest at floating interest rates.

(e) Certain subsidiaries of the Group in the PRC which are engaged in development of property projects have entered into certain financing arrangements with various investors (the "Fund Investors") pursuant to which the Fund Investors raised funds and invested in these subsidiaries in the form of capital contribution (the "Fund Investment"). The Fund Investment bears interest at 10.5% per annum and the Fund Investors are entitled to exercise an option requiring the Group to repurchase the Fund Investment in two years and the Fund Investment with an aggregate sum of RMB93,912,000 as at 31 December 2014 (2013: RMB259,400,000) is therefore classified as bank and other borrowings in the consolidated statement of financial position of the Group. The Fund Investment is also secured by pledges over the equity interests of these subsidiaries (note 21).

(f) As at 31 December 2014, the Group's bank and other borrowings of RMB559,338,000 were secured by a specific performance obligation imposed on Mr. Wong and pursuant to which Mr. Wong was required to, among others, (i) remain the single largest shareholder in the Company, (ii) hold legally and beneficially and directly or indirectly 40% or more of all class of the Company's voting share capital and (iii) continue to control the company. Non-compliance with the aforesaid obligation by Mr. Wong would constitute an event of default under the relevant loan agreement and a cross default provision of the 2011 Senior Notes and the 2012 Senior Notes.

33. SENIOR NOTES

Group and Company

	2014				2013			
	Principal at original currency 'million	**Contractual interest rate (%) per annum**	**Maturity**	**RMB'000**	Principal at original currency 'million	Contractual interest rate (%) per annum	Maturity	RMB'000
2011 Senior Notes	**RMB2,000***	**10.50**	**2016**	**1,987,179**	RMB2,000*	10.50	2016	1,976,100
2012 Senior Notes	**US$350**	**11.50**	**2017**	**2,205,041**	US$350	11.50	2017	2,156,656
				4,192,220				4,132,756

* The 2011 Senior Notes are denominated in RMB and settled in US$, and bear coupon at 10.5% per annum payable semi-annually in arrears.

The Company, at its option, can redeem all or a portion of the 2011 Senior Notes and the 2012 Senior Notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreement between the Company and the trustees of the 2011 Senior Notes and the 2012 Senior Notes.

The 2011 Senior Notes and the 2012 Senior Notes are secured by pledges over the equity interests of certain subsidiaries of the Company (note 21).

The fair values for the 2011 Senior Notes and the 2012 Senior Notes amount to RMB1,960,000,000 (2013: RMB2,040,000,000) and RMB2,183,491,000 (2013: RMB2,336,220,000), respectively. The fair values of the 2011 Senior Notes and the 2012 Senior Notes are based on price quotations from financial institution at the reporting date.

The fair values of the early redemption options of the 2011 Senior Notes and the 2012 Senior Notes were not significant and were therefore not recognised by the Group on inception and at 31 December 2014.

34. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company			
	2014		2013	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000	RMB'000
Cross currency interest rate swap contracts	**–**	**–**	99,981	6,900
Less: Portion classified as non-current	**–**	**–**	(99,981)	–
Current portion (note 31)	**–**	**–**	–	6,900

The Group entered into certain cross currency interest rate swap contracts ("Swap Contracts") with The Hongkong and Shanghai Banking Corporation Limited to hedge against the foreign currency risk arising from the 2011 Senior Notes in 2012. The Swap Contracts balances vary with the changes in the foreign exchange forward rates.

Cash flow hedges

The total notional principal amount of the outstanding Swap Contracts at 31 December 2013 was RMB2,000,000,000 with fixed exchange rates from RMB to US$ at 6.6341 and fixed interest rates ranging from 12.0% to 12.2%.

The terms of these Swap Contracts have been negotiated to match with the respective terms of the 2011 Senior Notes. For the year ended 31 December 2013, the cash flow hedges of the 2011 Senior Notes were assessed to be highly effective and a net fair value gains on cash flow hedges of RMB76,386,000 included in the hedging reserve was as follows:

	2014	2013
	RMB'000	RMB'000
Total fair value gains/(losses) included in the hedging reserve	**(24,916)**	131,618
Reclassification adjustments for exchange gains/(losses) included in profit or loss (note 8)	**26,596**	(55,232)
Net gains on cash flow hedges	**1,680**	76,386

34. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Cash flow hedges *(Continued)*

In September 2014, the Company terminated the Swap Contracts (the "Termination") as the Group considered the risk of foreign currency risk is not significant in the foreseeable future.

After the Termination, the Group did not have any derivative financial instruments outstanding.

35. DEFERRED TAX

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

Deferred tax liabilities

	Revaluation of properties RMB'000
At 31 December 2012 and 1 January 2013	403,944
Charged to profit or loss during the year	150,681
At 31 December 2013 and 1 January 2014	**554,625**
Charged to profit or loss during the year	**186,846**
At 31 December 2014	**741,471**

35. DEFERRED TAX *(Continued)*

Deferred tax assets

	Unrealised profits arising from intra-group transactions RMB'000	Provision of LAT RMB'000	Accruals RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 31 December 2012 and 1 January 2013	48,680	76,002	27,002	37,900	189,584
Credited/(charged) to profit or loss during the year	(15,799)	(11,399)	(26,676)	54,295	421
At 31 December 2013 and 1 January 2014	**32,881**	**64,603**	**326**	**92,195**	**190,005**
Credited/(charged) to profit or loss during the year	**(1,763)**	**27,699**	**20,231**	**21,919**	**68,086**
At 31 December 2014	**31,118**	**92,302**	**20,557**	**114,114**	**258,091**

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

	2014 RMB'000	2013 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**210,338**	155,871
Net deferred tax liabilities recognised in the consolidated statement of financial position	**693,718**	520,491

At 31 December 2014, the Group has tax losses arising in Mainland China of RMB466,908,000 (2013: RMB384,227,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of certain of these losses of RMB10,453,000 (2013: RMB15,448,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which these tax losses can be utilised.

35. DEFERRED TAX *(Continued)*

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

At 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB4,254,921,000 at 31 December 2014 (2013: RMB2,868,439,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

36. PROVISION FOR MAJOR OVERHAULS

Pursuant to the Operating Right Agreement, the Group has contractual obligations which it must fulfil as a condition of the Operating Concession. The obligations are (a) to maintain the Facilities it operates to a specified level of serviceability and (b) to restore the Facilities to a specified condition before they are handed over to the Sports Bureau at the end of the Operating Concession. These contractual obligations to maintain or restore the sports and recreation facilities, except for the upgrade element, are recognised and measured in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

The movements in the provision for major overhauls of the Facilities for the year are as follows:

	2014 **RMB'000**	2013 RMB'000
At 1 January	**19,923**	16,381
Additional provisions	**4,384**	4,196
Increase in a discounted amount arising from the passage of time (note 7)	**959**	737
Amount utilised during the year	**(424)**	(1,391)
At 31 December	**24,842**	19,923

37. SHARE CAPITAL

Shares

	2014 HK$	2013 HK$
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000,000**	1,000,000,000
Issued and fully paid:		
3,423,840,000 ordinary shares of HK$0.10 each	**342,384,000**	342,384,000
Equivalent to RMB'000	**295,732**	295,732

During the year ended 31 December 2013, the Company made a bonus issue of two ordinary shares for every 10 existing shares held by shareholders on the register of members on 19 September 2013, resulting in the issue of 570,640,000 shares of HK$0.1 each and credited as fully paid from the Company's share premium account.

There was no movement in the Company's share capital during the year.

Share option scheme

The Company operates a share option scheme (the "Scheme") which was adopted at the special general meeting held on 6 January 2010. Employees (including directors) of the Group are included in the eligible participants under the Scheme. A total of 285,320,000 shares will be available for issue under the Scheme, which represented 10% of the aggregate of the shares in issue on the date the shares of the Company commenced trading on the Hong Kong Stock Exchange. Each participant cannot be entitled to more than 1% of the total number of shares in issue in any 12-month period. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme. The Scheme remains in force until 5 January 2020. No option has been granted under the Scheme since the adoption of the Scheme.

38. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity on pages 71 and 72 of the financial statements.

(b) Capital reserve

Capital reserve represents the difference between the amounts of consideration and the carrying values of non-controlling interests acquired or disposed of.

38. RESERVES *(Continued)*

(c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

For the entities concerned, the statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of their registered capital.

(d) Merger reserve

The merger reserve represents the excess of the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the group reorganisation completed in December 2007.

(e) Company

	Notes	**Share premium account** RMB'000	**Hedging reserve** RMB'000	**Exchange fluctuation reserve** RMB'000	**Accumulated losses** RMB'000	**Total** RMB'000
At 1 January 2013		1,657,205	(51,182)	(155,322)	(561,902)	888,799
Total comprehensive loss for the year		–	–	(27,431)	(508,657)	(536,088)
Cash flow hedges		–	76,386	–	–	76,386
Bonus issue	37	(45,049)	–	–	–	(45,049)
2013 interim dividend	13	(135,783)	–	–	–	(135,783)
At 31 December 2013		1,476,373	25,204	(182,753)	(1,070,559)	248,265
Total comprehensive income/(loss) for the year		–	–	6,442	(475,591)	(469,149)
Cash flow hedges		–	1,680	–	–	1,680
Reclassification of hedged gain to profit or loss upon termination of cash flow hedges		–	(26,884)	–	–	(26,884)
At 31 December 2014		**1,476,373**	**–**	**(176,311)**	**(1,546,150)**	**(246,088)**

39. PERPETUAL CAPITAL INSTRUMENTS

In 2014, certain subsidiaries of the Group issued perpetual capital instruments (the "Perpetual Capital Instruments") with the aggregate principal amount of RMB1,200,000,000. Net proceeds after deducting the issuance costs amounted to RMB1,173,000,000.

The Perpetual Capital Instruments are jointly guaranteed by the Company and certain subsidiaries, secured by pledged of the shares of the subsidiaries. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the issuers of the Perpetual Capital Instruments.

40. DISPOSAL OF A SUBSIDIARY

Year ended 31 December 2013

On 12 August 2013, the Group entered into a sale and purchase agreement with the non-controlling shareholders of Quanzhou Junfu Real Estate Development Co., Ltd. ("Quanzhou Junfu") to dispose of its entire interest in Qunazhou Junfu, a then 51%-owned subsidiary of the Group, for a total consideration of RMB182,000,000. The disposal was completed on 12 August 2013.

	Note	2013 RMB'000
Net assets disposed of:		
Properties under development		19,695
Prepayments, deposits and other receivables		640,636
Cash and bank balances		1,856
Other payables and accruals		(462,729)
Non-controlling interests		(97,734)
		101,724
Gain on disposal of Quanzhou Junfu	6	80,276
		182,000
Satisfied by:		
Cash		182,000

40. DISPOSAL OF A SUBSIDIARY *(Continued)*

Year ended 31 December 2013 *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Quanzhou Junfu is as follows:

	2013 RMB'000
Cash consideration	182,000
Cash and bank balances disposed of	(1,856)
Net inflow of cash and cash equivalents in respect of the disposal of Quanzhou Junfu	180,144

41. FINANCIAL GUARANTEES

(a) At the end of the reporting period, the Group had financial guarantees which were not provided for in the financial statements as follows:

	2014 **RMB'000**	2013 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes)	**7,379,505**	4,645,945

Notes:

(i) As at 31 December 2014, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

(ii) The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

41. FINANCIAL GUARANTEES *(Continued)*

(a) *(Continued)*

In addition, the Group's share of the joint ventures' own financial guarantees, which are not included in the above, is as follows:

	2014 **RMB'000**	2013 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the joint ventures' properties	**538,200**	332,591

(b) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follow:

	Group		**Company**	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Guarantees given to financial institutions in connection with loan facilities granted to:				
Subsidiaries	**–**	–	**1,604,074**	820,576
A joint venture	**1,700,000**	–	**1,700,000**	–
	1,700,000	–	**3,304,074**	820,576

As at 31 December 2014 and 2013, all the above loan facilities were fully utilised by the relevant subsidiaries and the joint venture.

42. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to secure certain bank and other borrowings granted to the Group:

	2014 **RMB'000**	2013 RMB'000
Bank deposits (note 28)	**327,008**	65,000
Property and equipment (note 15)	**77,205**	37,714
Investment properties (note 16)	**2,522,700**	3,609,500
Prepaid land lease payments (note 17)	**1,287,033**	1,655,113
Properties under development (note 19)	**8,673,561**	4,447,103
Completed properties held for sale (note 24)	**897,495**	1,165,405
	13,785,002	10,979,835

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**21,189**	23,888

43. OPERATING LEASE ARRANGEMENTS *(Continued)*

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**1,359**	1,435
In the second to fifth years, inclusive	**171**	–
	1,530	1,435

44. COMMITMENTS

In addition to the operating lease commitments detailed in note 43(b) above, the Group had the following capital commitments at the end of the reporting period:

	2014 **RMB'000**	2013 RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, prepaid land lease payments and construction of investment properties in Mainland China	**7,327,039**	5,711,876

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2014 **RMB'000**	2013 RMB'000
Contracted, but not provided for:		
Capital expenditure for joint ventures' properties under development in Mainland China	**267,635**	197,969

At the end of the reporting period, the Company did not have any significant commitments.

45. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed in note 27 to the financial statements, the Group had the following transactions with related parties during the year:

	Notes	2014 RMB'000	2013 RMB'000
Sales of properties to:			
Directors	(i)	**24,356**	6,311
Family members of the directors	(i)	**28,333**	10,497
Rental income from companies controlled by Mr. Wong	(ii)	**2,480**	2,297
Property management fee income from companies controlled by Mr. Wong	(iii)	**1,763**	1,782
Sales agency fees paid to an associate	(iv)	**14,101**	21,885

Notes:

(i) The properties were sold at prices mutually agreed by both parties.

(ii) The rental income was charged at rates ranging from RMB30 to RMB175 (2013: from RMB29 to RMB175) per square metre.

(iii) The management fee income was charged at rates ranging from RMB13 to RMB25 (2013: from RMB13 to RMB25) per square metre.

(iv) The sales agency fees were charged at rates ranging from 0.7% to 0.9% of the selling prices of the relevant properties.

(b) In the opinion of the directors, the directors of the Company represent the key management personnel of the Group. Further details of the compensation of key management personnel of the Group are set out in note 9 to the financial statements.

Transactions of items (a)(i) and (a)(ii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

46. FINANCIAL INSTRUMENTS BY CATEGORY

Except for the derivative financial instruments, which is measured at fair value, other financial assets and liabilities of the Company and the Group as at 31 December 2014 and 2013 are loans and receivables and financial liabilities stated at amortised cost, respectively.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments, other than the senior notes and derivative financial instruments, reasonably approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, current portion of interest-bearing bank and other borrowings, amount due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

Derivative financial instruments, including forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 31 December 2013, the marked to market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Group and Company

As at 31 December 2013

	Fair value measurement using significant observable inputs (Level 2) RMB'000
Derivative financial instruments	93,081

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, senior notes, amounts due from/to related parties, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade and bills payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in the PRC at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
2014		
RMB	**150**	**(48,432)**
HK$	**150**	**(10,929)**
US$	**150**	**(11,317)**
RMB	**(150)**	**48,432**
HK$	**(150)**	**10,929**
US$	**(150)**	**11,317**

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
2013		
RMB	150	(36,672)
HK$	150	(3,162)
US$	150	(1,827)
RMB	(150)	36,672
HK$	(150)	3,162
US$	(150)	1,827

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

The Group's financial assets and liabilities including certain amounts due from/(to) related parties denominated in HK$, certain short term deposits denominated in HK$ and US$ and the 2011 Senior Notes denominated in RMB are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

In order to minimise the impact of changes in the exchange rates of RMB against foreign currencies, the Group obtains most of its bank and other borrowings in RMB to finance its operation in the PRC.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate against HK$, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in equity RMB'000**	**Increase/ (decrease) in profit & loss RMB'000**
2014			
If HK$ weakens against RMB	**3%**	**–**	**(60,000)**
If HK$ strengthens against RMB	**(3%)**	**–**	**60,000**
2013			
If HK$ weakens against RMB	3%	(60,000)	–
If HK$ strengthens against RMB	(3%)	60,000	–

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 41(a).

The credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operation needs and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2014			
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	4,209,986	3,087,266	1,483,539	8,780,791
Senior notes	461,341	2,268,841	2,415,969	5,146,151
Trade and bills payables	1,512,823	–	–	1,512,823
Financial liabilities included in other payables and accruals	1,125,341	–	–	1,125,341
Due to related parties	352,537	–	–	352,537
	7,662,028	5,356,107	3,899,508	16,917,643
Financial guarantees issued: Maximum amount guaranteed	9,079,505	–	–	9,079,505

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

Group *(Continued)*

	2013			
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	2,642,957	2,518,360	730,732	5,892,049
Senior notes	455,139	455,139	4,639,426	5,549,704
Trade and bills payables	1,255,128	–	–	1,255,128
Financial liabilities included in other payables and accruals	1,527,401	–	–	1,527,401
Due to related parties	235,863	–	–	235,863
Derivative financial instruments	6,900	–	–	6,900
	6,123,388	2,973,499	5,370,158	14,467,045
Financial guarantees issued: Maximum amount guaranteed	4,645,945	–	–	4,645,945

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Company

	2014			
	Within one year or on demand RMB'000	**In the second year RMB'000**	**In the third to fifth years, inclusive RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**547,300**	**445,540**	**303,752**	**1,296,592**
Senior notes	**461,341**	**2,268,841**	**2,415,969**	**5,146,151**
Financial liabilities included in other payables and accruals	**135,983**	**–**	**–**	**135,983**
Due to subsidiaries	**1,183**	**–**	**–**	**1,183**
	1,145,807	**2,714,381**	**2,719,721**	**6,579,909**
Financial guarantees issued:				
Maximum amount guaranteed	**4,504,074**	**–**	**–**	**4,504,074**

	2013			
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	208,331	–	–	208,331
Senior notes	455,139	455,139	4,639,426	5,549,704
Financial liabilities included in other payables and accruals	130,130	–	–	130,130
Due to subsidiaries	707,657	–	–	707,657
Derivative financial instruments	6,900	–	–	6,900
	1,508,157	455,139	4,639,426	6,602,722
Financial guarantees issued:				
Maximum amount guaranteed	820,576	–	–	820,576

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a net gearing ratio, which is net debt divided by the total equity. Net debt includes total interest-bearing bank and other borrowings and senior notes (as shown in the consolidated statement of financial position) less cash and bank balances (including restricted cash, time deposits and pledged deposits). Capital comprises all components of equity (i.e., share capital, non-controlling interests and reserves). The Group aims to maintain a healthy and stable net gearing ratio.

The net gearing ratios as at 31 December 2014 and 2013 were as follows:

	2014 **RMB'000**	2013 RMB'000
Interest-bearing bank and other borrowings (note 32)	**8,034,793**	5,566,538
Senior notes (note 33)	**4,192,220**	4,132,756
Less: Cash and bank balances (note 28)	**(4,732,158)**	(4,365,274)
Net debt	**7,494,855**	5,334,020
Total equity	**11,013,758**	8,502,207
Net gearing ratio	**68.0%**	62.7%

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 March 2015.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities, perpetual capital instruments and non-controlling interests of the Group for the last five financial years, extracted from the published audited financial statements and restated as appropriate, is set out as below:

RESULTS

	Year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**6,887,392**	6,588,124	3,636,658	3,770,348	4,131,295
Cost of sales	**(4,485,001)**	(4,742,908)	(2,352,023)	(2,227,639)	(2,537,800)
Gross profit	**2,402,391**	1,845,216	1,284,635	1,542,709	1,593,495
Other income and gains	**96,836**	162,562	97,627	107,617	22,219
Changes in fair value of investment properties	**749,701**	602,909	381,754	348,361	64,228
Selling and marketing expenses	**(248,227)**	(184,547)	(102,389)	(130,807)	(101,066)
Administrative expenses	**(343,157)**	(301,445)	(259,016)	(204,129)	(171,583)
Other expenses	**–**	(711)	(5,098)	(1,720)	(832)
Finance costs	**(160,388)**	(246,103)	(107,052)	(130,872)	(6,891)
Exchange differences arising from retranslation of senior notes, net	**19,705**	–	2,546	(48,411)	–
Share of profits and losses of:					
Joint ventures	**21,444**	25,772	1,018	(4,964)	92,283
Associates	**784**	1,689	(1,928)	(9,907)	35,565
PROFIT BEFORE TAX	**2,539,089**	1,905,342	1,292,097	1,467,877	1,527,418
Income tax expense	**(972,048)**	(731,078)	(391,073)	(590,874)	(591,107)
PROFIT FOR THE YEAR	**1,567,041**	1,174,264	901,024	877,003	936,311
Attributable to:					
Owners of the parent	**900,580**	887,816	672,003	715,757	946,125
Holders of perpetual capital instruments	**68,202**	–	–	–	–
Non-controlling interests	**598,259**	286,448	229,021	161,246	(9,814)
	1,567,041	1,174,264	901,024	877,003	936,311

ASSETS, LIABILITIES, PERPETUAL CAPITAL INSTRUMENTS AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**34,443,072**	26,928,930	20,028,730	15,285,874	10,577,689
TOTAL LIABILITIES	**(23,429,314)**	(18,426,723)	(13,107,846)	(9,366,967)	(5,892,739)
PERPETUAL CAPITAL INSTRUMENTS	**(1,173,000)**	–	–	–	–
NON-CONTROLLING INTERESTS	**(3,295,670)**	(2,763,201)	(2,079,535)	(1,596,413)	(1,017,891)
	6,545,088	5,739,006	4,841,349	4,322,494	3,667,059