ANNUAL REPORT 2014 年報

萊蒙國際
TOPSPRING

QUALITY PROPERTY
IS A GATEWAY TO QUALITY LIVING

品質地產　品位生活

Top Spring International Holdings Limited 萊蒙國際集團有限公司
(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司)
Stock Code 股份代號 : 03688

OUR VISION
願景

is to build and operate the best urban communities for China
力鑄中國最優的城市綜合體開發與運營商

WE BELIEVE
使命

quality property is a gateway to quality living
品質地產，品位生活

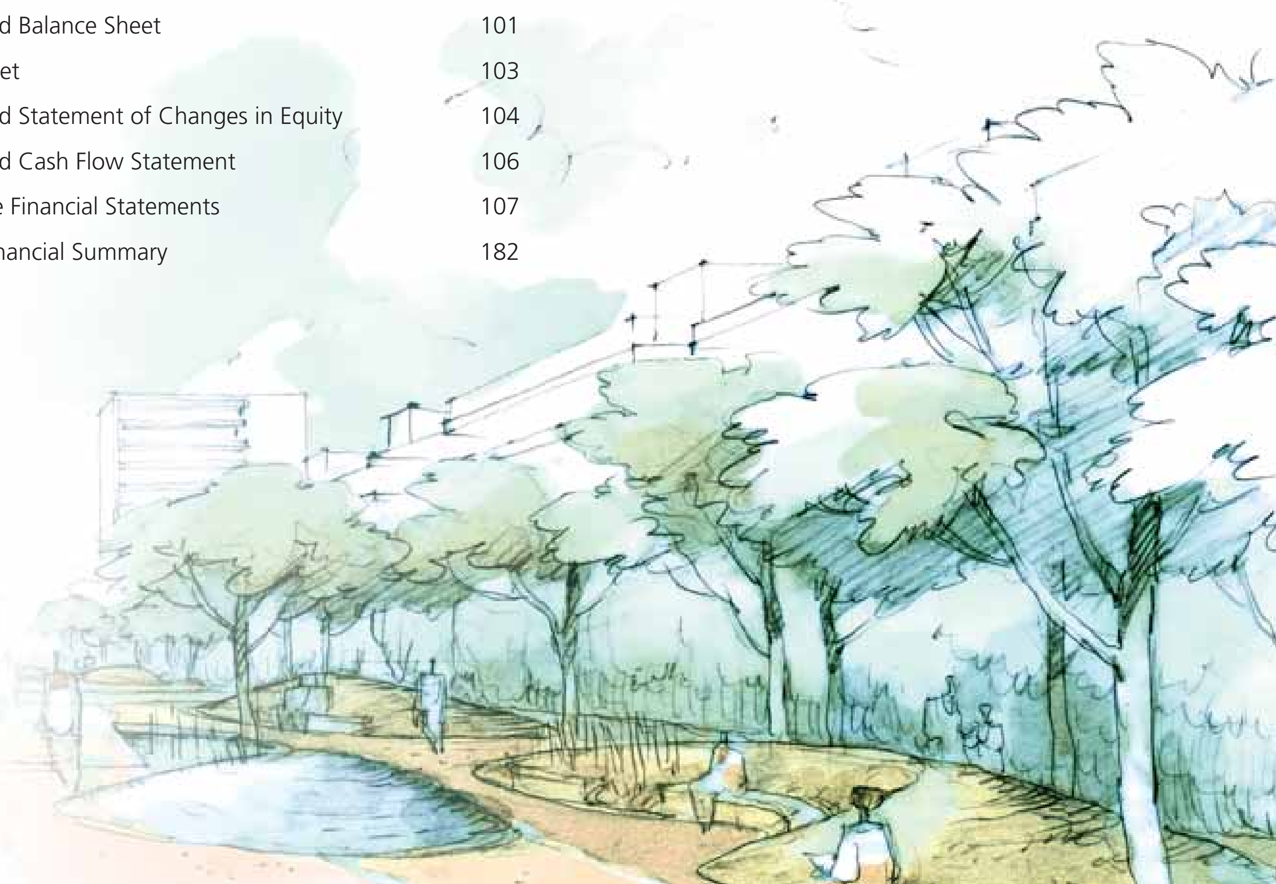
BRAND COMMITMENT
品牌承諾

value proven with time
時間見證價值

WE VALUE
企業價值

joint efforts in creating and celebrating success
共創輝煌，分享成功

CONTENTS



GROUP INTRODUCTION

Top Spring International Holdings Limited ("**Top Spring**" or the "**Company**", together with its subsidiaries, collectively the "**Group**", "**we**" or "**us**") is a real estate property developer in the People's Republic of China ("**PRC**") specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. As at 31 December 2014, we had a total of 25 property projects over 12 cities at various stages of development in Shenzhen, Shanghai, Nanjing, Nanchang, Sanhe, Chengdu, Huizhou, Hangzhou, Dongguan, Tianjin and Changzhou of the PRC and Manchester City of the United Kingdom ("**UK**") with a net saleable and leasable gross floor area ("**GFA**") of approximately 5,636,488 square metres ("**sq.m.**").

On 23 March 2011, Top Spring listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The listing on the Stock Exchange not only represents a successful establishment of a global financing platform that forms a solid foundation for our long-term development, but also allows the Company to further improve its corporate governance standards, to recruit and retain competent employees in the PRC property industry as well as to improve the Company's brand equity and raise its profile among its customers.

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

OVERVIEW OF OUR BUSINESS

Overview of Our Property Developments

Most of our property projects are developed in multiple phases and each phase may be at a different stage of development. We classify our property projects, for which we have obtained some or all of the land use right certificates, into the following three categories: completed projects, projects under development and projects held for future development. Other projects, for which we have yet to obtain any land use right certificate but have right and/or obligation to acquire and/or develop, are classified as projects contracted to be acquired.

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

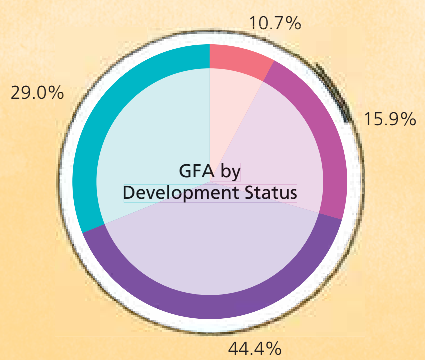
As at 31 December 2014, the Group had a total of 25 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of approximately 602,637 sq.m. of completed property developments, an estimated net saleable/leasable GFA of approximately 896,981 sq.m. under development, an estimated net saleable/leasable GFA of approximately 2,502,754 sq.m. held for future development and an estimated net saleable/leasable GFA of approximately 1,634,116 sq.m. contracted to be acquired (although there can be no assurance that we will be successful in such acquisitions), totalling an estimated net saleable/leasable GFA of approximately 5,636,488 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Xulian Project and Shenzhen Junan Project (all are redevelopment projects) and Middlewood Locks Property and The Hat Box (both are overseas projects), the remaining estimated land bank of the Group of approximately 3,644,998 sq.m. has an average land cost of approximately RMB2,669.3 per sq.m. (equivalent to approximately HK$3,337.9 per sq.m.).

The table below sets forth the net saleable and leasable GFA information of our 25 property projects in terms of planned use of the properties as at 31 December 2014.

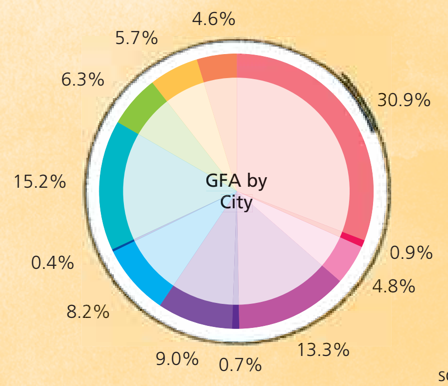
	Completed GFA sq.m.	Under Development GFA sq.m.	Held for Future Development GFA sq.m.	Contracted to be Acquired GFA sq.m.
Properties held for sale				
Residential	247,058	687,452	1,152,063	886,661
Hotel/Serviced apartments	33,858	–	93,375	–
Retail	34,667	117,275	1,009,116	488,598
Office	–	92,254	72,200	86,930
Others	–	–	–	171,927
Subtotal	315,583	896,981	2,326,754	1,634,116
Properties held for investment				
Serviced apartments	49,357	–	20,000	–
Retail	237,697	–	156,000	–
Subtotal	287,054	–	176,000	–
Net saleable and leasable GFA	602,637	896,981	2,502,754	1,634,116

Net saleable and leasable GFA by development status and city

as at 31 December 2014



	sq.m.
Completed projects	602,637
Projects under development	896,981
Projects held for future development	2,502,754
Projects contracted to be acquired	1,634,116
Total GFA	5,636,488



	sq.m.
Shenzhen	1,740,921
Shanghai	49,357
Nanjing	272,921
Nanchang	751,477
Chengdu	38,285
Huizhou	507,408
Hangzhou	461,060
Dongguan	20,172
Tianjin	854,400
Changzhou	357,068
Sanhe	321,751
Manchester	261,668
Total GFA	5,636,488

PRC


Beijing Top Spring Shunze Flower Garden
(previously named as
"Hebei Sanhe Yanjiao Project")
Tianjin Le Leman City
Changzhou Fashion Mark
Changzhou Le Leman City
The Spring Land - Nanjing
The Sunny Land - Nanjing
Nanjing Fashion Mark
(previously named as
"Nanjing North Square Project")
Shanghai Shama Century Park
Hangzhou Landmark
Hangzhou Hidden Valley
The Spring Land - Hangzhou
Nanchang Fashion Mark
Huizhou Hidden Bay
Dongguan Landmark
Chengdu Fashion Mark
Sanhe
Beijing
Tianjin
Xi'an
Changzhou
Nanjing
Shanghai
Ningbo
Wuhan
Chengdu
Hangzhou
Nanchang
Fuzhou
Huizhou
Xiamen
Dongguan
Shenzhen
Guang-
zhou
Nanning
Hong Kong
Shenzhen Water Flower Garden
Shenzhen Hidden Valley
The Spring Land – Shenzhen
Shenzhen Fashion Mark
Shenzhen Blue Bay
Shenzhen Buji Market Project
Shenzhen Xulian Project
Shenzhen Junan Project
25 property projects as at 31 December 2014
Completed projects
Projects under development
Projects held for future development or contracted to be acquired
Major city with high speed railway
High speed railway

UK


Manchester
London
The Hat Box (previously named as "Milliners Wharf Property")
Middlewood Locks Property

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

As at 31 December 2014, the Group had a total of 25 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of approximately 602,637 sq.m. of completed property developments, an estimated net saleable/leasable GFA of approximately 896,981 sq.m. under development, an estimated net saleable/leasable GFA of approximately 2,502,754 sq.m. held for future development and an estimated net saleable/leasable GFA of approximately 1,634,116 sq.m. contracted to be acquired (although there can be no assurance that we will be successfully in such acquisitions), totalling an estimated net saleable/leasable GFA of approximately 5,636,488 sq.m.

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

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

Project no.	City	Project	Type of Property	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,976	100
2	Shenzhen	The Spring Land – Shenzhen	Residential/ Commercial	35,488	100
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark	Residential/ Commercial	88,734	100
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	119,425	100
6	Dongguan	Dongguan Landmark	Commercial	20,172	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	43,724	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	49,357	70
11	Tianjin	Tianjin Le Leman City	Residential/ Commercial	20,096	58
12	Huizhou	Huizhou Hidden Bay	Residential/ Commercial	132,765	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	487	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	17,872	100
Subtotal				**602,637**	
Projects Under Development					
5	Changzhou	Changzhou Le Leman City	Residential	48,976	100
11	Tianjin	Tianjin Le Leman City	Commercial	7,547	58
12	Huizhou	Huizhou Hidden Bay	Residential	56,541	51
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	405,031	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	51,653	100
15	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	160,501	100
16	Nanjing	Nanjing Fashion Mark	Residential/ Commercial	42,895	100
17	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial/ Office	112,169	100
18	Manchester	The Hat Box	Residential	11,668	25
Subtotal				**896,981**	

Project no.	City	Project	Type of Property	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	99,933	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	278,903	100
11	Tianjin	Tianjin Le Leman City	Commercial	826,757	58
12	Huizhou	Huizhou Hidden Bay	Residential	318,102	51
13	Nanchang	Nanchang Fashion Mark	Commercial/ Office	345,959	70
19	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
20	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55
21	Sanhe	Beijing Top Spring Shunze Flower Garden	Residential/ Commercial	321,751	51
22	Manchester	Middlewood Locks Property	Residential/ Commercial	250,000	25
Subtotal				**2,502,754**	
Projects Contracted To Be Acquired					
20	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55
23	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/ Office	1,239,691	100
24	Shenzhen	Shenzhen Xulian Project	Industrial/ Commercial	104,507	100
25	Shenzhen	Shenzhen Junan Project	Industrial	87,090	40
Subtotal				**1,634,116**	
Total				**5,636,488**	

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

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

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

Note 2: N/A means not applicable.

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

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

New projects acquired or additional interests in existing project acquired:

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

Notes:

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

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

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

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

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

(6) TBC means to be confirmed.

(7) N/A means not applicable.

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

Interest in existing project agreed to be disposed of:

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

Expected Project Commencement and Completion in 2015

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

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

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

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr WONG Chun Hong *(Chairman and Chief Executive Officer)*
Ms LI Yan Jie
Mr LEE Sai Kai David
Mr CHEN Feng Yang *(Chief Operating Officer)*

Non-executive Director

Mr CHIANG Kok Sung Lawrence

Independent Non-executive Directors

Mr BROOKE Charles Nicholas
Mr CHENG Yuk Wo
Professor WU Si Zong

COMPANY SECRETARY

Ms LUK Po Chun, CPA, ACCA

AUTHORISED REPRESENTATIVES

Mr LEE Sai Kai David
Ms LUK Po Chun

AUDIT COMMITTEE

Mr CHENG Yuk Wo *(Chairman)*
Mr BROOKE Charles Nicholas
Professor Wu Si Zong

REMUNERATION COMMITTEE

Mr CHENG Yuk Wo *(Chairman)*
Mr WONG Chun Hong
Professor WU Si Zong

NOMINATION COMMITTEE

Professor WU Si Zong *(Chairman)*
Mr WONG Chun Hong
Mr CHENG Yuk Wo

CORPORATE GOVERNANCE COMMITTEE

Mr LEE Sai Kai David *(Chairman)*
Mr CHIANG Kok Sung Lawrence
Mr CHENG Yuk Wo

AUDITORS

KPMG

HONG KONG LEGAL ADVISERS

Hogan Lovells

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 04-08, 26th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

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 BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Ping An Bank Co., Ltd
Agricultural Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Nanchang
Bank of Communications
China Construction Bank
DBS Bank
Industrial and Commercial Bank of China (Macau) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

INVESTOR RELATIONS

Mr LIANG Shang Xian (previously known as Mr LEUNG Ka Lock Eric)

STOCK CODE

03688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

HONOURS AND AWARDS

GROUP AWARDS

2014 Most Valuable Listed Real Estate Enterprise in China
Boao Real Estate Forum Committee,
Guandian.cn

2014 Most Stable Real Estate Company in China
The Time Weekly

2014 Most Valuable Listed Real Estate Company in China
National Business Daily

11th Listed Developer (Bluechip) with Greatest Investment Value in China
The Economic Observer

Most Reliable Real Estate Enterprise
GD.QQ.COM

"Caring Company" Logo
The Hong Kong Council of Social Service

PROJECT AWARDS

Nanchang Fashion Mark
2015 Project with Greatest Investment
Value in China
www.focus.cn

Nanchang Fashion Mark
Top Sales in Central China
JiangXi Morning Post

Nanchang Residential Project of
Top Spring International
South Area Best Organization Award
Nanchang Gardens Virescence Bureau

Fashion Mark – Heart of Nanchang
Best Creative Award for
Landscape Planning and Design in Nanchang
Nanchang Gardens Virescence Bureau

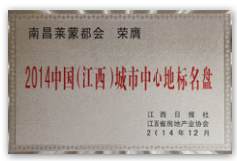
Nanchang Fashion Mark
Gold Prize for Project with
Best School Districts
Sina House

Nanchang Fashion Mark
2014 Most Fashion Influential Project in China
Boao Real Estate Forum Committee,
Guandian.cn

Nanchang Fashion Mark
Year Award of School District Housing
Sina House

Nanchang Fashion Mark
2014-2015 China New Landmark Constructions
in 100 Cities (百城建築新地標)
China Index Academy

Top Spring International
2015 Most Influential Project in Cities
www.tiboo.cn



Nanchang Fashion Mark
2014 Famous Project of Landmarks
in the City Center in Jiangxi, China
Jiangxi Daily

Nanchang Top Spring Real Estate Co., Ltd.
(南昌萊蒙置業有限公司)
2014 Advanced Unit of Property Developer
in Nanchang
www.ncfxw.com (南昌市房地產協會)

Nanchang Fashion Mark
2014 Project with Brand Value in Nanchang
www.fang.com

Top Spring International
2014 Brand Real Estate Enterprise
in Nanchang
www.fang.com

Nanchang Fashion Mark
2015 City Landmark Properties
in Nanchang, China
www.jxdcw.com (江西地產網)

Nanchang Fashion Mark
2014 Star Property
on Soufun E-commerce Platform
www.fang.com

PROJECT AWARDS

Nanchang Fashion Mark
2014 Most Preferable Property of Internet Users in Nanchang
House.qq.com

Nanchang Fashion Mark
2014 22nd Chinese Golden Stone Award for Architecture
Chinese Architectural Golden Stone Award Contest Advisory Board

The Sunny Land – Nanjing
2014-2015 Real Estate Internet Annual Summit Technology Property of Nanjing, China
Soufun.com

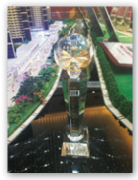
The Sunny Land – Nanjing
2014 Projects with Cost Performance
House.qq.com

The Sunny Land – Nanjing
2014 Top Ten Most Popular Projects
www.focus.cn

The Sunny Land – Nanjing
2014 Best Selling Projects in the Property Market of Nanjing
www.takungpao.com (大公網)

The Sunny Land – Nanjing
Top Ten Worth Buying Projects in Nanjing
www.ifeng.com (鳳凰網)

The Sunny Land – Nanjing
Best Project of the Year 2014 of Nanjing
Sina House



The Sunny Land – Nanjing
2014 Most Competitive Project
people.com.cn (人民網)

The Sunny Land – Nanjing
2014 Environmental-Friendly and Energy-saving Model Project of China
Boao Real Estate Forum Committee, Guandian.cn

The Spring Land – Hangzhou
Media Awards of Zhejiang Real Estate-Annually Most Influential Project
Real Estate Time（地產時間）

The Spring Land – Hangzhou
2014 Top Ten Project (Sales Amount) in Hangzhou
hzfc365.com (透明售房網)

The Spring Land – Hangzhou
2014 Worth Anticipating Project in Hangzhou
hzfc365.com (透明售房網)

The Spring Land – Hangzhou
2014 Top Project (Sales Amount) for Olympic Sports
www.keyhouse.com.cn (住浙網)

The Spring Land – Hangzhou
2014 Worth Anticipating New Project in Hangzhou
www.keyhouse.com.cn (住浙網)

The Spring Land – Hangzhou
2014 Most Popular Project in Hangzhou, China
Soufun.com

The Spring Land – Hangzhou
2014 Worth Anticipating Project recommended by Soufun.com
Soufun.com

The Spring Land – Hangzhou
Star Project in New District
Real Estate from ZJTV's Perspective
(經視看地產)

The Spring Land – Hangzhou
2014 Best Selling Project in Hangzhou
www.house365.com (365地產家居網)

Huizhou Hidden Bay
2014 Best Real Estate Property for Vacation in China
The Time Weekly

Huizhou Hidden Bay
2014 China Internet Users' Most Popular Project (Shenzhen East) on fzg360.com
fzg360.com

Top Spring Mansion (莱蒙國際公館)
6th Tianjin Best Project Model Ceremony Annual Collection Mansion
Sina House

2014 Great Taxpayer
Changzhou Wujin District Committee of CPC, Changzhou Wujin District People's Government
(中共常州市武進區委員會常州市武進區人民政府)

2014 Elite Enterprise
Changzhou Municipal Committee of CPC, Changzhou Municipal People's Government
(中共常州市委常州市人民政府)

Changzhou Le Leman City
2014 the Most Popular Project in Changzhou Property Market
www.focus.cn

CORPORATE SOCIAL RESPONSIBILITY

As an evolving listed company living up its corporate value of "joint efforts in creating and celebrating success", Top Spring is always conscious of its responsibilities as a corporate citizen to the community at large and spares no effort in fulfilling its social responsibility and has always been proactive in promoting the development of corporate social responsibility.

In 2014, the Group, under the leadership of our Chairman, Mr WONG Chun Hong, gained a lot of recognitions from the society for a variety of charitable works including the provision of aids to the minority society, improving the living standard of the community, making contributions in education and cultural affairs.

Top Spring put forward with continued efforts to support students from poor families for further education. Since 2010, Top Spring has participated in the China Foundation for Poverty Alleviation-New Great Wall Scholarship Project-Top Spring Scholarships, providing financial supports to college students from poor families in Guangdong, Jiangsu, Jiangxi, Yangzhou and Sichuan. This year Top Spring donated another RMB2.16 million to the New Great Wall Scholarship Project, financially supporting 200 college students in Jiangxi senior high school. In addition, the Group also participated in the Zhong Lun Charity Foundation Top Spring University Students Support Program in Tongjiang County and designated representatives to the Tongjiang County of Bazhong district in Sichuan province for this event to visit the local teachers and students.

Zhong Lun Charity Foundation Top Spring University Students Support Program in Tongjiang County

Top Spring donated RMB2.16 million to the New Great Wall Scholarship Project, financially supporting 200 college students in Jiangxi senior high school

First 200 high school students awarded the New Great Wall Scholarship Project – Top Spring Scholarships attending the graduation seminar

New Great Wall Scholarship Project

Over the years, Mr WONG Chun Hong and the Group, together have made many donations, contributing to various charity activities including the donations for the Yaan Earthquake, Wenchuan Earthquake, flood in Eastern China, Changzhou Charity Funds, Changzhou Tianning Temple, Changzhou Wujin Charity Funds, Guangxi Bobai elementary and high school, Guangxi Baise Education Foundation, Shenzhen Charity Foundation, City University of Hong Kong, the Hong Kong Society of Rehabilitation, the Chinese University of Hong Kong, the Wu Jinglian Learning Foundation and other charitable activities.

In addition, the pursuit of charity will mean more than just donations as the Group will also deliver the caring elements to the social harmony. In 2014, the Group's subsidiaries volunteered to organise a range of charity activities such as "2015 Hangzhou Landmark Elderly Centre Visit for Delivering Warmth and Love", "the Green Exchange Station", volunteer for tree planting and other social caring events.

Volunteer for tree planting

The Green Exchange Station

2015 Hangzhou Landmark Elderly Centre visit for Delivering Warmth and Love

In the future, Top Spring will continuously endeavour to be a well-respected company and is always committed to promote a series of Corporate Social Responsibility activities based on the Group's overall strategic development to cope with the developments and needs of society.

CHAIRMAN'S STATEMENT

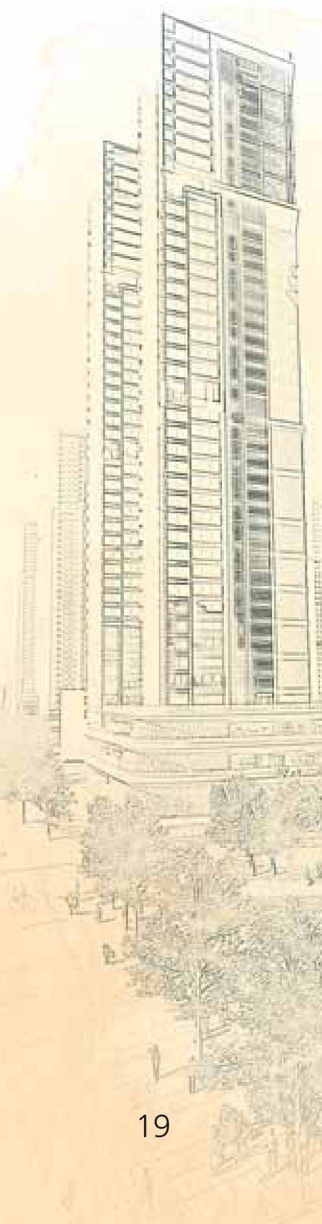
BUSINESS REVIEW

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

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

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

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



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

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

FUTURE OUTLOOK

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

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

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

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

Review of Business in 2014

(1) Contracted Sales

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

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

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

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

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

(2) Projects Completed, Delivered and Booked in 2014

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

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

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

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

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Shenzhen	The Spring Land – Shenzhen				
	– residential	56,833	61,754	1,801.3	29,169.0
Nanjing	The Spring Land – Nanjing				
	– residential	93,473	78,203	2,429.3	31,064.0
	– commercial	2,602	–	–	N/A[3]
Subtotal		96,075	78,203	2,429.3	31,064.0
Nanchang	Nanchang Fashion Mark				
	– residential	31,923	31,567	592.0	18,753.8
	– retail	5,735	5,604	277.1	49,446.8
Subtotal		37,658	37,171	869.1	23,381.1
Hangzhou	Hangzhou Hidden Valley				
	– residential	22,860	2,723	59.5	21,850.9
Huizhou	Huizhou Hidden Bay (Note 1)				
	– residential	132,765	–	–	N/A[3]
Changzhou	Changzhou Fashion Mark				
	– residential	–	11,230	130.9	11,656.3
	– retail	–	1,320	66.8	50,606.1
Subtotal		–	12,550	197.7	15,753.0
Changzhou	Changzhou Le Leman City				
	– residential	126,033	115,320	881.9	7,647.4
	– retail	7,546	5,600	62.8	11,214.3
Subtotal		133,579	120,920	944.7	7,812.6
Chengdu	Chengdu Fashion Mark				
	– office	–	60	0.8	13,333.3
Tianjin	Tianjin Le Leman City				
	– residential	27,362	8,963	75.4	8,412.4
	– retail	1,987	290	2.7	9,310.3
Subtotal		29,349	9,253	78.1	8,440.5

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Less: Sales return (Note 2)					
Hangzhou	Hangzhou Hidden Valley – residential		(602)	(13.0)	21,594.7
Changzhou	Changzhou Fashion Mark – residential		(53)	(0.8)	15,094.3
Changzhou	Changzhou Le Leman City – residential		(950)	(6.5)	6,842.1
Subtotal			(1,605)	(20.3)	12,648.0
Total		509,119	321,029	6,360.2	19,811.9

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

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

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

Note 3: N/A means not applicable.

(3) Investment Properties

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

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

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

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

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

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

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

Investment Properties	Leasable GFA as at 31 December 2014 (Note 7) sq.m.	Fair Value as at 31 December 2014 HK$ million	Rental Income for the year ended 31 December 2014 HK$ million	Average Monthly Rental Income per sq.m. for the year ended 31 December 2014 HK$/sq.m.	Occupancy Rate as at 31 December 2014 %
Investment properties completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B)					
– Fashion Walk (Retail asset) (Note 4)	21,450	188.8	–		
The Spring Land – Shenzhen Phase 6B					
– Fashion Walk (Retail assets) (Note 5)	2,893	157.6	–		
Subtotal	24,343	346.4	–		
Investment property under development					
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) (Note 6)	176,000	1,087.9	–		
Subtotal	176,000	1,087.9	–		
Total	463,054	9,298.7	340.9		

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

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

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

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

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

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

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

FINANCIAL REVIEW

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

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

Turnover

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

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

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

Direct costs

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

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

Gross profit

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

Other revenue

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

Other net income

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

Selling and marketing expenses

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

Administrative expenses

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

Valuation gains on investment properties

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

Finance costs

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

Income tax

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

Net profit margin and core net profit

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

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

Non-controlling interests

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

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

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

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

Borrowings and charges on the Group's assets

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

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

Cost of borrowings

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

Net gearing ratio

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

Foreign exchange risk

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

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

NET ASSETS PER SHARE

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

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

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

Contingent Liabilities

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

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

EMPLOYEES AND REMUNERATION POLICY

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

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

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

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

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

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

PROPERTY PROJECTS PORTFOLIO

PROPERTY PROJECTS PORTFOLIO

SHENZHEN WATER FLOWER GARDEN

Key Statistics			
No. of Phases		3	
Site area (sq.m.)		164,764	
Construction start date		March 2002	
Completion date		October 2006	
Total GFA (sq.m.)		294,638	
Total estimated saleable / leasable GFA (sq.m.)		216,545	
Land cost (RMB million)		437	
Development costs incurred (RMB million)		938	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	211,553	4,992	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	–	4,992	–

Project Overview

Location Xiangmei Road, Futian District, Shenzhen, Guangdong Province

Property Type Residential, retail and clubhouse

Highlights Situates prominently in the exclusive region of the city centre and offers unique view of the Honey Lake

It was awarded 'Classical Chinese Model Residential Property' in 2003 and 'Real Estate of the Year' in both 2002 and 2003

Shenzhen Water Flower Garden

SHENZHEN HIDDEN VALLEY

Key Statistics			
No. of Phases		4	
Site area (sq.m.)		143,047	
Construction start date		July 2007	
Completion date		June 2011	
Total GFA (sq.m.)		131,736	
Total estimated saleable / leasable GFA (sq.m.)		83,933	
Land cost (RMB million)		200	
Development costs incurred (RMB million)		1,527	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	83,933	–	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	4,976	–	–

Project Overview

Location Yulong Road, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential

Highlights One of the best villa projects in Shenzhen and was awarded "Global International Garden Community Nominations Award" and "China International Garden Community Award"

Offers close proximity to central business district ("**CBD**") (10 minutes drive from Futian CBD) and is surrounded by suburb parks with natural living environment

Phase 1 was launched in May 2008 and became the best selling project in the luxury residential market in Shenzhen in 2009. Phase 2 was launched in September 2008 and was sold out within a short period of time despite the global financial crisis

Shenzhen Hidden Valley

THE SPRING LAND – SHENZHEN

Key Statistics			
No. of Phases		6	
Site area (sq.m.)		166,979	
Construction start date		May 2009	
Completion date		August 2014	
Total GFA (sq.m.)		774,371	
Total estimated saleable / leasable GFA (sq.m.)		558,769	
Land cost (RMB million)		491	
Development costs incurred (RMB million)		3,594	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	522,066	36,703	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	1,020	34,468	–

Project Overview

Location Renmin South Road, Longhua Town, Bao'an District, Shenzhen, Guangdong Province

Property Type Residential and retail

Highlights Locates at the Hongshan Station of Subway Line No. 4

The Spring Land – Shenzhen (Phases 1 and 2) and (Phase 3) were ranked the best and the second best-selling projects in Shenzhen for 2010 and 2011, respectively

The Spring Land – Shenzhen (Phase 5) was ranked the best selling residential project in Shenzhen in the third quarter of 2012

The Spring Land – Shenzhen

SHENZHEN BLUE BAY

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		11,200	
Expected construction start date		January 2016	
Expected completion date		December 2017	
Total GFA (sq.m.)		23,000	
Total estimated saleable / leasable GFA (sq.m.)		15,000	
Land cost (RMB million)		47	
Interest attributable to us (%)		92%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	15,000	–	–

Project Overview

Location Guanhu Road, Kuichong Town, Longgang District, Shenzhen, Guangdong Province

Property Type Low-density residential

Highlights Expected to comprise a residential development located in Yantian district

The project offers an excellent sea view which is adjacent to a beach facing the South China Sea

Shenzhen Blue Bay

SHANGHAI SHAMA CENTURY PARK

Key Statistics			
No. of Phases		N/A	
Acquisition date		27 September 2013	
Total estimated saleable / leasable GFA (sq.m.)		49,357	
Number of underground car park units		240	
Total consideration (RMB million)		1,198	
Interest attributable to us (%)		70%	
	Residential	**Retail**	**Serviced Apartment**
Estimated saleable / leasable GFA (sq.m.)	–	–	49,357

Project Overview

Location Dongxiu Road, Pudong New District, Shanghai

Property Type Serviced apartment

Highlights Shanghai Shama Century Park is a serviced apartment located in Pudong New District

Shanghai Shama Century Park

HANGZHOU HIDDEN VALLEY

Key Statistics			
No. of Phases		9	
Site area (sq.m.)		287,192	
Construction start date		September 2011	
Expected completion date		September 2017	
Total GFA (sq.m.)		519,561	
Total estimated saleable / leasable GFA (sq.m.)		343,385	
Land cost (RMB million)		1,952	
Development costs incurred as at 31 December 2014 (RMB million)		819	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	343,385	–	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	322,627	–	–

Project Overview

Location	Dongzhou Avenue, Fuyang, Hangzhou, Zhejiang Province
Property Type	Low density residential
Highlights	Irreplaceable location with scarce resources
	19 kilometres ("**km**") and 17km away from the Hangzhou CBD and "Riverside" Centre, respectively
	Hangzhou Hidden Valley was ranked the best selling terraced house project in terms of number of units sold in Hangzhou in 2012

Hangzhou Hidden Valley

THE SPRING LAND – HANGZHOU

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		28,704	
Construction start date		November 2013	
Expected completion date		November 2015	
Total GFA (sq.m.)		151,616	
Total estimated saleable / leasable GFA (sq.m.)		112,169	
Land cost (RMB million)		1,551	
Development costs incurred as at 31 December 2014 (RMB million)		288	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Estimated saleable / leasable GFA (sq.m.)	81,737	13,555	16,877

Project Overview

Location Junction of Binsheng Road and Yangfan Road, right next to the Hangzhou Olympic Centre, Binjiang District, Hangzhou, Zhejiang Province

Property Type Residential, retail and office

Highlights The project is just right next to the Hangzhou Olympic and International EXPO Centre and it is only 500 metres away from the Qiantang River

The Spring Land – Hangzhou

THE SPRING LAND – NANJING

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		60,825	
Construction start date		January 2013	
Expected completion date		August 2015	
Total GFA (sq.m.)		188,125	
Total estimated saleable / leasable GFA (sq.m.)		147,728	
Land cost (RMB million)		1,594	
Development costs incurred as at 31 December 2014 (RMB million)		999	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	141,153	6,575	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	62,950	6,575	–

Project Overview

Location Hexi CBD, Jianye District, Nanjing, Jiangsu Province

Property Type Residential and retail

Highlights Located in the central area of Hexi CBD

Hexi CBD has been planned to be a modern area integrating trade, business, culture and sports in the city which is connected with Shanghai in the Yangtze River Delta

The Spring Land – Nanjing

THE SUNNY LAND – NANJING

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		63,328	
Construction start date		April 2014	
Expected completion date		November 2015	
Total GFA (sq.m.)		215,224	
Total estimated saleable / leasable GFA (sq.m.)		160,501	
Land cost (RMB million)		1,400	
Development costs incurred as at 31 December 2014 (RMB million)		415	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	150,703	9,798	–

Project Overview

Location Software Park, Yuhuatai District, Nanjing, Jiangsu Province

Property Type Residential and retail

Highlights The plot is located in Nanjing Chengnan district, close to the downtown area. It is eastbound to Ningdan Road, southbound to Cuiling Road, westbound to Xianzhuangdao Road and northbound to Fuyuan Road

The Sunny Land – Nanjing

HUIZHOU HIDDEN BAY

Key Statistics			
No. of Phases		5	
Site area (sq.m.)		254,655	
Construction start date		November 2012	
Expected completion date		July 2018	
Total GFA (sq.m.)		627,749	
Total estimated saleable / leasable GFA (sq.m.)		507,408	
Land cost (RMB million)		248	
Development costs incurred as at 31 December 2014 (RMB million)		1,107	
Interest attributable to us (%)		51%	
	Residential	**Retail**	**Hotel**
Estimated saleable / leasable GFA (sq.m.)	455,076	1,103	51,229

Project Overview

Location Huidong, Huizhou

Property Type Residential, retail and hotel

Highlights The Cross-Harbour Bridge, which is an extension of the Guangzhou-Huizhou Highway, started service in early 2015

The bridge is 85 km only away from Shenzhen Luohu (Huangbeiling) with 1.5 hours by drive

Another national bay district besides Hainan

All residential units will offer spectacular seaview

Huizhou Hidden Bay

CHANGZHOU LE LEMAN CITY

Key Statistics			
No. of Phases		11	
Site area (sq.m.)		478,448	
Construction start date		May 2006	
Expected completion date		January 2017	
Total GFA (sq.m.)		1,295,977	
Total estimated saleable / leasable GFA (sq.m.)		1,012,790	
Land cost (RMB million)		484	
Development costs incurred as at 31 December 2014 (RMB million)		3,767	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Hotel**
Estimated saleable / leasable GFA (sq.m.)	779,601	166,186	67,003
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	113,561	87,770	67,003

Project Overview

Location Yanzheng Middle Road, Wujin District, Changzhou, Jiangsu Province (Opposite of Wujin District Government Building)

Property Type Residential, retail and hotel

Highlights Situates in the centre of Wujin District and is adjacent to the Wujin District Government Building

Includes numerous amenities including a 4-star hotel, a large-scale commercial centre, an arts and culture centre, a youth and children's centre, a bilingual international kindergarten, etc.

Changzhou Le Leman City was ranked third in terms of residential sales amount in Changzhou in 2012

Changzhou Le Leman City

CHANGZHOU FASHION MARK

Key Statistics			
No. of Phases		4	
Site area (sq.m.)		120,296	
Construction start date		August 2005	
Completion date		June 2013	
Total GFA (sq.m.)		513,404	
Total estimated saleable / leasable GFA (sq.m.)		318,423	
Land cost (RMB million)		250	
Development costs incurred (RMB million)		2,712	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Estimated saleable / leasable GFA (sq.m.)	125,032	180,238	13,153
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	6,066	82,668	–

Project Overview

Location Xiyingli, Zhonglou District, Changzhou, Jiangsu Province

Property Type Residential, retail and office

Highlights Locates at the commercial centre of the city

Ranked in "China Top 10 Mainstream Real Estate Projects" in 2005 and Twin Stars (serviced apartments) of the project was awarded "2006 Best International Apartment in China"

Phases 1-3 comprise mainly of retail or apartments while Phase 4 is a large-scale residential project with height over 150 metres

Secured well-known anchor tenants

Changzhou Fashion Mark

CHENGDU FASHION MARK

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		20,727	
Construction start date		June 2011	
Completion date		December 2012	
Total GFA (sq.m.)		139,265	
Total estimated saleable / leasable GFA (sq.m.)		110,764	
Land cost (RMB million)		158	
Development costs incurred (RMB million)		577	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Estimated saleable / leasable GFA (sq.m.)	–	38,525	72,239
Estimated net saleable / leaseable GFA (sq.m.) as at 31 December 2014	–	38,285	–

Project Overview

Location Hongpailou, Fourth Section of Second Ring Road, Wuhou District, Chengdu, Sichuan Province

Property Type Retail and office

Highlights Close proximity to Jialing Road Station of Metro line no. 3

Site was secured at approximately RMB1,426.5 per sq.m., significantly lower than the average land cost for comparable projects

In November 2010, the Group entered into a tenancy agreement with Rainbow Department Store Co., Ltd. The GFA of the leased premises is approximately 30,500 sq.m. for a term of 20 years

Chengdu Fashion Mark

NANCHANG FASHION MARK

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		269,455	
Construction start date		May 2013	
Expected completion date		August 2018	
Total GFA (sq.m.)		1,030,475	
Total estimated saleable / leasable GFA (sq.m.)		788,648	
Land cost (RMB million)		1,978	
Development costs incurred as at 31 December 2014 (RMB million)		1,363	
Interest attributable to us (%)		70%	
	Residential	**Retail**	**Office**
Estimated saleable / leasable GFA (sq.m.)	292,684	328,387	167,577
Estimated net saleable / leaseable GFA (sq.m.) as at 31 December 2014	261,117	322,783	167,577

Project Overview

Location Honggutan CBD, Nanchang, Jiangxi Province

Property Type Residential, office, serviced apartment and shopping mall

Highlights A joint-venture project with a Singapore-listed company Metro Holdings Limited which indirectly holds 30% stake

Honggutan's CBD was initially established about ten years ago

Lots of domestic financial institutions have established presences in the area

Vast catchment area in the Central China region

Nanchang Fashion Mark

SHENZHEN FASHION MARK

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		183,962	
Expected construction start date		December 2015	
Expected completion date		December 2018	
Total GFA (sq.m.)		1,532,696	
Total estimated saleable / leasable GFA (sq.m.)		1,239,691	
Expected land and redevelopment costs (RMB million)		5,115	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Office**
Estimated saleable / leasable GFA (sq.m.)	886,661	266,100	86,930

Project Overview

Location Nanlian Community, Shenhui Rd, Longgang District, Shenzhen, Guangdong Province

Property Type Residential, retail and office

Highlights Shenzhen Fashion Mark is located in the centre of Shenzhen Longgang District, connecting the Nanlian Station and Longcheng Plaza of Subway Line #3

Shenzhen Fashion Mark

TIANJIN LE LEMAN CITY

Key Statistics			
No. of Phases		N/A	
Site area (sq.m.)		333,666	
Construction start date		June 2012	
Expected completion date		July 2017	
Total GFA (sq.m.)		846,038	
Total estimated saleable / leasable GFA (sq.m.)		863,653	
Land cost (RMB million)		415	
Development costs incurred as at 31 December 2014 (RMB million)		381	
Interest attributable to us (%)		58%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	25,946	828,454	–

Project Overview

Location Junction of Beihua Road and Jincang Expressway, Jinhai County, Tianjin

Property Type Residential and retail

Highlights Located 20 km away from Tianjin city centre (Nankai District)

Approximately 12 km away from the south station of Beijing-Tianjin high-speed railway and 5 km away from Beijing-Tianjin Expressway

Tianjin Le Leman City

SHENZHEN BUJI MARKET PROJECT

Key Statistics			
No. of Phases		2	
Acquisition date		15 November 2013	
Total GFA (sq.m.)		358,000	
Total estimated saleable / leasable GFA (sq.m.)		249,177	
Estimated maximum cash compensation (RMB million)		2,100	
Interest attributable to us (%)		55%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	–	249,177	–

Project Overview

Location Buji Road, Luohu District, Shenzhen, Guangdong Province

Property Type Retail and others

Highlights The project is facing Weiling Park on the east side and Honghu Park on the south side. The north side is connected to the Shenzhen Buji transit hub

The project is nearby the Shuibei Station and Caopu Station

Shenzhen Buji Market Project

NANJING FASHION MARK

Key Statistics			
No. of Phases		N/A	
Acquisition date		31 December 2013	
Construction start date		December 2014	
Expected completion date		July 2017	
Total GFA (sq.m.)		44,256	
Total estimated saleable / leasable GFA (sq.m.)		42,895	
Estimated number of underground car park units		300	
Total consideration (RMB million)		239.4	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	21,838	21,057	–

Project Overview

Location Adjacent land to the west of North Square of Huangjiaxu Road Railway Station in Xiaguan District, Nanjing, Jiangsu Province

Property Type Residential and retail

Highlights The project is located at the northwest side of the Nanjing train station

Nanjing Fashion Mark

HANGZHOU LANDMARK

Key Statistics			
No. of Phases		1	
Site area (sq.m.)		14,780	
Construction start date		January 2006	
Completion date		July 2007	
Total GFA (sq.m.)		49,989	
Total estimated saleable / leasable GFA (sq.m.)		36,880	
Land cost (RMB million)		21	
Development costs incurred (RMB million)		105	
Interest attributable to us (%)		100	
	Residential	**Retail**	**Others**
Estimated saleable / Leasable GFA (sq.m.)	–	36,880	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	–	26,264	–

Project Overview

Location Ouhuazhou Avenue, Linping, Yuhang District, Hangzhou, Zhejiang Province

Property Type Retail

Highlights Close proximity to metro station

Leveraging on high growth city attributes, Linping is set to be one of the three high growth satellite cities of Hangzhou

Secured well-known anchor tenants attracted not only other retailers, but also significant pedestrian traffic

Hangzhou Landmark

DONGGUAN LANDMARK

Key Statistics			
No. of Phases		1	
Site area (sq.m.)		18,738	
Construction start date		June 2006	
Completion date		July 2008	
Total GFA (sq.m.)		79,679	
Total estimated saleable / leasable GFA (sq.m.)		65,107	
Land cost (RMB million)		90	
Development costs incurred (RMB million)		267	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / Leasable GFA (sq.m.)	43,288	21,819	–
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2014	–	20,172	–

Project Overview

Location No. 88 Hongfu Road, Nancheng District, Dongguan, Guangdong Province

Property Type Residential and retail

Highlights Locates in the CBD of Dongguan and the dramatic setting and accessibility of the mall substantially upgrade the local amenities

Dongguan Landmark

BEIJING TOP SPRING SHUNZE FLOWER GARDEN

Key Statistics			
No. of Phases		3	
Acquisition date		23 January 2014	
Site area (sq.m.)		224,926	
Expected construction start date		April 2015	
Expected completion date		June 2018	
Total GFA (sq.m.)		405,870	
Total estimated saleable / leasable GFA (sq.m.)		321,751	
Total consideration (RMB million)		365.5	
Interest attributable to us (%)		51%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	317,289	4,462	–

Project Overview

Location Located on the east side of Han Wang North Road and the east and west side of Wu Liu West Road in Yanjiao Gaoxin District, Sanhe City, Hebei Province

Property Type Residential and retail

Highlights The project is located in the north of Yanjiao, close to the Beijing Shunyi district. The total site area is approximately 224,926 sq.m., of which approximately 150,000 sq.m. of the site area will be residential area. The project lines on the Jingping Expressway make travelling to and from this area very convenient. It takes 30 minutes by car to go to Shunyi, the Airport, Konggang district, Wangjing, Sanyuan Qiao and Pinggu; and 40 minutes to the CBD area and the Asia Olympic village. Yanjiao is the closest district to Beijing and is well received by first time home buyer and home upgraders.

Beijing Top Spring Shunze Flower Garden

SHENZHEN XULIAN PROJECT

Key Statistics			
No. of Phases		N/A	
Acquisition date		November 2014	
Site area (sq.m.)		17,727	
Expected construction start date		September 2015	
Expected completion date		March 2017	
Total GFA (sq.m.)		106,370	
Total estimated saleable / leasable GFA (sq.m.)		104,507	
Total consideration (RMB million)		175.8	
Interest attributable to us (%)		100%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	–	19,670	84,837

Project Overview

Location Located at the southeast side of the conjunction of Jianshe Road and Longsheng Road in Longhua area

Property Type Industrial and retail

Highlights The project is located at the conjunction of Jianshe Road and Longsheng Road in the Longhua area. It is only 800 metres away from the Longsheng station of Metro Line number 4. The project has a total estimated saleable/leasable GFA of approximately 104,507 sq.m., with boutique offices, unique retail stores and upscale apartments. Upon completion, it will be the first industrial land use re-modification project in the Longhua new area, leading the trend of enhancing the industrial area in the district.

Shenzhen Xulian Project

SHENZHEN JUNAN PROJECT

Key Statistics			
No. of Phases		N/A	
Acquisition date		October 2014	
Expected construction start date		May 2015	
Expected completion date		N/A	
Total GFA (sq.m.)		87,090	
Total estimated saleable / leasable GFA (sq.m.)		87,090	
Total consideration (RMB million)		280.0	
Interest attributable to us (%)		40%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	–	–	87,090

Project Overview

Location Located at the southeast side of the intersection of Shenyun Road and Qiaoxiang Road, besides Fantasia Xiangnian Square

Property Type Industrial

Highlights The project is located at the intersection of Shenyun Road and Qiaoxiang Road at the northern part of Oversea Chinese Town. The total saleable/leasable GFA is approximately 87,090 sq.m. with A grade office buildings, apartments with city view, business centre with eco-art theme and the BOX headquarters. It will be the role model of innovative new industries with city space integrating with industrial area.

Shenzhen Junan Project

THE HAT BOX

Key Statistics			
No. of Phases		N/A	
Acquisition date		July 2014	
Total estimated saleable / leasable GFA (sq.m.)		11,668	
Interest attributable to us (%)		25%	
	Residential	**Retail**	**Others**
Estimated saleable / leasable GFA (sq.m.)	11,668	–	–

Project Overview

Location Munday Street, New Islington area of Manchester, England

Property Type Residential

Highlights The site area of the The Hat Box is about 1.06 acres (equivalent to approximately 4,290 sq.m.). It is adjacent to the Ashton Canal and is just one mile from Manchester City Centre. With the added benefit of the Metrolink tram service extension just two stops away from the downtown area, it is very convenient. According to the current planning, The Hat Box comprises 144 residential apartments and complementary retail stores.

The Hat Box

MIDDLEWOOD LOCKS PROPERTY

Key Statistics		
No. of Phases	N/A	
Acquisition date	July 2014	
Total estimated saleable / leasable GFA (sq.m.)	250,000	
Interest attributable to us (%)	25%	
	Residential	**Retail**
Estimated saleable / leasable GFA (sq.m.)	250,000	–

Project Overview

Location Lying at the western boundary of Manchester, England, next to River Irwell and the Trinity Inner Ring Road

Property Type Residential and retail

Highlights The site area of the Middlewood Locks Property is about 23.6 acres (equivalent to approximately 96,000 sq.m.) and is planned to develop a 250,000 sq.m. large multi-functional integrated district with commercial facilities. The community is going to be Manchester's future largest mixed use community in the city centre. Apart from sales in the local market, part of the units will be sold to the China market.

Middlewood Locks Property

CORPORATE GOVERNANCE REPORT

Corporate Governance Principles and Practices

In the opinion of the Directors, the Company has applied the principles and complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange during the year under review and, where appropriate, adopted the Recommended Best Practices set out in the CG code, other than the Code Provision A.2.1, as explained in the paragraph headed "Chairman and Chief Executive Officer" below and the Code Provision E.1.2, as explained in the paragraph headed "Directors' attendance at general meetings". The reasons for deviations are explained below in this report.

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

The Board of Directors

The Board is responsible 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 policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises four executive Directors, namely Mr WONG Chun Hong, Ms LI Yan Jie, Mr LEE Sai Kai David and Mr CHEN Feng Yang, one non-executive Director, namely Mr CHIANG Kok Sung Lawrence and three independent non-executive Directors, namely Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo and Professor WU Si Zong.

There is no relationship, including financial, business, family or other material/relevant relationships, among the members of the Board.

During the year under review, the Board held eight Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year under review). The attendance of each Director is set out in the table below:

	Number of attendance/Total
Executive Directors	
Mr WONG Chun Hong (Chairman and Chief Executive Officer)	8/8
Ms LI Yan Jie	2/8
Mr LEE Sai Kai David	8/8
Mr LAM Jim (Chief Financial Officer) (Note 1)	4/5
Mr CHEN Feng Yang (Chief Operating Officer)	4/8
Non-executive Director	
Mr CHIANG Kok Sung Lawrence (Note 2)	2/3
Independent non-executive Directors	
Mr BROOKE Charles Nicholas	4/8
Mr CHENG Yuk Wo	4/8
Professor WU Si Zong	4/8

Notes:

(1) Mr LAM Jim ceased to be an executive Director, the Chief Financial Officer and a member of the Corporate Governance Committee with effect from 26 July 2014.

(2) Mr CHIANG Kok Sung Lawrence was appointed as a non-executive Director and a member of the Corporate Governance Committee with effect from 1 July 2014.

Training and Commitment

To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

The Company provides continuous professional development ("**CPD**") training and relevant reading materials to the Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2014 is summarised as follows.

	Areas		
Name of Director	**Legal, regulatory and corporate governance**	**Businesses of the Group**	**Directors' roles, functions and duties**
Executive Directors			
Mr WONG Chun Hong	✓	✓	✓
Ms LI Yan Jie	✓	✓	✓
Mr LEE Sai Kai David	✓	✓	✓
Mr CHEN Feng Yang	✓	✓	✓
Non-executive Director			
Mr CHIANG Kok Sung Lawrence	✓	✓	✓
Independent non-executive Directors			
Mr BROOKE Charles Nicholas	✓	✓	✓
Mr CHENG Yuk Wo	✓	✓	✓
Professor WU Si Zong	✓	✓	✓

Remarks:
✓ represents compliance

Confirmation is received from the Directors that they have provided sufficient time and attention to the affairs of the Group. Besides, the Directors disclose to the Company their interests as director and other office in other public companies and organisations in a timely manner and update the Company on any subsequent changes. Each of the Directors has complied with Code Provision A.6.5 of the CG Code.

Chairman and Chief Executive Officer

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

Directors' attendance at general meetings

During the year under review, the Company held one extraordinary general meeting on 22 October 2014 ("**2014 EGM**") and one annual general meeting on 19 May 2014 ("**2014 AGM**"). The attendance of each Director is set out in the table below.

	2014 EGM	2014 AGM
Executive Directors		
Mr WONG Chun Hong (Chairman and Chief Executive Officer)	✗	✓
Ms LI Yan Jie	✗	✗
Mr LEE Sai Kai David	✓	✓
Mr LAM Jim (Chief Financial Officer) (Note 1)	N/A	✓
Mr CHEN Feng Yang (Chief Operating Officer)	✗	✗
Non-executive Director		
Mr CHIANG Kok Sung Lawrence (Note 2)	✗	N/A
Independent non-executive Directors		
Mr BROOKE Charles Nicholas	✗	✓
Mr CHENG Yuk Wo	✗	✓
Professor WU Si Zong	✗	✓

Notes:

(1) Mr LAM Jim ceased to be an executive Director, the Chief Financial Officer and a member of the Corporate Governance Committee with effect from 26 July 2014.

(2) Mr CHIANG Kok Sung Lawrence was appointed as a non-executive Director and a member of the Corporate Governance Committee with effect from 1 July 2014.

Remarks:
✓ represents attendance ✗ represents absence N/A represents not applicable

In respect of Code Provision E.1.2 of the CG Code, (i) Mr WONG Chun Hong, the Chairman of the Board, Mr LEE Sai Kai David, the chairman of the Corporate Governance Committee, Mr CHENG Yuk Wo, the chairman of the Audit Committee, the Remuneration Committee and the independent board committee of the Company and Professor WU Si Zong, the chairman of the Nomination Committee attended the 2014 AGM; and (ii) Mr CHENG Yuk Wo, an independent non-executive Director and the chairman of the independent board committee of the Company, was unable to attend the 2014 EGM due to other business engagement.

Non-Executive Director and Independent Non-Executive Directors

Mr CHIANG Kok Sung Lawrence, the non-executive Director, was appointed by the Company for a term of three years commencing from 1 July 2014 unless terminated by not less than three months' notice in writing served by either the Company or Mr CHIANG Kok Sung Lawrence.

The appointment of each of the independent non-executive Directors was renewed by the Company for a term of three years from 1 December 2013 unless terminated by not less than three months' notice in writing served by either the Company or the respective independent non-executive Director.

Each of the independent non-executive Directors has confirmed by written confirmation that he has complied with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent under these independence requirements.

Independent non-executive Directors possess appropriate professional qualifications and experience or appropriate accounting or relevant financial management expertise. Independent non-executive Directors are able to provide their independent judgment in respect of matters such as the Group's strategy, policy and performance at Board and Board committee meetings, and to make significant contributions to the affairs of the Group.

Remuneration Committee

The chairman of the remuneration committee of the Company (the "**Remuneration Committee**") is Mr CHENG Yuk Wo. As at the date of this report, the Remuneration Committee consists of one executive Director, Mr WONG Chun Hong and two independent non-executive Directors, Mr CHENG Yuk Wo and Professor WU Si Zong.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy.

In determining the remuneration of the Directors and the senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions of the Directors and the senior management and the change in market conditions.

The Remuneration Committee held one meeting during the year under review. The attendance of each member of the Remuneration Committee is set out in the table below:

	Number of attendance/Total
Mr CHENG Yuk Wo (Chairman)	1/1
Mr WONG Chun Hong	1/1
Professor WU Si Zong	1/1

For the year under review, the Remuneration Committee agreed the terms (in particular, the remuneration package) of the appointment letter of Mr CHIANG Kok Sung Lawrence and recommended to the Board on the year-end bonus of executive Directors and the senior management of the Company for 2013. No Director was involved in deciding his own remuneration or options granted.

Details of the remuneration of each of the Directors and senior management of the Company for the year ended 31 December 2014 are set out in notes 8 and 9 to the consolidated financial statements of the Group.

Nomination Committee

The chairman of the nomination committee of the Company (the "**Nomination Committee**") is Professor WU Si Zong. As at the date of this report, the Nomination Committee consists of one executive Director, Mr WONG Chun Hong and two independent non-executive Directors, Mr CHENG Yuk Wo and Professor WU Si Zong.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to identify individuals suitably qualified to become board members, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the independent non-executive Directors. In considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates and the independence requirement in the case of an independent non-executive Director as well as the objective of the board diversity policy adopted by the Company. Elements of the board diversity policy of the Company include gender, age, cultural and educational background, professional experience, skills and knowledge of Directors. The above elements have substantially been included in the current Board composition.

The Company has adopted procedures for nomination of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of a new Director by way of Board meeting or written resolution. To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

The Nomination Committee held one meeting during the year under review. The attendance of each member of the Nomination Committee is set out in the table below:

	Number of attendance/Total
Professor WU Si Zong (Chairman)	1/1
Mr WONG Chun Hong	1/1
Mr CHENG Yuk Wo	1/1

During the year under review, the Nomination Committee nominated a new Director, Mr CHIANG Kok Sung Lawrence, and also reviewed the structure, size and composition of the Board in accordance with Rule 3.10A of the Listing Rules, and recommended the re-election of the retiring Directors.

Audit Committee

The chairman of the audit committee of the Company (the "**Audit Committee**") is Mr CHENG Yuk Wo. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, Mr CHENG Yuk Wo, Mr BROOKE Charles Nicholas and Professor WU Si Zong.

The Audit Committee reports to the Board and is authorised by the Board to assess, review and monitor the integrity of the financial statements of the Company. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal control system, advises the Board on the appointment and re-appointment of external auditors, and reviews and monitors the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with the applicable standard.

The Audit Committee is responsible for recommending to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval of the Board and the Shareholders at general meeting of the Company. For the year under review, the Board has not taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held three meetings during the year under review. The attendance of each member of the Audit Committee is set out in the table below:

	Number of attendance/Total
Mr CHENG Yuk Wo (Chairman)	3/3
Mr BROOKE Charles Nicholas	3/3
Professor WU Si Zong	3/3

At the above meetings, the Audit Committee has considered, reviewed and discussed the accounting principles and practice adopted by the Company, the annual results of the Group for the year ended 31 December 2013, the interim results of the Group for the six months ended 30 June 2014 and the effectiveness of financial reporting, internal control, consultancy services and risk management systems.

Corporate Governance Committee

The chairman of the corporate governance committee of the Company (the "**Corporate Governance Committee**") is Mr LEE Sai Kai David. As at the date of this report, the Corporate Governance Committee consists of one executive Director, Mr LEE Sai Kai David and one non-executive Director, Mr CHIANG Kok Sung Lawrence and one independent non-executive Director, Mr CHENG Yuk Wo.

Following the terms of reference, the Corporate Governance Committee reviewed and monitored the Company's policies and practices on corporate governance and on compliance with legal and regulatory requirements and made recommendations to the Board. The Corporate Governance Committee also reviewed and monitored the training and CPD of the Directors and the senior management, developed, reviewed and monitored the code of conduct applicable to employees and Directors, and reviewed the compliance with the CG Code and disclosure in this report.

The Corporate Governance Committee held two meetings during the year under review. The attendance of each member of the Corporate Governance Committee is set out in the table below:

	Number of attendance/Total
Mr LEE Sai Kai David (Chairman)	2/2
Mr LAM Jim (Note 1)	1/1
Mr CHIANG Kok Sung Lawrence (Note 2)	1/1
Mr CHENG Yuk Wo	2/2

Notes:

(1) Mr LAM Jim ceased to be a member of the Corporate Governance Committee with effect from 26 July 2014.

(2) Mr CHIANG Kok Sung Lawrence was appointed as a member of the Corporate Governance Committee with effect from 1 July 2014.

Advisory Committee

The Company established an Advisory Committee (the "**Advisory Committee**") on 2 December 2010. As at the date of this report, the Advisory Committee consists of two executive Directors, namely, Mr WONG Chun Hong and Mr LEE Sai Kai David.

Mr LAM Jim ceased be a member of the advisory committee of the Company with effect from 26 July 2014 and Mr LEE Sai Kai David was appointed as a member of the advisory committee of the Company with effect from 26 July 2014.

The primary duties of the Advisory Committee are to make all determinations and provide directions to the trustees of the Pre-IPO Share Option Scheme, the Share Award Scheme and the Post-IPO Share Option Scheme adopted by the Company.

The Advisory Committee did not hold any meeting during the year under review.

Auditors' Remuneration

For the year ended 31 December 2014, the total fees paid/payable to the external auditors of the Company, KPMG, in respect of audit and non-audit services are set out below:

	For the year ended 31 December 2014 HK$'000
Audit services	6,117
Non-audit services (Note)	1,512
Total	7,629

Note: Apart from the provision of annual audit services, KPMG, the Group's external auditors, also provided review services on the interim financial report of the Group for the six months ended 30 June 2014 and other non-audit services including ad hoc accounting advice and tax advice during the year.

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 and fair view for the year under review, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, KPMG, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 98 of this report.

Internal Control

The Board is fully responsible for maintaining proper and effective internal control system and for regularly reviewing the operational efficiency of the financial, operational, compliance controls, risk management and other aspects of the system in order to safeguard the investment of Shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group covering the above aspects. The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the year under review.

The internal audit department of the Company is responsible for regular review and audit of the Group's major finance and operating activities. The purpose of such work is to ensure the normal operation of internal control and the playing of its due role.

Model Code for Securities Transactions by Directors

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

Relevant employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code for the year ended 31 December 2014.

Company Secretary

The company secretary of the Company (the "**Company Secretary**"), Ms LUK Po Chun, is responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to the Directors of comprehensive meeting agendas and papers. Minutes of all Board meetings and Board committees are prepared and maintained by the Company Secretary to record in sufficient details of the matters considered and decisions reached by the Board or Board committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board committees are sent to Directors and committee members respectively for comments and records and are available for inspection by any Director upon request.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, she organises seminars on specific topics of significance and interest and disseminates reference materials to the Directors for their information.

The Company Secretary is also directly responsible for the compliance of the Group with all obligations of the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to Shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on their obligations for disclosure of interests and dealings in securities of the Company, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

During the year under review, Ms LUK Po Chun attended no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Investor Relations and Shareholders' Rights

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Information regarding the Company is published in its website: www.topspring.com. Company newsletters, interim and annual reports, circulars and notices of the Group are despatched to Shareholders. The website of the Company provides information such as e-mail address, correspondence address, telephone numbers for enquiries, and provides information on the business activities of the Group. Shareholders may at any time send their enquires and concerns to the Board in writing either by email to IR@topspring.com or direct mailing to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

The Company's annual general meeting of Shareholders is a good opportunity for communication between the Board and Shareholders. Notice of annual general meeting and related documents will be sent to Shareholders pursuant to the requirements of the Listing Rules and the articles of association of the Company (the "**Articles of Association**"), and are published on the websites of the Company and the Stock Exchange.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 58 of the Articles of Association, shareholders holding 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 at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in the requisition; and the Company shall hold general meeting within two months after receiving the requisition. If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, pursuant to Article 85 of the Articles of Association, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office or the office of the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than seven days prior to the date of such general meeting. All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Hong Kong Share Registrar of the Company. The results of the poll are published on the websites of the Company and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the website of the Company for Shareholders and investors.

The Company also meets with the investment community and responds to their enquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Directors

Executive Directors

Mr WONG Chun Hong (黃俊康), aged 60

Executive Director, Chairman and Chief Executive Officer

Mr WONG is the Founder of the Group and was appointed as an executive Director, the Chairman and the Chief Executive Officer of the Company on 25 August 2009. He is also a director of various subsidiaries within the Group. In addition, he is also the second largest shareholder and vice chairman of the board of directors of Rainbow Department Store Co., Ltd. ("**Rainbow**"), a company listed on the Shenzhen Stock Exchange. He has over two decades of experience in the real estate business in the PRC and Hong Kong.

From 1993 to 1996, Mr WONG was the deputy managing director and the second largest shareholder of Top Glory International Holdings Limited ("**TGI**") (formerly known as World Trade Center Group Limited), a company which was listed on the Stock Exchange and is now privatised and was the vice chairman of China Foods Limited (formerly known as China Foods Holdings Limited), a company listed on the Stock Exchange ("**China Foods**"). From 1996 to 2001, Mr WONG was a major shareholder, chairman and chief executive officer of ITC Properties Group Limited (formerly known as Cheung Tai Hong Holdings Limited), a company listed on the Stock Exchange ("**ITC**"). Mr WONG was awarded 2010 年度風雲人物 (2010 Person of the Year) by China Real Estate Information Corporation (中國房產信息集團), 新浪樂居 (Sina House), 2011 the Most Influencial Person in China and 2012 the Most Influential Person in real estate sector in China in the 11th and 12th Boao Real Estate Forum respectively and 2011 CEIBS Alumni Award Programme by China Europe International Business School. Mr WONG also attended the Global CEO Programme for China in 2007 which was co-organized by IESE Business School and Harvard Business School. He is a member of 廣州市政協常委 (Guangzhou Chinese People's Political Consultative Conference) and the chairman of Hong Kong Federation of Guangzhou Associates Limited.

Chance Again Limited ("**Chance Again**"), which is the controlling shareholder (as defined in the Listing Rules) of the Company, is held wholly-owned by Cheung Yuet (B.V.I.) Limited ("**BVI Co**"). The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee Limited ("**HSBC International Trustee**") as the trustee of The Cheung Yuet Memorial Trust, a discretionary family trust established by Mr WONG (the "**Wong Family Trust**"), the beneficiaries of which include Mr WONG's family members. Mr WONG is the settlor and the protector of the Wong Family Trust. Mr WONG is also a director of Chance Again. Save as mentioned above, Mr WONG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr WONG in the Shares and underlying Shares under the provisions of Part XV of the Securities and Futures Ordinance (the "**SFO**") is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Ms LI Yan Jie (李艷洁), aged 44

Executive Director

Ms LI joined the Group in December 2000 and was appointed as an executive Director on 25 August 2009. She also serves as a director of various subsidiaries within the Group. She was formerly the chief operating officer of the Company. Ms LI has extensive experience in sales and marketing and has a well-established client base. In 2004, Ms LI was a director of Rainbow, a company which is now listed on the Shenzhen Stock Exchange. From 1994 to 2000, she was the general manager of 深圳市土地房產交易中心 (Shenzhen Land & Real Estate Exchange Center) (formerly known as 深圳市房地產交易中心 (Shenzhen Real Estate Exchange Center)). Ms LI studied an executive training course on real estate development and finance at 清華大學 (Tsinghua University) in 2006. Ms LI does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Ms LI in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr LEE Sai Kai David (李世佳), aged 49
Executive Director

Mr LEE joined the Group in September 2002 and was appointed as an executive Director on 25 August 2009. He is also a director of various subsidiaries within the Group. Previously, he acted as the deputy financial controller of TGI, a company which was listed on the Stock Exchange and is now privatised and the financial controller of China Foods, a company listed on the Stock Exchange. In 1996, he took up executive directorship at ITC, a company listed on the Stock Exchange. He now serves as a director of Rainbow, a company listed on the Shenzhen Stock Exchange. Mr LEE received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic University. He is an associate of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants, respectively, a fellow of the Association of Chartered Certified Accountants and a Chartered Global Management Accountant. Mr LEE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr LEE in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr CHEN Feng Yang (陳風楊), aged 51
Executive Director and Chief Operating Officer

Mr CHEN was appointed as an executive Director on 1 June 2013. He joined the Group in February 2006 and was promoted to the position of senior vice president in October 2010 and later appointed as the chief operating officer of the Company in June 2011. He is the director of several subsidiaries of the Group. During the period between 2002 to 2006, he worked as the vice president of 中國寶安集團股份有限公司 (China Bao'an Group Co. Ltd.) and the chairman of 深圳恒安房地產開發有限公司 (Hengan Property Development (Shenzhen) Ltd.). Mr CHEN graduated from 武漢工業大學 (Wuhan Institute of Technology) in 1989 with a master degree in Structural Engineering. Mr CHEN does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr CHEN in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Non-executive Director

Mr CHIANG Kok Sung Lawrence (鄭國杉), aged 63

Non-executive Director

Mr CHIANG was appointed as a non-executive Director and a member of the Corporate Governance Committee on 1 July 2014. Mr CHIANG is the group chief operating officer of Metro, a company listed on The Singapore Exchange Securities Trading Limited. Mr CHIANG is a director of certain subsidiaries of the Company, namely Nanchang Top Spring Real Estate Co., Ltd., Shine Rise International Limited, SSCP Limited and MSREF Century Palace (Residential) Limited (not a member of the Morgan Stanley Group of companies or any fund they manage). Mr CHIANG joined Metro in 1989. He now assumes overall responsibility for the operations of both the property and retail divisions whilst being directly involved in the management of its property business. He has extensive experience in a range of business activities such as property development, leasing and management, construction, the retail industry and department stores, the leisure industry (hotels and cruise ships), marketing and distribution of established international brand name luxury products and trading. Mr CHIANG was a member of the Institute of Chartered Accountants of New Zealand, the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators. Mr CHIANG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr CHIANG in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Independent Non-executive Directors

Mr BROOKE Charles Nicholas, aged 73

Independent Non-executive Director

Mr Brooke was appointed as an independent non-executive Director on 30 November 2010. He is also an independent non-executive Director of VinaLand Limited which is listed on the London Stock Exchange. Mr Brooke is the chairman of Professional Property Services Limited which specialises in real estate consultancy and is based in Hong Kong, providing clients with a selected range of advisory services across the Asia Pacific region. He is a Justice of the Peace. He is also the chairman of the Hong Kong Harbourfront Commission and the chairman of the Hong Kong Science and Technology Parks Corporation. He is a member of the Innovation and Technology Steering Committee and the Steering Committee on the Promotion of Electric Vehicles. He is also a member of Commission on Strategic Development, Working Group on Intellectual Property Trading and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries for Economic Development Commission. Mr Brooke was awarded Silver Bauhinia Star (SBS) in 2012. He is a Trustee of the International Valuation Standards Council (IVSC) and is an honorary member of the American Institute of Architects, an honorary professor at the University of Hong Kong and Chongqing University and an honorary fellow of the College of Estate Management in UK. He is the former President of the Royal Institution of Chartered Surveyors, a former member of the Hong Kong Town Planning Board, a former vice-chairman of the Metro Planning committee and a former member of the Hong Kong Housing Authority. In 2004, Mr Brooke was admitted as a Freeman of the City of London. He is a Fellow of the Royal Institution of Chartered Surveyors and of the Hong Kong Institute of Surveyors. In 1963, Mr Brooke graduated from the University of London with a Bachelor of Science degree in Estate Management. Mr Brooke does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Mr BROOKE in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Mr CHENG Yuk Wo (鄭毓和), aged 54
Independent Non-executive Director

Mr CHENG was appointed as an independent non-executive Director on 30 November 2010. Mr CHENG worked at PricewaterhouseCoopers (formerly known as Coopers and Lybrand) in London in 1984 and at UBS AG (formerly known as Swiss Bank Corporation) in Toronto in 1989. He is also the co-founder of Centurion Corporate Finance Limited. In 1999, he became the sole proprietor of Erik CHENG & Co., Certified Public Accountants. Mr CHENG received his Master of Sciences (Econ) in Accounting and Finance from the London School of Economics and Political Science in 1984, and his Bachelor of Arts (Hons.) in Accounting from the University of Kent in 1983. Mr CHENG is currently a member of the Institute of Chartered Professional Accountants of Canada. He is also a fellow of the Institute of Chartered Accountants in England and Wales and a Certified Public Accountant practising in Hong Kong. Mr CHENG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The table below sets out Mr CHENG's directorships in a number of companies listed in Hong Kong as at the year ended 31 December 2014:

Name of the listed company	Position
Chong Hing Bank Limited	Independent non-executive director
C.P. Lotus Corporation (formerly known as Chia Tai Enterprises International Limited)	Independent non-executive director
CPMC Holdings Limited	Independent non-executive director
CSI Properties Limited (formerly known as Capital Strategic Investment Limited)	Independent non-executive director
Goldbond Group Holdings Limited	Independent non-executive director
HKC (Holdings) Limited	Independent non-executive director
Imagi International Holdings Limited	Independent non-executive director
Liu Chong Hing Investment Limited	Independent non-executive director

The discloseable interest of Mr CHENG in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Professor WU Si Zong (吳泗宗), aged 63
Independent Non-executive Director

Professor WU was appointed as an independent non-executive Director on 30 November 2010. Since 1997 and until now, he has been a professor, a doctoral tutor, the secretary of the Party Committee and the vice dean of the Economic and Management School at 同濟大學 (Tongji University). Professor WU is the vice-chairman of 上海市市場學會 (Shanghai Marketing Society) and the standing director of 中國市場學會 (China Marketing Society). Professor WU lectures in economics and international trade. His main research fields are business management, marketing and international trade. From 1994 to 1997, he was the Head of Affairs Committee of the International Trade Faculty at 江西財經大學 (Jiangxi University of Finance and Economics). From 2001 to 2008, Professor WU published several theses and was involved in various research projects in his fields of expertise. He also published many books in marketing, commerce and trade from 2000 to 2007. Professor WU received his Bachelor's degree in Economics from 江西財經大學 (Jianxi University of Finance and Economics) in 1982. In 1995, he received his Master's degree in Economics at 上海財經大學 (Shanghai University of Finance and Economics). Professor WU does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The discloseable interest of Professor WU in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its associated corporations" under the Directors' Report of this report.

Save as disclosed above, there is no other information in respect of the Directors which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Senior Management

Mr LUO Wen Jun (羅文俊), aged 58
Vice President

Mr LUO joined the Group in May 2006 and was appointed as a vice president of the Company in June 2009. Mr LUO is in charge of the retail and property management division of the Group. Prior to joining the Group, Mr LUO possessed extensive experience in property development and business administration. During the period between 1985 and 1999, he worked as the deputy sector chief and assistant to the manager of 上海市閘北區人民政府財貿辦公室 (Shanghai Zhabei District People's Government Finance and Trade Office), the general manager of 上海市新新百貨公司 (Shanghai Xin Xin Department Store), the deputy general director of business construction of Shanghai train station (上海鐵路新客站商業建設副總指揮), the deputy general manager of 上海心族農工商總公司 (Shanghai Xin Zu Nong Industrial and Commercial Company Limited) and the managing director of 上海明天廣場有限公司 (Shanghai Tomorrow Square Company Limited). From 2002 to 2006, he was the director and executive deputy general manager of 上海不夜城股份有限公司 (Shanghai Everbright Company Limited). In addition, Mr LUO was elected as the vice chairman of the Federation of Industry and Commerce of Zhonglou District of Changzhou and the deputy to the National People's Congress of Zhonglou District of Changzhou respectively in 2011 and 2012. In August 2012, he was appointed as the standing director of Jiangsu Hong Kong-Invested Company Service Association (江蘇省港商投資企業服務協會). Mr LUO completed a Business Management course at 上海電視大學 (Shanghai TV University) in 1986. Mr LUO does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr HE Da Chuan (賀大川), aged 54
Vice President

Mr HE joined the Group in July 2012 and was appointed as the general manager of a subsidiary in Changzhou. He was appointed as a vice president of the Company in February 2013. Mr HE is the managing director and general manager of Zhejiang Regional Company (浙江區域公司). Prior to joining the Group, he was the manager of marketing department of 中海地產 (COB Development (Shanghai) Company Limited (formerly known as 中國海外(上海)有限公司 (China Overseas (Shanghai) Limited)), the general manager of Shanghai Hopson Property Development Company Limited (上海合生房地產開發有限公司), the general manager of Chengdu's business department of Greenland Group (綠地集團) in Shanghai and the vice president of Rong Qiao Group (融僑集團股份有限公司). Mr HE graduated from Wuhan Institute of Building Materials (武漢建材學院). Mr HE does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr ZHONG Hui Hong (鍾輝紅), aged 44
Vice President

Mr ZHONG joined the Group in February 2014 and was appointed as a vice president of the Company. He is in charge of the Group's investment development and urban redevelopment affairs. Prior to joining the Group, he took up various positions including the vice president of Shenzhen Agricultural Products Co., Ltd (深圳市農產品股份有限公司) and served as the chairman of Shenzhen Southern Agricultural Logistics Company (深圳市南方農產品物流公司), Shenzhen Higreen Logistics Company (深圳市海吉星物流園), Shenzhen Buji Agricultural Products Centre Wholesale Market (深圳市布吉農產品中心批發市場), Shenzhen Higreen Environmental Co., Ltd (深圳市海吉星環保公司), Wuhan Higreen Company (武漢城市圈海吉星公司), the officer of the old town redevelopment office and the general manager of the planning and development department. Mr ZHONG holds a Bachelor's degree in Environmental Engineering and a Master's degree in Architectural and Civil Engineering. He also holds a professional title of senior engineer – construction. Mr ZHONG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr DING Xiang Hua (丁向華), aged 42
Vice President

Mr DING joined the Group in April 2014 and was appointed as a vice president of the Company. He is in charge of the Group's new business development department. Prior to joining the Group, he took up various positions in China Resources National Corp. (中國華潤總公司), China Resources Enterprises Limited (華潤創業有限公司), China Resources Logic Limited (華潤勵致有限公司) as an executive human resources manager, project manager and business manager etc. Since 2002, Mr DING was the deputy general manager of financial services department of China Resources (Holdings) Company Limited ("**China Resources Group**"), the general manager of information center of China Resources Group (華潤集團信息中心), the director and assistant general manager of China Resources Investment Enterprise Ltd. (華潤投資控股有限公司), the managing director of China CONIC Import & Export Co. Ltd. (中國康力克進出口有限公司), the general manager of China Resources SZITIC investment Ltd. (華潤深國投投資有限公司), and the director of the joint venture company between China Resources Group and Wal-Mart China. Mr DING has extensive working experience in company restructuring, mergers and acquisitions, strategic planning and business management. Mr DING received his Bachelor's degree in Law from China University of Political Science and Law and a Master's degree in Business Administration from The University of Hong Kong. He is also a qualified solicitor of the PRC. Mr DING does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr ZHANG Peng Li (張鵬力), aged 48
Vice President

Mr ZHANG joined the Group in March 2008, resigned in February 2013 and rejoined the Group in April 2014 as a vice president of the Company. He is in charge of the Group's operation and management department in China and was appointed as general manager of Nanchang Topspring Property Ltd. (南昌萊蒙置業有限公司). Mr ZHANG is experienced in the management of real estate projects. Prior to joining the Group, he took up various positions including the manager of the real estate department of Shenzhen Seg Hi-Tech Industrial Co., Ltd (深圳賽格高技術投資股份有限公司). He also worked in the Wanda Group and served as the general manager in Wuxi Wanda Commercial Investment Co., Ltd. (無錫萬達商業投資有限公司) Mr ZHANG was the general manager of Shenzhen Water Flower Property Co., Ltd (深圳市水榭花都房地產有限公司) in March 2008 and a vice president of the Company in October 2010. During February 2013 to March 2014, he was the vice president of Orient Landscape Industry Group Ltd (東方園林產業集團有限公司) and the chief executive officer of Orient Land Company Ltd. (東方城置地股份有限公司). Mr Zhang does not have any relationship with any Directors, senior management or substantial Shareholders of the Company.

Mr CHEUNG Koon Wan Johnson (張冠寰), aged 56
Chief Architect

Mr CHEUNG joined the Group as the chief architect in February 2012 and is in charge of the design and management department. Prior to joining the Group, he gained his land development experience in Henderson Land Development Company Limited, Chun Wo (China) Limited, Pacific Concord Holding Limited and 康帕斯專業顧問有限公司, a wholly-owned subsidiary of Sun Hung Kai Properties Limited and has extensive experience in project management. He later diverged his exposure in asset and facility management as well as hospitality and gaming expertise through working as property operation and project manager at the Hong Kong Jockey Club which operates two world class racecourses and four clubhouses (three in HK and another in Beijing) as well as hundreds of off-course betting centres. He also worked for China Light and Power Limited (one of the two electrical utilities in Hong Kong). Mr CHEUNG received his professional training in architecture through obtaining his B.Sc. (Arch) and B.Arch. from McGill University in Canada and further pursued professional surveying training through obtaining the Postgraduate Diploma in General Practice Surveying and Master Degree in Real Estate from The University of Hong Kong. Mr CHEUNG is a member of Royal Institute of British Architects, Royal Institution of Chartered Surveyors, the Hong Kong Institute of Architects and the Hong Kong Institute of Surveyors. Mr CHEUNG does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms LIU Qing (劉青), aged 45
Vice President

Ms LIU joined the Group in 2004 and was appointed as a vice president of the Company in August 2014. In addition, she serves as a director and the executive deputy general manager of Shenzhen New Top Spring Investment Fund Management Company Limited (深圳新萊源投資基金管理有限公司). Ms LIU is also the general manager of the finance department of the Group and the director of several subsidiaries. Ms LIU is in charge of the accounting, finance and fund management in China. Prior to joining the Group, she took up positions in Shenzhen International Trust and Investment Co., Ltd. (深圳國際信託投資有限公司), being the assistant general manager and finance department manager of Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司) and the chief financial officer of Shenzhen Water Flower Property Co., Ltd. (深圳水榭花都房地產有限公司). Ms LIU has extensive working experience in real estate project developments and operations, group control and financial market. She is familiar with the capital market and experienced in team management. Ms LIU completed her bachelor education in Accounting at Jinan University. Ms LIU does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Mr CHAN King Tak (陳競德), aged 34
Chief Financial Officer

Mr CHAN joined the Group in April 2010 and was appointed as the chief financial officer of the Company in August 2014. Prior to joining the Group, he worked for KPMG from April 2004 to November 2009 and served as an audit manager providing audit and consulting services to clients listed in Hong Kong, China and Singapore. He has extensive experience in accounting, auditing, financial management and corporate governance matters. Mr CHAN received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic University in 2002. Besides, he is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr CHAN does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

Ms LUK Po Chun (陸寶珍), aged 45
Company Secretary

Ms LUK joined the Group in 2007 and was appointed as the Company Secretary in August 2009. Having worked for various listed companies in Hong Kong and overseas, Ms LUK has extensive experience in company secretarial matters, accounting and financial management. Prior to joining the Group, Ms LUK was the chief accountant of China Water Affairs Group Limited, which is listed on the Stock Exchange. She was also the chief accountant of S.A. Cimenteries CBR, a subsidiary of Heidelberg Cement Group, a listed company in Germany. Ms LUK holds a master degree in Corporate Finance of The Hong Kong Polytechnic University. She is also an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Ms LUK does not have any relationships with any Directors, senior management or substantial Shareholders of the Company.

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is a real estate property developer in the PRC and is specialising in the development and operation of urban mixed-use communities, and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. Details of the principal activities of the subsidiaries are set out in note 14 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 Group at that date are set out in the consolidated financial statements on pages 99 to 106 of this report. The Board has recommended the payment of final dividend of HK11 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2014 (for the year ended 31 December 2013: HK11 cents) to Shareholders and holders of PCSs whose names appear on the register of members of the Company on Thursday, 11 June 2015. Upon approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 22 May 2015 ("**2015 AGM**"), it is expected that the final dividend will be payable on or around Tuesday, 16 June 2015.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF PCSs

For the purposes of determining the eligibility of the Shareholders to attend and vote at the 2015 AGM and their entitlements to the proposed final dividend, the register of members and the register of holders of the PCSs of the Company will be closed as set out below:

(i) For determining the eligibility of the Shareholders to attend and vote at the 2015 AGM:

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

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

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

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

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

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

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on pages 182 to 184 of this report. This summary does not form part of the audited consolidated 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 note 13 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 27.

PROPERTIES UNDER DEVELOPMENT FOR SALE

Details of the properties under development for sale of the Group during the year are set out in note 18 to the financial statements. Further details of the Group's major properties under development are set out on page 7.

COMPLETED PROPERTIES FOR SALE

Details of the completed properties for sale of the Group during the year are set out in note 18 to the financial statements. Further details of the Group's major completed properties held for sale are set out on page 7.

LEASEHOLD LAND HELD FOR DEVELOPMENT FOR SALE

Details of the leasehold land held for development for sale of the Group during the year are set out in note 18 to the financial statements. Further details of the Group's major leasehold properties held for development for sale are set out on page 8.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 26 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the 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 existing Shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders 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 has purchased, sold or redeemed any of the Company's listed securities during the period from 23 March 2011 up to and including 31 December 2014.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the aggregate amount of the Company's reserves available for distribution to equity shareholders and the holders of PCSs of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was HK$2,497,752,000 (2013: HK$1,621,540,000). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders and holders of PCSs subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends shall be distributed out of the retained profits or other reserves, including share premium and contributed surplus, of the Company.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2014 are set out in note 23 to the financial statements.

CHARITABLE DONATIONS

The charitable donations made by the Group during the year amounted to HK$2,606,000 (2013: HK$9,969,000).

CONNECTED TRANSACTIONS

(1) Project design agreement

On 26 May 2014, 深圳樂達文化科技有限公司 (Shenzhen Leda Culture Technology Co., Ltd.*) ("**Shenzhen Leda Culture**"), a non wholly-owned subsidiary of the Company and 南昌萊蒙置業有限公司 (Nanchang Top Spring Real Estate Co., Ltd.*) ("**Nanchang Top Spring**"), a non wholly-owned subsidiary of the Company, entered into a project design agreement (the "**Project Design Agreement**") pursuant to which Shenzhen Leda Culture agreed to provide, and Nanchang Top Spring agreed to engage Shenzhen Leda Culture for, design services in relation to the indoor theme park project of Nanchang Top Spring at the consideration of RMB5,000,000 (equivalent to approximately HK$6,200,000).

Nanchang Top Spring is an indirect non wholly-owned subsidiary of the Company, in which the Company indirectly owns 70% of the equity interests and Metro, a substantial shareholder of the Company, indirectly owns 30% of the equity interests through Metro Shanghai HQ Pte. Ltd. ("**Metro Shanghai**"), and is a connected person of the Company within the meaning of the Listing Rules. The entering into of the Project Design Agreement constituted a connected transaction for the Company under the Listing Rules. As one of the applicable percentage ratios exceeds 0.1% but is less than 5%, the Project Design Agreement was subject to the reporting and announcement requirements only but was exempt from the independent Shareholders' approval requirement under the Listing Rules. Further details of the project design agreement were disclosed in the announcement of the Company dated 26 May 2014.

(2) Formation of joint venture

On 2 July 2014, each of Top Spring International (UK) Limited ("**Top Spring UK**") and Sun Capital Assets Pte. Limited ("**Sun Capital**"), a connected person of the Company within the meaning of the Listing Rules, entered into separate share purchase agreement with Scarborough Singapore Holdings Limited ("**Scarborough Singapore**") and Scarborough Group International Limited ("**Scarborough International**"), independent third parties, pursuant to which each of Top Spring UK and Sun Capital conditionally agreed to purchase 25% of the issued share capital of Fairbriar Real Estate Limited (formerly known as Scarborough Real Estate Limited) ("**Fairbriar**") which indirectly owned Middlewood Locks Property and The Hat Box (previously named as Milliners Wharf Property), as at the date of the completion of these transactions, being 1 August 2014, at a consideration of £5,700,000 (equivalent to approximately HK$75,753,000) each.

In addition, Fairbriar, Scarborough International, Scarborough Singapore, the Company, Top Spring UK, Metro and Sun Capital entered into a shareholder agreement (the "**Shareholder Agreement**"), pursuant to which the shareholders of Fairbriar agreed to provide shareholders' loan on a pro-rata basis when required by Fairbriar and its subsidiaries. Pursuant to the Shareholder Agreement, the loans to be provided by each of Top Spring UK and Sun Capital shall not exceed £4,300,000 (equivalent to approximately HK$57,147,000).

Sun Capital, being one of the purchasers and an indirectly wholly-owned subsidiary of Metro which indirectly holds 30% equity interest in Nanchang Top Spring, is a connected person of the Company within the meaning of the Listing Rules. The entering into of the Shareholder Agreement constituted a connected transaction for the Company under the Listing Rules. As one of the applicable percentage ratios exceeds 0.1% but is less than 5%, the entering into of the Shareholder Agreement was subject to the reporting and announcement requirements only but was exempt from the independent Shareholders' approval requirement under the Listing Rules. Further details of the Shareholder Agreement were disclosed in the announcement of the Company dated 2 July 2014.

CONTINUING CONNECTED TRANSACTIONS

Framework loan agreement and framework property management service agreement

On 10 September 2014, Nanchang Top Spring entered into (i) a framework loan agreement with 深圳市萊蒙鼎盛投資發展有限公司 (Shenzhen Top Spring Ding Sheng Investment Development Co. Ltd.*) ("**Shenzhen Top Spring**"), Top Spring Insite Commercial Property Holdings Limited ("**Top Spring Insite**") and Metro Shanghai, pursuant to which Nanchang Top Spring, agreed to provide, at its sole discretion, the respective loans to Shenzhen Top Spring, Top Spring Insite and Metro Shanghai or their respective designated company based on the same terms and conditions and in proportion to their respective equity interests in Nanchang Top Spring (the "**Framework Loan Agreement**"); and (ii) a property management service framework agreement with 常州市萊蒙物業服務有限公司 (Changzhou Top Spring Property Services Co. Ltd.*) ("**Changzhou Top Spring**"), an indirect wholly-owned subsidiary of the Company, pursuant to which Changzhou Top Spring agreed to provide property management services to Nanchang Top Spring in relation to the property development projects of Nanchang Top Spring in Nanchang of the PRC (the "**Framework Property Management Service Agreement**").

As Nanchang Top Spring is an indirect non wholly-owned subsidiary of the Company, in which the Company indirectly owns 70% of the equity interests and Metro, a substantial shareholder of the Company, indirectly owns 30% of the equity interests through Metro Shanghai, and is a connected person of the Company within the meaning of the Listing Rules. The provision of the loans by Nanchang Top Spring to Metro Shanghai (or its designated company) under the Framework Loan Agreement and the provision of property management services by Changzhou Top Spring to Nanchang Top Spring under the Framework Property Management Service Framework Agreement constituted continuing connected transactions of the Company ("**CCTs**") under the Listing Rules.

The maximum aggregate annual caps (the "**Annual Caps**") approved by the independent Shareholders or set by the Company (as the case may be) and the aggregate annual transaction value of the CCTs actually recorded for the year ended 31 December 2014 are set out below:

Transaction Agreement	Actual Transaction Amount (RMB)	Annual Caps (RMB) From 1 October 2014 to 31 December 2014
Framework Loan Agreement	300,000,000	450,000,000 (equivalent to approximately HK$567,000,000)
Property Management Service Framework Agreement	193,000	2,550,000 (equivalent to approximately HK$3,213,000)

As the highest applicable percentage ratio is more than 5%, the provision of the loans by Nanchang Top Spring to Metro Shanghai (or its designated company) under the Framework Loan Agreement is subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio is more than 0.1% but less than 5%, the provision of property management services by Changzhou Top Spring to Nanchang Top Spring under the Framework Property Management Service Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Further details of the Framework Loan Agreement and Framework Property Management Service Agreement were disclosed in the announcement of the Company dated 10 September 2014 and circular dated 3 October 2014.

Upon reviewing the CCTs and the report of the auditor of the Company, each of the independent non-executive Directors has confirmed in accordance with the Listing Rules 14A.55 that the CCTs have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreement governing the relevant CCTs and on terms that were fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Company's auditors were engaged to report on the CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditors have issued their unqualified letter containing their findings and conclusions in respect of the CCTs in accordance with the Listing Rules 14A.56. The auditors of the Company have confirmed that regarding the CCTs, nothing has come to their attention that causes them to believe that:

(i) the CCTs have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, such transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing respective CCTs; and

(iv) the aggregate amount of each of the CCTs has exceeded the Annual Caps.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, sales to the Group's five largest customers accounted for approximately 1.4% of the Group's revenue for the year and sales to the largest customer amounted to approximately 0.8% of the Group's revenue for the year.

For the year ended 31 December 2014, purchases from the Group's five largest suppliers accounted for approximately 24.8% of the Group's purchases for the year and purchases from the largest supplier amounted to approximately 8.2% of the Group's 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 interest in any of the five largest customers and suppliers of the Group.

DIRECTORS

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

	Date of appointment	Date of resignation
Executive Directors		
Mr WONG Chun Hong (Chairman and Chief Executive Officer)	25 August 2009	N/A
Ms LI Yan Jie	25 August 2009	N/A
Mr LEE Sai Kai David	25 August 2009	N/A
Mr LAM Jim (Chief Financial Officer)	4 July 2011	26 July 2014
Mr CHEN Feng Yang (Chief Operating Officer)	1 June 2013	N/A
Non-executive Director		
Mr CHIANG Kok Sung Lawrence	1 July 2014	N/A
Independent non-executive Directors		
Mr BROOKE Charles Nicholas	30 November 2010	N/A
Mr CHENG Yuk Wo	30 November 2010	N/A
Professor WU Si Zong	30 November 2010	N/A

Remarks: N/A represents not applicable

In accordance with Article 84(1) of the 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, the number nearest to but not less than one-third) shall 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.

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Mr CHIANG Kok Sung Lawrence was appointed as a non-executive Director by the Board with effect from 1 July 2014.

By virtue of Article 83(3) of the Articles of Association, Mr CHIANG Kok Sung Lawrence will retire from office and, being eligible, will offer himself for re-election at the 2015 AGM.

By virtue of Article 84(1) of the Articles of Association, Mr LEE Sai Kai David, Mr CHENG Yuk Wo and Professor WU Si Zong will retire from office and, being eligible, will offer themselves for re-election at the 2015 AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this report, all of the independent non-executive Directors are independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 72 to 78 of this report.

DIRECTORS' SERVICE CONTRACTS

Mr CHIANG Kok Sung Lawrence entered into an appointment letter with the Company for a term of three years with effect from 1 July 2014, upon expiration of which the appointment letter shall lapse and expire. The appointment letter may also be terminated in accordance with the provisions in the appointment letter by either party giving to the other not less than three months' prior written notice.

No Director proposed for re-election at the 2015 AGM has a service contract or appointment letter (as the case may be) which is not determinable by the Group 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 Chief Executive Officer and reviewed by the Remuneration Committee with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors, performance and contributions of the Directors and also the change in market conditions.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 30 to the financial statements, 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, subsisted during or at the end of the year under review.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, the interests and short positions of the Directors and the Chief Executive Officer of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(i) Long positions in Shares and underlying Shares of the Company

Name of Director	Type of interest	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)	Approximate percentage of issued Shares (%)
Mr WONG Chun Hong ("**Mr WONG**") (Note 2)	Interest in a controlled corporation	148,500	–	–	148,500 Shares (L)	0.01
	Settlor of a trust	620,593,500	–	238,552,800	859,146,300 Shares (L)	74.02
	Beneficial owner	–	1,400,000	–	1,400,000 Shares (L)	0.12
Ms LI Yan Jie ("**Ms LI**") (Note 3)	Beneficial owner	–	3,120,000	–	3,120,000 Shares (L)	0.27
Mr LEE Sai Kai David ("**Mr LEE**") (Note 4)	Beneficial owner	11,203,400	420,000	9,000,000	20,623,400 Shares (L)	1.78
Mr CHEN Feng Yang ("**Mr CHEN**") (Note 5)	Beneficial owner	2,157,600	5,634,000	648,000	8,439,600 Shares (L)	0.73
Mr CHIANG Kok Sung Lawrence ("**Mr CHIANG**") (Note 6)	Beneficial owner	1,890,000	–	–	1,890,000 Shares (L)	0.16
Mr CHENG Yuk Wo ("**Mr CHENG**") (Note 7)	Beneficial owner	–	420,000	–	420,000 Shares (L)	0.04
Mr BROOKE Charles Nicholas ("**Mr BROOKE**") (Note 8)	Beneficial owner	–	420,000	–	420,000 Shares (L)	0.04
Professor WU Si Zong ("**Professor WU**") (Note 9)	Beneficial owner	–	420,000	–	420,000 Shares (L)	0.04

Notes:

(1) The letter "L" denotes the Director's long position in the Shares or underlying Shares.

(2) Kang Jun Limited ("**Kang Jun**") is wholly-owned by Mr WONG. By virtue of the SFO, Mr WONG is deemed to be interested in 148,500 Shares held by Kang Jun. Chance Again is wholly-owned by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust and the beneficiaries of which include Mr WONG's family members. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in 620,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again, and Mr WONG's long position of 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(3) Ms LI's long position in the underlying Shares comprises 420,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 1), and 2,700,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 2). These share options, all of which remained exercisable as at 31 December 2014, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022, and (ii) 2,700,000 share options at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023.

(4) Mr LEE's long position in the Shares and underlying Shares comprises 11,203,400 Shares and 9,000,000 underlying Shares in relation to the PCSs beneficially owned by himself and 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(5) Mr CHEN's long position in the Shares and underlying Shares comprises (i) 864,000 Shares beneficially owned by himself, (ii) 1,293,600 Shares granted to him by the Company under the Share Award Scheme, (iii) 3,234,000 options granted to him by the Company under the Pre-IPO Share Option Scheme, (iv) 2,400,000 options granted to him by the Company under the Post-IPO Share Option Schemes which comprises 1,400,000 options granted under the Post-IPO Share Option Scheme (Lot 1), and 1,000,000 options granted under the Post-IPO Share Option Scheme (Lot 2)) and (v) 648,000 underlying Shares in relation to the PCSs beneficially owned by himself. These share options, all of which remained exercisable as at 31 December 2014, were exercisable as to (i) 3,234,000 share options at the subscription price of HK$1.780 per Share during the period from 23 March 2012 to 2 December 2020, (ii) 1,400,000 share options at the subscriptions price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022 and (iii) 1,000,000 share options at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023.

(6) Mr CHIANG's long position in the Shares comprises 1,890,000 Shares beneficially owned by himself.

(7) Mr CHENG's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(8) Mr BROOKE's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(9) Professor WU's long position in the underlying Shares comprises 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2014, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(ii) Long positions in the Shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number and class of securities in associated corporation (Note 1)	Percentage of interest in associated corporation (%)
Mr Wong (Note 2)	Chance Again	Settlor of a trust	100 ordinary shares (L)	100

Notes:

(1) The letter "L" denotes the Director's long position in the shares of the relevant associated corporation of the Company.

(2) Chance Again is wholly-owned by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the WONG Family Trust. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in the 100 shares in Chance Again.

Save as disclosed above, as at 31 December 2014, none of the Directors or the Chief Executive Officer of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, 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; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year under review, save as disclosed in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" in the prospectus of the Company dated 11 March 2011 (the "**Prospectus**"), 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, as defined in the Listing Rules.

SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme and the Share Award Scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2014, 2,186,000 share options had been exercised by the grantees and a total number of 177,333 and 7,513,331 share options had been cancelled and lapsed respectively upon the resignation of certain grantees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Pre-IPO Share Option Scheme in which 9,478,516 share options were additionally granted to the holders of the share options under the Pre-IPO Share Option Scheme. As a result, 20,584,525 share options (representing approximately 1.77% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2014 under the Pre-IPO Share Option Scheme. The Company has also adopted the Post-IPO Share Option Scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012 and 20 June 2013, the Group granted 15,720,000 share options under the Post-IPO Share Option Scheme (Lot 1) and 14,000,000 share options under the Post-IPO Share Option Scheme (Lot 2) respectively at the exercise price of HK$2.264 per Share (adjusted) and HK$4.14 per Share, respectively to Directors, senior management and selected employees of the Group. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Post-IPO Share Option Scheme (Lot 1) in which 5,808,000 share options were additionally granted to the holders of Lot 1 under the Post-IPO Share Option Scheme. During the year ended 31 December 2014, a total number of 525,000 share options had been exercised by the grantees, a total number of 2,703,000 share options had been cancelled upon resignation of a grantee and 1,302,000 shares options lapsed upon resignation of grantees. As a result, 26,910,000 share options (representing approximately 2.32% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2014 under the Post-IPO Share Option Scheme.

(a) Pre-IPO Share Option Scheme

(i) Purpose and Participants of the Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 2 December 2010 to recognise and acknowledge the contributions that certain of its employees or employees of companies in which the Group holds an interests (excluding the subsidiaries of the Group) ("**Invested Entities**") have made or may make to the Group.

(ii) Implementation

On 3 December 2010, options to subscribe for a total of 34,371,667 Shares were granted to 98 employees of the Group and an Invested Entity ("**Selected Grantees**") under the Pre-IPO Share Option Scheme. As at 31 December 2014, 2,186,000 Shares options had been exercised by the grantees and a total of 177,333 and 7,513,331 Shares options had been cancelled and lapsed respectively upon the resignation of certain grantees. As at 31 December 2014, there were options to subscribe for a total of 20,584,525 Shares (representing approximately 1.77% of the issued share capital of the Company as at the date of this report) granted to 50 Selected Grantees under the Pre-IPO Share Option Scheme and remained outstanding ("**Pre-IPO Options**"). Further details of the options granted under the Pre-IPO Share Option Scheme and remained outstanding at the end of the year under review are set out in note 25(a) to the financial statements.

The Pre-IPO Options were transferred to Great Canyon Investment Limited, a special purpose vehicle incorporated in the British Virgin Islands under the share option trust ("**Share Option Trust**") which holds the Pre-IPO Options on trust for the benefit of the Selected Grantees prior to the vesting of the Pre-IPO Options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme and instrument constituting the Share Option Trust. For the implementation of the Pre-IPO Share Option Scheme, the Share Option Trust was established on 3 December 2010 for the benefit of the Selected Grantees and HSBC Trustee (Hong Kong) Limited ("**HSBC Trustee**") acts as the trustee thereof.

All the Pre-IPO Options were granted at a consideration of HK$1.00 paid by each Selected Grantee and no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

(iii) Vesting of the Pre-IPO Options

- Subject to applicable laws and regulations and the paragraphs below, the Pre-IPO Options are to be exercised on or after the Listing Date and are subject to a vesting period of three years commencing from the Listing Date during which 30% of the total Pre-IPO Options granted to a Selected Grantee will vest on each of the first and second anniversary dates of the Listing Date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the third anniversary date of the Listing Date.

- Notwithstanding the paragraph above, unless it is provided for in the employment contract with the relevant Selected Grantee and/or written documents for granting an offer, any Pre-IPO Option granted to a Selected Grantee whose employment with the Group or an Invested Entity is less than one year as at the Listing Date shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Grantee, during which 30% of the total Pre-IPO Options granted to such Selected Grantee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the fourth anniversary date of the employment commencement date.

- Any vesting date of a Selected Grantee is subject to postponement of one year in the event that the performance appraisal of such Selected Grantee is rated at the lowest range for two consecutive years. Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date, and any Pre-IPO Option granted to a Selected Grantee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Grantee forthwith.

- The Pre-IPO Options will become exercisable for a period to be notified by the Advisory Committee to each Selected Grantee and will not be more than 10 years from the date on which the Pre-IPO Option is deemed to have been granted in the manner as stipulated in the Pre-IPO Share Option Scheme.

(iv) Exercise price of the Pre-IPO Options

The exercise price payable upon the exercise of any Pre-IPO Options is at HK$2.492 per Share, subject to any adjustment made in the manner as contemplated under the Pre-IPO Share Option Scheme. Upon completion of the Bonus Issue on 20 June 2013, the exercise price of Pre-IPO Options was adjusted to HK$1.780 per Share.

(v) Other material terms of the Pre-IPO Share Option Scheme

The terms of the Pre-IPO Share Option Scheme are similar to those of the Post-IPO Share Option Scheme except in respect of the following material terms:

- the Pre-IPO Share Option Scheme is not conditional upon listing of Shares of the Company on the Main Board of the Stock Exchange and is not subject to any other conditions;
- the provisions on the granting of options to connected persons (as defined in the Listing Rules) were not included; and
- the Advisory Committee may only grant options under the Pre-IPO Share Option Scheme at any time on a business day (as defined in the Listing Rules) during a period commencing on 2 December 2010 and before the Listing Date. No further options (other than options to subscribe for a total of 34,371,667 Shares already granted under the Pre-IPO Share Option Scheme, of which 30,461,189 options remained outstanding as at 31 December 2013) will be offered under the Pre-IPO Share Option Scheme and accordingly, the Pre-IPO Share Option Scheme does not contain provision relating to the "refreshing" of the 10% limit or the seeking of separate approval for granting options beyond the 10% limit as anticipated in Note 1 of Rule 17.03(3) of the Listing Rules, or the restrictions on the number of shares issued or to be issued under options in any 12-month period to any participant of the Pre-IPO Share Option Scheme not exceeding 1% of the Shares in issue as anticipated in the Note to Rule 17.03(4) of the Listing Rules.

(b) Post-IPO Share Option Scheme

(i) Purpose of the Post-IPO Share Option Scheme

The Company has adopted the Post-IPO Share Option Scheme on 28 February 2011 to recognise and acknowledge the contributions that Eligible Persons (as defined in paragraph (ii) below) have made or may make to the Group.

(ii) Participants of the Post-IPO Share Option Scheme

The Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially and wholly-owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate ("**Eligible Persons**").

(iii) Subscription price of Shares

The subscription price for any Share under the Post-IPO Share Option Scheme will be a price determined by the Board and notified to each grantee and will be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day as defined in the Listing Rules; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share. The subscription price shall also be subject to any adjustments made in a situation contemplated under the Post-IPO Share Option Scheme.

(iv) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 100,000,000 Shares, being 10% of the issued share capital of the Company as at the Listing Date unless Shareholders' approval has been obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time.

(v) Maximum entitlement of each Eligible Person

No option may be granted to any Eligible Person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to any Director, chief executive (as defined in the Listing Rules) or substantial Shareholder (as defined in the Listing Rules) or any their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is a proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director or their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million,

such further grant of options must be approved by the Shareholders.

(vi) Time of exercise of the Options

Subject to certain restrictions contained in the Post-IPO Share Option Scheme, an option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than 10 years from the date of grant of option.

(vii) Payment on acceptance of Option offer

HK$1.00 is payable by the Eligible Person to the Company on acceptance of the option offered as consideration for the grant. The offer of a grant of share options may be accepted within 21 business days from the date of offer.

(viii) Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain valid for a period of 10 years commencing on the effective date of the Post-IPO Share Option Scheme, that is 22 March 2011, after which no further options will be issued but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

(ix) Present status of the Post-IPO Share Option Scheme

On 26 June 2012 and 20 June 2013, the Group granted 15,720,000 share options under the Post-IPO Share Option Scheme (Lot 1) and 14,000,000 share options under the Post-IPO Share Option Scheme (Lot 2) respectively at the exercise price of HK$2.264 per Share (adjusted) and HK$4.14 per Share, respectively to Directors, senior management and selected employees of the Group. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Post-IPO Share Option Scheme (Lot 1) in which 5,808,000 share options were additionally granted to the holders of Lot 1 under the Post-IPO Share Option Scheme and the exercise price was adjusted to HK$2.264. During the year ended 31 December 2014, a total number of 525,000 share options had been exercised by the grantee, a total number of 2,703,000 share options had been cancelled upon resignation of grantees and 1,302,000 shares options lapsed upon resignation of grantees. As a result, 26,910,000 share options (representing approximately 2.32% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2014 under the Post-IPO Share Option Scheme.

SHARE AWARD SCHEME

(i) Purpose and Participants of the Share Award Scheme

The Company has adopted the Share Award Scheme on 2 December 2010 to recognise and acknowledge the contributions of certain of its employees or employees of the Invested Entities, especially those whom the Company considers have contributed to the early development and growth of the Group and to align their interests with those of the Shareholders.

(ii) Implementation

Pursuant to the Share Award Scheme, a total of 35 employees of the Group and the Invested Entity ("**Selected Employees**") were awarded 6,452,000 Shares (after the Capitalisation Issue (as defined in the Prospectus)) ("**Awarded Shares**"). None of the Awarded Shares was awarded to the Directors. On 3 December 2010, 2,024 Shares were contributed and transferred by Chance Again to the Selected Employees which were immediately transferred to Marble World Holdings Limited ("**Marble World**"), a special purpose vehicle incorporated in the British Virgin Islands under the Share Award Trust which holds such Shares and will hold further Shares to be issued to it pursuant to the Capitalisation Issue on trust for the benefit of the Selected Employees prior to the vesting of the Awarded Shares in accordance with the terms and conditions of the Share Award Scheme and instrument constituting a trust of which HSBC Trustee acts as the trustee and the beneficiary objects include employees of the Group and the Invested Entities as grantees under the Share Award Scheme ("**Share Award Trust**"). For the implementation of the Share Award Scheme, the Share Award Trust was established on 3 December 2010 for the benefit of the Selected Employees and HSBC Trustee acts as the trustee thereof.

As at 31 December 2014, the Company has granted all Awarded Shares to certain eligible employees under the share award scheme. As a result, based on the Directors' knowledge, no Awarded Shares was outstanding as at 31 December 2014 under the Share Award Scheme.

(iii) Vesting of the Awarded Shares

- Prior to the vesting of the Awarded Shares, the Selected Employees are not entitled to any rights attaching to the unvested Awarded Shares, including but not limited to voting rights, rights to dividends or other distributions.

- Subject to the following paragraphs and the terms of the Share Award Scheme, the grant of the Awarded Shares to a Selected Employee is subject to a vesting period of three years commencing from the relevant date on which the Awarded Share(s) was/were awarded ("**Date of Award**"), during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the first and second anniversary dates of the Date of Award and 40% of the total Awarded Shares granted to such Selected Employee will vest on the third anniversary date of the Date of Award.

- Unless it is provided for in the employment contract with the relevant Selected Employee, any Awarded Shares granted to a Selected Employee whose employment with the Group or an Invested Entity is less than one year at the Date of Award shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Employee, during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Awarded Shares granted to such Selected Employee will vest on the fourth anniversary date of the employment commencement date.

- The vesting date is subject to postponement of one year in the event that the performance appraisal of such Selected Employee is rated at the lowest range for two consecutive years.

- Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Date of Award or, as the case may be, the first anniversary date of the employment commencement date, and any Awarded Shares granted to a Selected Employee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Employee forthwith.

- The Awarded Shares will be vested to each Selected Employee at nil consideration.

- As at the vesting of the Awarded Shares, the Awarded Shares together with all the dividends and other distributions accrued thereon from the Date of Award to the vesting date of the relevant Awarded Shares (both dates inclusive), and all rights and benefits deriving from such Awarded Shares on or after such vesting will be vested in the relevant Selected Employees.

Further details of the Share Award Scheme are disclosed in note 25(b) to the financial statements.

CONTRACT OF SIGNIFICANCE

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries during the year under review.

There is no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or existed during the year under review.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 31 December 2014, so far as is known to any Director or the chief executive officer of the Company, the following persons (other than a Director or the chief executive officer of the Company) had interests or short positions in the Shares or 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other members of the Group:

Name	Capacity	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)	Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	620,593,500	–	238,552,800	859,146,300 Shares (L)	74.02
BVI Co (Note 2)	Interest in a controlled corporation	620,593,500	–	238,552,800	859,146,300 Shares (L)	74.02
HSBC International Trustee (Note 2)	Trustee of a trust	620,593,500	–	238,552,800	859,146,300 Shares (L)	74.02
Ms LIU Choi Lin ("**Ms LIU**") (Notes 2 & 3)	Interest of spouse	620,742,000	1,400,000	238,552,800	860,694,800 Shares (L)	74.15
APG Algemene Pensioen Groep NV	Investment manager	80,856,500	–	–	80,856,500 Shares (L)	6.97
Metro Holdings Limited (Note 4)	Interest in a controlled corporation	228,390,110	–	–	228,390,110 Shares (L)	19.68
ONG Hie Koan (Note 5)	Interest in a controlled corporation	228,390,110	–	–	228,390,110 Shares (L)	19.68

Notes:

(1) The letter "L" denotes the person's long position in the Shares or underlying Shares of the Company.

(2) Chance Again is wholly-owned by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the WONG Family Trust. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in the 620,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again.

(3) Ms LIU is the spouse of Mr WONG. By virtue of the SFO, Ms LIU is deemed to be interested in all the Shares and underlying Shares in which Mr WONG is interested.

(4) 227,970,810 Shares were held by Crown Investments Limited which was in turn wholly-owned by Metro China Holdings Pte Ltd which was in turn wholly-owned by Metro Holdings Limited. 419,300 Shares were held by Meren Pte Ltd which was in turn wholly-owned by Metro Holdings Limited. By virtue of the SFO, Metro Holdings Limited is deemed to be interested in the 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

(5) Metro Holdings Limited was 34.43% controlled by Mr ONG Hie Koan. By virtue of the SFO, Mr ONG Hie Koan is deemed to be interested in the 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

Save as disclosed above, as at 31 December 2014, no person (other than a Director or the Chief Executive Officer of the Company) had any interests or short positions in the Shares or 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 Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

To protect the Group from potential competition, Mr WONG entered into a deed of non-competition ("**Deed of Non-Competition**") with the Company pursuant to which he represents, warrants and undertakes to the Company (for itself and for the benefit of the other members of the Group), among other things, that other than through the Group, neither he nor any of his associates is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Group's business. Details of the Deed of Non-Competition have been set out in the paragraph headed "Non-Competition Undertakings from Mr WONG" in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" of the Prospectus.

The Company has received the annual confirmation from Mr WONG in respect of his compliance with the terms of the Deed of Non-Competition.

In order to ensure compliance by Mr WONG of the Deed of Non-Competition and to manage any potential conflict of interests arising from the business of the Controlling Shareholders and to safeguard the interests of the Shareholders, the Company has adopted the following corporate governance measures (the "**Corporate Governance Measures**"):

(a) the independent non-executive Directors have reviewed, on an annual basis, the compliance with the undertakings by Mr WONG under the Deed of Non-Competition;

(b) Mr WONG provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors of his compliance with the Deed of Non-Competition such as: (i) information on business opportunities including project names, amount of investment and the geographical location which may be identified by him or any of his associate(s); and (ii) information on any property developments conducted by him or any of his associate(s) during the year or a negative confirmation, as appropriate;

(c) the Company disclosed decisions on matters reviewed by the independent non-executive Directors relating to (where applicable) (i) compliance and enforcement of Mr WONG's non-competition undertakings; (ii) the exercise of the pre-emption rights where a business opportunity is referred to the Group; and/or (iii) any decision on the enforcement of breaches of his non-competition undertakings either through the annual reports of the Company, or by way of announcement to the public;

(d) Mr WONG made an annual declaration on compliance with his non-competition undertakings in the annual report of the Company and ensure that the disclosure of details of his compliance with and the enforcement of his non-competition undertakings is consistent with the principles of disclosure in the Corporate Governance Report contained in Appendix 14 to the Listing Rules;

(e) Mr WONG abstained from voting in all meetings of the Shareholders and/or the Board where there is any actual or potential conflicting interest;

(f) the Board has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgment. With expertise in different professional fields, the Company believes that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgment in the event that conflicts of interest between the Group and the Controlling Shareholders arise;

(g) in the event that potential conflicts of interest materialise, i.e. where a Director has an interest in a company that would enter into an agreement with the Group, the Director(s) with an interest in the relevant transaction(s) would not be allowed to attend the relevant Board meeting, and would be excluded from the Board deliberation and abstained from voting and would not be counted towards quorum in respect of the relevant resolution(s) at such Board meeting;

(h) in the event that potential conflicts of interest materialise, the Controlling Shareholders would be required to abstain from voting in the Shareholders' meeting of the Company with respect to the relevant resolution(s); and

(i) the Group is administratively independent from the Controlling Shareholders as it has its own company secretary, authorised representatives and administrative personnel.

The Directors consider that the above Corporate Governance Measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

The Directors confirm that each of the Corporate Governance Measures has been performed satisfactorily during the financial year ended 31 December 2014.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 31 to the financial statements.

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 the latest practicable date prior to the issue of this report.

AUDITORS

KPMG will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

WONG Chun Hong
Chairman

Hong Kong
26 March 2015

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
Top Spring International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Top Spring International Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 99 to 181, which comprise the consolidated and Company balance sheets as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014 (Expressed in hong kong dollars)

	Note	2014 $'000	2013 $'000
Turnover	3	**6,971,024**	5,746,528
Direct costs		**(4,050,764)**	(3,446,121)
Gross profit		**2,920,260**	2,300,407
Valuation gains on investment properties	13(a)	**416,301**	1,117,664
Other revenue	4	**251,898**	124,468
Other net income	5	**42,079**	405,650
Selling and marketing expenses		**(309,355)**	(254,968)
Administrative expenses		**(643,373)**	(533,644)
Profit from operations		**2,677,810**	3,159,577
Finance costs	6(a)	**(652,594)**	(671,779)
Share of profits less losses of associates		**11,892**	–
Share of losses of joint ventures		**(779)**	(5,017)
Profit before taxation	6	**2,036,329**	2,482,781
Income tax	7(a)	**(1,030,472)**	(1,120,941)
Profit for the year		**1,005,857**	1,361,840
Attributable to:			
Equity shareholders of the Company		**921,603**	1,284,458
Non-controlling interests		**84,254**	77,382
Profit for the year		**1,005,857**	1,361,840
Earnings per share			
Basic	11	**$0.65**	$0.91
Diluted	11	**$0.65**	$0.90

The notes on pages 107 to 181 form part of these financial statements. Details of dividends payable to equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("PCSs") attributable to the profit for the year are set out in note 26(b).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014 (Expressed in Hong Kong dollars)

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

The notes on pages 107 to 181 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2014 (Expressed in Hong Kong dollars)

	Note	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Non-current assets					
Fixed assets	13(a)				
– Investment properties			**9,298,671**		9,295,306
– Other property, plant and equipment			**425,138**		474,355
– Interests in leasehold land held for own use under operating leases			**4,330**		4,701
			9,728,139		9,774,362
Interest in associates	15		**163,030**		–
Interest in joint ventures	16		**350,067**		166,238
Other financial assets	17		**194,246**		33,469
Restricted and pledged deposits	20		**194,955**		1,407,161
Deferred tax assets	7(c)		**501,953**		620,734
			11,132,390		12,001,964
Current assets					
Inventories	18	**20,336,578**		15,877,394	
Other financial assets	17	**125,047**		–	
Trade and other receivables	19	**1,720,448**		2,059,293	
Prepaid tax		**48,951**		43,929	
Restricted and pledged deposits	20	**3,133,318**		3,170,483	
Cash and cash equivalents	21(a)	**6,374,760**		5,606,262	
		31,739,102		26,757,361	
Current liabilities					
Trade and other payables	22	**15,106,242**		10,026,262	
Bank and other borrowings	23	**8,487,467**		9,070,702	
Tax payable		**4,288,902**		4,872,872	
		27,882,611		23,969,836	
Net current assets			**3,856,491**		2,787,525
Total assets less current liabilities			**14,988,881**		14,789,489
Non-current liabilities					
Bank and other borrowings	23	**6,653,577**		5,989,594	
Loans from joint ventures	24	**–**		1,223,687	
Deferred tax liabilities	7(c)	**1,377,701**		1,301,124	
			8,031,278		8,514,405
NET ASSETS			**6,957,603**		6,275,084

		2014		2013	
	Note	$'000	$'000	$'000	$'000
CAPITAL AND RESERVES					
Share capital	26(c)		**116,073**		115,530
Reserves			**6,000,462**		5,530,466
Total equity attributable to equity shareholders of the Company			**6,116,535**		5,645,996
Non-controlling interests			**841,068**		629,088
TOTAL EQUITY			**6,957,603**		6,275,084

Approved and authorised for issue by the board of directors on 26 March 2015.

WONG Chun Hong
Director

LEE Sai Kai David
Director

The notes on pages 107 to 181 form part of these financial statements.

BALANCE SHEET

At 31 December 2014 (Expressed in Hong Kong dollars)

	Note	2014 $'000	2014 $'000	2013 $'000	2013 $'000
Non-current assets					
Fixed assets	13(b)		**238**		475
Investments in subsidiaries	14		**193,572**		186,828
			193,810		187,303
Current assets					
Other receivables	19	**5,211,307**		3,863,618	
Cash and cash equivalents	21(a)	**85,371**		482,361	
		5,296,678		4,345,979	
Current liability					
Other payables	22	**2,876,663**		2,508,451	
Net current assets			**2,420,015**		1,837,528
Total assets less current liabilities			**2,613,825**		2,024,831
Non-current liability					
Other borrowings	23		**–**		287,761
NET ASSETS			**2,613,825**		1,737,070
CAPITAL AND RESERVES	26(a)				
Share capital			**116,073**		115,530
Reserves			**2,497,752**		1,621,540
TOTAL EQUITY			**2,613,825**		1,737,070

Approved and authorised for issue by the board of directors on 26 March 2015.

WONG Chun Hong
Director

LEE Sai Kai David
Director

The notes on pages 107 to 181 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2013		100,187	1,405,884	–	133,175	393,261	523,009	49,843	(470,515)	2,320,541	4,455,385	123,919	4,579,304
Changes in equity for 2013:													
Profit for the year		–	–	–	–	–	–	–	–	1,284,458	1,284,458	77,382	1,361,840
Other comprehensive income		–	–	–	–	162,138	–	–	–	–	162,138	8,266	170,404
Total comprehensive income		–	–	–	–	162,138	–	–	–	1,284,458	1,446,596	85,648	1,532,244
Issuance of new shares under Pre-IPO Share Option Scheme	26(c)(i)	306	21,142	–	(14,875)	–	–	–	–	–	6,573	–	6,573
Issuance of new shares under bonus issue (with PCSs as an alternative)	26(c)(ii)	15,037	(40,129)	25,092	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	69,475	–	–	–	–	–	69,475	–	69,475
Share options and awarded shares forfeited		–	–	–	(13,879)	–	–	–	–	13,879	–	–	–
Disposal of partial interests in subsidiaries		–	–	–	(26,060)	–	–	–	(806)	–	(26,866)	73,745	46,879
Contributions from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	345,776	345,776
Transfer to PRC statutory reserves		–	–	–	–	–	70,035	–	–	(70,035)	–	–	–
Dividend approved in respect of the previous year	26(b)	–	–	–	–	–	–	–	–	(150,482)	(150,482)	–	(150,482)
Dividend declared in respect of the current year	26(b)	–	–	–	–	–	–	–	–	(154,685)	(154,685)	–	(154,685)
Balance at 31 December 2013		115,530	1,386,897	25,092	147,836	555,399	593,044	49,843	(471,321)	3,243,676	5,645,996	629,088	6,275,084

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2014		115,530	1,386,897	25,092	147,836	555,399	593,044	49,843	(471,321)	3,243,676	5,645,996	629,088	6,275,084
Changes in equity for 2014:													
Profit for the year		–	–	–	–	–	–	–	–	921,603	921,603	84,254	1,005,857
Other comprehensive income		–	–	–	–	(161,578)	–	–	–	–	(161,578)	(23,952)	(185,530)
Total comprehensive income		–	–	–	–	(161,578)	–	–	–	921,603	760,025	60,302	820,327
Issuance of new shares under Pre-IPO and Post-IPO Share Option Schemes	26(c)(i)	271	13,997	–	(9,189)	–	–	–	–	–	5,079	–	5,079
Issuance of new shares upon conversion of PCSs	26(c)(ii)	272	–	(272)	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	14,948	–	–	–	–	–	14,948	–	14,948
Share options and awarded shares forfeited		–	–	–	(33,584)	–	–	–	–	33,584	–	–	–
Awarded shares vested		–	40,434	–	(40,434)	–	–	–	–	–	–	–	–
Transfer to PRC statutory reserves		–	–	–	–	–	73,160	–	–	(73,160)	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	177,658	177,658
Disposal of partial interest in a subsidiary		–	–	–	–	–	–	–	(9,325)	9,325	–	7,225	7,225
Acquisition of additional interest in a subsidiary from a non-controlling shareholder		–	–	–	–	–	–	–	194	–	194	(33,205)	(33,011)
Dividend approved in respect of the previous year	26(b)	–	–	–	–	–	–	–	–	(154,756)	(154,756)	–	(154,756)
Dividend declared in respect of the current year	26(b)	–	–	–	–	–	–	–	–	(154,951)	(154,951)	–	(154,951)
Balance at 31 December 2014		116,073	1,441,328	24,820	79,577	393,821	666,204	49,843	(480,452)	3,825,321	6,116,535	841,068	6,957,603

The notes on pages 107 to 181 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014 (Expressed in Hong Kong dollars)

	Note	2014 $'000	2013 $'000
Operating activities			
Cash generated from operations	21(b)	**4,293,282**	89,893
Tax paid:			
– PRC tax paid		**(1,305,639)**	(738,050)
Net cash generated/(used in) operating activities		**2,987,643**	(648,157)
Investing activities			
Payment for purchase of fixed assets		**(23,133)**	(61,410)
Expenditure on development projects		**(33,736)**	(46,504)
Proceeds from sale of fixed assets		**171,970**	668
Net cash outflow from acquisition of subsidiaries	21(c)	**(419,278)**	(2,098,330)
Net cash (outflow)/inflow from disposal of a subsidiary	21(d)	**(60,088)**	648,365
Proceeds from winding-up of associates		**48,876**	–
Payment for acquisition of associates		**(74,727)**	–
Payment for acquisition of a joint venture		**(25,249)**	–
Capital contribution to associates and a joint venture		**(53,024)**	(6,305)
Advances to an associate		**(56,140)**	–
Advances to a joint venture		**(277,743)**	–
Payment for purchase of wealth management products		**(138,452)**	–
Proceeds from sale of available-for-sale investments		**–**	10,088
Interest received		**208,157**	92,928
Decrease in restricted and pledged deposits		**35,327**	68,157
Net cash used in investing activities		**(697,240)**	(1,392,343)
Financing activities			
Proceeds from new bank and other borrowings		**6,782,902**	10,382,992
Repayment of bank and other borrowings		**(7,671,106)**	(4,507,898)
Proceeds from loans from joint ventures		**–**	1,215,271
Decrease/(increase) in restricted and pledged deposits		**1,119,663**	(3,452,409)
Interest and other borrowing costs paid		**(1,295,262)**	(1,119,525)
Payment for acquisition of additional interests in subsidiaries		**(33,011)**	–
Proceeds from disposal of partial interests in subsidiaries		**–**	46,879
Contributions from non-controlling shareholders		**–**	345,776
Proceeds from issuance of shares		**5,079**	6,573
Dividends paid to equity shareholders of the Company and holders of PCSs	26(b)	**(309,707)**	(305,167)
Net cash (used in)/generated from financing activities		**(1,401,442)**	2,612,492
Net increase in cash and cash equivalents		**888,961**	571,992
Cash and cash equivalents at 1 January	21(a)	**5,606,262**	4,901,251
Effect of foreign exchange rate changes		**(120,463)**	133,019
Cash and cash equivalents at 31 December	21(a)	**6,374,760**	5,606,262

The notes on pages 107 to 181 form part of these financial statements.

1 GENERAL INFORMATION

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– Investment properties (see note 2(i)(i)); and

– Financial instruments classified as available-for-sale securities (see note 2(g)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 34.

(c) Changes in accounting policies

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

– Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*

– Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

– Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

– Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

– HK(IFRIC) 21, *Levies*

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

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

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(o) or (p) depending on the nature of the liability.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(e)).

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows:

Investments in securities are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(u)(v) and 2(u)(vi), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(l)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Fixed assets

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(k)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(k).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Fixed assets (Continued)

(ii) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 2(j)) and impairment losses (see note 2(l)):

– hotel properties;

– other land and buildings; and

– furniture, fixtures and other fixed assets.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(j) Depreciation of fixed assets

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Hotel properties

Depreciation is calculated to write off the cost of hotel properties using the straight-line method over their estimated useful lives of 3 to 30 years.

(iv) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciation on a straight-line basis over the unexpired terms of the respective leases or 25 years if shorter.

(v) Furniture, fixtures and other fixed assets

Depreciation is calculated to write off the cost of furniture, fixtures and other fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 4 to 8 years.

Where parts of an item of other property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(i)(i)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(i)(i)) or is held for development for sale (see note 2(m)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(l)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease;

– goodwill; and

– investments in subsidiaries in the Company's balance sheet.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rule, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 2(w)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

(iv) Low value consumables and supplies

Cost is determined using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(t)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(ii) Share-based payments

The fair values of share options and awarded shares granted to employees are recognised as employee costs with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using valuation techniques, taking into account the terms and conditions upon which the options and awarded shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options and awarded shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options and awarded shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option and awarded share is exercised (when it is transferred to the share premium account) or the option or awarded share expires (when it is released directly to retained profits).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(i)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the balance sheet date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income tax that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantee issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantee issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(t)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

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

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

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties and prior to the date of revenue recognition are included in the balance sheet as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(iii) Hotel operations

Income from hotel operations is recognised when services are provided.

(iv) Property management and related services income

Property management and related services income is recognised when services are provided.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

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

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

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

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

(vii) A person identified in (x)(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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 TURNOVER

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

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

4 OTHER REVENUE

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

Note: During the years ended 31 December 2013 and 2014, the Group received government subsidies from local government authorities as recognition of the Group's investments in the relevant districts in the PRC.

5 OTHER NET INCOME

	2014 $'000	2013 $'000
Net gain on disposal of a subsidiary (note 21(d))	**12,710**	186,640
Gain on a bargain purchase from acquisition of a subsidiary (note 21(c))	**–**	91,242
Fair value change on derivative financial instruments	**–**	45,436
Net gain on early repayment of a secured other borrowing	**–**	44,530
Net exchange (loss)/gain	**(31,389)**	37,990
Net (loss)/gain on sale of other property, plant and equipment	**(1,513)**	432
Net gain on sale of investment properties	**54,204**	–
Others	**8,067**	(620)
	42,079	405,650

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

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

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

6 PROFIT BEFORE TAXATION (Continued)

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

(b) Staff costs

	2014 $'000	2013 $'000
Salaries, wages and other benefits	**226,972**	226,831
Contributions to defined contribution retirement plans	**24,865**	19,074
Equity settled share-based payment expenses	**14,948**	69,475
	266,785	315,380

(c) Other items

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

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

7 INCOME TAX

(a) Income tax in the consolidated income statement represents:

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

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

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

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

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

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

7 INCOME TAX (Continued)

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

	2014 $'000	2013 $'000
Profit before taxation	**2,036,329**	2,482,781
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	**523,742**	601,234
Effect of non-taxable income	**(34,787)**	(14,544)
Effect of non-deductible expenses	**15,519**	27,434
Effect of deemed interest income	**–**	(6,827)
Effect of prior years' unrecognised tax losses utilised	**(11,307)**	(1,420)
Effect of unrecognised temporary differences now utilised	**(55,469)**	(18,386)
Effect of unused tax losses and temporary differences not recognised	**72,780**	65,851
Effect of unused tax losses recognised in prior years now derecognised	**27,197**	–
Withholding tax	**49,368**	55,881
Deferred tax effect on LAT provision	**(28,477)**	(90,738)
LAT	**471,906**	502,456
Actual income tax expense	**1,030,472**	1,120,941

(c) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation $'000	Unrealised gain on intra-group transactions $'000	Revaluation of properties $'000	Temporary differences on LAT provision $'000	Accruals $'000	Unused tax losses $'000	Fair value adjustment on business combination $'000	Others $'000	Total $'000
Deferred tax arising from:									
At 1 January 2013	32,422	(12,733)	484,961	(725,383)	(60,481)	(87,282)	1,543	33,675	(333,278)
Charged/(credited) to profit or loss	33,135	7,362	279,752	(90,738)	441	127	–	(38,167)	191,912
Acquisition of subsidiaries	–	–	–	–	–	–	821,024	–	821,024
Exchange adjustments	1,392	(257)	17,738	(21,882)	(1,711)	(2,477)	7,515	414	732
At 31 December 2013 and 1 January 2014	66,949	(5,628)	782,451	(838,003)	(61,751)	(89,632)	830,082	(4,078)	680,390
Charged/(credited) to profit or loss	22,753	(11,719)	78,648	109,299	(27,655)	47,784	–	(7,229)	211,881
Exchange adjustments	(1,638)	201	(18,015)	17,942	1,554	1,685	(18,389)	137	(16,523)
At 31 December 2014	88,064	(17,146)	843,084	(710,762)	(87,852)	(40,163)	811,693	(11,170)	875,748

7 INCOME TAX (Continued)

(c) Deferred tax assets and liabilities recognised (Continued)

	2014 $'000	2013 $'000
Net deferred tax assets recognised in the consolidated balance sheet	**(501,953)**	(620,734)
Net deferred tax liabilities recognised in the consolidated balance sheet	**1,377,701**	1,301,124
	875,748	680,390

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group 2014 $'000	2013 $'000
Deductible temporary differences	**352,358**	434,113
Unused tax losses		
– Hong Kong (Note (i))	**3,008**	3,008
– PRC (Note (ii))	**429,517**	214,960
	784,883	652,081

Notes:

(i) The unused tax losses do not expire under the current tax legislation.

(ii) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. The unused tax losses expired between 2015 and 2019.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

(e) Deferred tax liabilities not recognised:

The Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for profits generated beginning on 1 January 2008 and undistributed profits generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-Hong Kong tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The Group did not provide for deferred tax liabilities on profits generated by certain of its PRC subsidiaries after 1 January 2008 amounting to $187,009,000 (2013: $173,829,000) since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2014 Total $'000
Executive directors							
Wong Chun Hong	–	7,418	2,657	17	10,092	210	10,302
Li Yan Jie	–	2,610	1,911	101	4,622	1,525	6,147
Lee Sai Kai David	–	2,790	2,986	17	5,793	63	5,856
Lam Jim (resigned on 26 July 2014)	–	1,729	–	9	1,738	153	1,891
Chen Feng Yang	–	2,392	965	102	3,459	751	4,210
Non-executive director							
Chiang Kok Sung Lawrence (appointed on 1 July 2014)	138	–	–	–	138	–	138
Independent non-executive directors							
Brooke Charles Nicholas	494	–	–	–	494	63	557
Cheng Yuk Wo	260	–	–	–	260	63	323
Wu Si Zong	273	–	–	–	273	63	336
	1,165	16,939	8,519	246	26,869	2,891	29,760

8 DIRECTORS' REMUNERATION (Continued)

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows: (Continued)

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note) $'000	2013 Total $'000
Executive directors							
Wong Chun Hong	–	7,359	5,875	52	13,286	340	13,626
Li Yan Jie	–	2,471	3,813	47	6,331	699	7,030
Lee Sai Kai David	–	2,766	4,670	15	7,451	102	7,553
Lam Jim	–	2,661	3,024	15	5,700	9,740	15,440
Wang Tian Ye (resigned on 1 November 2013)	–	2,124	–	13	2,137	299	2,436
Chen Feng Yang (appointed on 1 June 2013)	–	1,475	6,380	27	7,882	4,269	12,151
Non-executive directors							
McCABE Kevin Charles (resigned on 1 June 2013)	50	–	–	–	50	42	92
Tham Qian (alternate director to McCABE Kevin Charles) (resigned on 1 June 2013)	290	–	–	6	296	914	1,210
Independent non-executive directors							
Brooke Charles Nicholas	494	–	–	–	494	102	596
Cheng Yuk Wo	258	–	–	–	258	102	360
Wu Si Zong	271	–	–	–	271	102	373
	1,363	18,856	23,762	175	44,156	16,711	60,867

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 25.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2013: four) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individual are as follows:

	2014 $'000	2013 $'000
Salaries, allowances and benefits in kind	**2,912**	1,189
Discretionary bonuses	**4,648**	3,551
Share-based payments	**1,064**	3,240
Retirement scheme contributions	**113**	69
	8,737	8,049

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2014 Number of individuals	2013 Number of individuals
$4,000,001 – $4,500,000	**2**	–
$8,000,001 – $8,500,000	**–**	1

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 8 and 9(a), the emoluments of the remaining senior management fell within the following bands:

	2014 Number of individuals	2013 Number of individuals
$1,000,001 – $1,500,000	**1**	–
$1,500,001 – $2,000,000	**2**	1
$2,500,001 – $3,000,000	**2**	–
$3,000,001 – $3,500,000	**–**	1
$3,500,001 – $4,000,000	**2**	1
$4,500,001 – $5,000,000	**1**	–
$5,500,001 – $6,000,000	**–**	1

10 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of $1,170,922,000 (2013: loss of $102,789,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company and holders of PCSs are set out in note 26(b).

11 EARNINGS PER SHARE

(a) Basic earnings per share

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

	2014 **'000**	2013 '000
Weighted average number of shares		
Issued ordinary shares	**1,155,303**	1,001,868
Effect of share options exercised and PCSs converted (notes 26(c)(i) and (ii))	**3,175**	1,787
Effect of bonus issue of shares (with PCSs as an alternative)	**249,095**	401,819
Weighted average number of shares	**1,407,573**	1,405,474

(b) Diluted earnings per share

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

	2014 **'000**	2013 '000
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,407,573**	1,405,474
Effect of deemed issue of shares under the Company's share options schemes for nil consideration (note 25)	**10,649**	23,700
Weighted average number of shares (diluted)	**1,418,222**	1,429,174

12 SEGMENT REPORTING

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

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

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

12 SEGMENT REPORTING (Continued)

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

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

2013

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

12 SEGMENT REPORTING (Continued)

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

2014

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

12 SEGMENT REPORTING (Continued)

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

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

(c) Geographic information

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

13 FIXED ASSETS

(a) The Group

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in easehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2013	4,230,817	–	4,230,817	439,835	70,100	125,184	635,119	31,943	4,897,879
Exchange adjustments	157,118	17,006	174,124	12,388	2,172	4,395	18,955	398	193,477
Additions	–	46,504	46,504	6,325	2,509	52,576	61,410	–	107,914
Acquisition of subsidiaries	3,041,054	–	3,041,054	–	–	603	603	–	3,041,657
Reclassification	–	–	–	(13,345)	–	13,345	–	–	–
Transfer from inventories	101,993	583,150	685,143	–	10,296	–	10,296	–	695,439
Disposals	–	–	–	–	–	(2,373)	(2,373)	–	(2,373)
Reduction through disposal of a subsidiary	–	–	–	–	–	(211)	(211)	(25,326)	(25,537)
Surplus on revaluation	549,335	568,329	1,117,664	–	–	–	–	–	1,117,664
At 31 December 2013	8,080,317	1,214,989	9,295,306	445,203	85,077	193,519	723,799	7,015	10,026,120
Representing:									
Cost	–	–	–	445,203	85,077	193,519	723,799	7,015	730,814
Valuation	8,080,317	1,214,989	9,295,306	–	–	–	–	–	9,295,306
	8,080,317	1,214,989	9,295,306	445,203	85,077	193,519	723,799	7,015	10,026,120
Accumulated amortisation and depreciation:									
At 1 January 2013	–	–	–	104,598	13,976	65,957	184,531	3,110	187,641
Exchange adjustments	–	–	–	3,171	492	2,388	6,051	69	6,120
Charge for the year	–	–	–	22,917	6,677	31,498	61,092	352	61,444
Written back on disposal of a subsidiary	–	–	–	–	–	(93)	(93)	(1,217)	(1,310)
Written back on disposals	–	–	–	–	–	(2,137)	(2,137)	–	(2,137)
Reclassification	–	–	–	(8,720)	–	8,720	–	–	–
At 31 December 2013	–	–	–	121,966	21,145	106,333	249,444	2,314	251,758
Net book value:									
At 31 December 2013	8,080,317	1,214,989	9,295,306	323,237	63,932	87,186	474,355	4,701	9,774,362

13 FIXED ASSETS (Continued)

(a) The Group (Continued)

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2014	8,080,317	1,214,989	9,295,306	445,203	85,077	193,519	723,799	7,015	10,026,120
Exchange adjustments	(181,885)	(26,388)	(208,273)	(10,001)	(1,917)	(4,385)	(16,303)	(157)	(224,733)
Additions	12,335	21,401	33,736	9,868	2,007	11,258	23,133	–	56,869
Acquisition of subsidiaries	–	–	–	–	–	1,296	1,296	–	1,296
Reclassification	171,616	(167,285)	4,331	4,279	(4,571)	(4,039)	(4,331)	–	–
Transfer from/(to) inventories	5,425	(129,455)	(124,030)	–	–	–	–	–	(124,030)
Disposals	(118,700)	–	(118,700)	–	–	(1,709)	(1,709)	–	(120,409)
Reduction through disposal of a subsidiary	–	–	–	–	–	(802)	(802)	–	(802)
Surplus on revaluation	241,655	174,646	416,301	–	–	–	–	–	416,301
At 31 December 2014	8,210,763	1,087,908	9,298,671	449,349	80,596	195,138	725,083	6,858	10,030,612
Representing:									
Cost	–	–	–	449,349	80,596	195,138	725,083	6,858	731,941
Valuation	8,210,763	1,087,908	9,298,671	–	–	–	–	–	9,298,671
	8,210,763	1,087,908	9,298,671	449,349	80,596	195,138	725,083	6,858	10,030,612
Accumulated amortisation, depreciation and impairment losses:									
At 1 January 2014	–	–	–	121,966	21,145	106,333	249,444	2,314	251,758
Exchange adjustments	–	–	–	(3,450)	(948)	(3,143)	(7,541)	(53)	(7,594)
Charge for the year	–	–	–	21,935	3,747	22,914	48,596	267	48,863
Reclassification	–	–	–	3,191	(3,191)	–	–	–	–
Written back on disposals	–	–	–	–	–	(1,130)	(1,130)	–	(1,130)
Written back on disposal of a subsidiary	–	–	–	–	–	(330)	(330)	–	(330)
Impairment loss (note)	–	–	–	10,906	–	–	10,906	–	10,906
At 31 December 2014	–	–	–	154,548	20,753	124,644	299,945	2,528	302,473
Net book value:									
At 31 December 2014	8,210,763	1,087,908	9,298,671	294,801	59,843	70,494	425,138	4,330	9,728,139

13 FIXED ASSETS (Continued)

(a) The Group (Continued)

Note: As the Group's hotel operations segment sustained losses in recent years, the Group assessed the recoverable amounts of the hotel properties and as a result the carrying amounts of the hotel properties were written down to their recoverable amounts of $294,801,000. An impairment loss of $10,906,000 was recognised in profit or loss during the year ended 31 December 2014. The estimates of recoverable amounts were based on the hotel properties' fair values less costs of disposal, with reference to the valuation carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, being the present values of future cash flows discounted at 10%. The fair value on which the recoverable amount is based on is categorised as a Level 3 measurement.

(b) The Company

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 1 January 2013 and 31 December 2013	1,582
Accumulated depreciation:	
At 1 January 2013	790
Charge for the year	317
At 31 December 2013	1,107
Net book value:	
At 31 December 2013	475

	Furniture, fixtures and other fixed assets $'000
Cost:	
At 1 January 2014 and 31 December 2014	**1,582**
Accumulated depreciation:	
At 1 January 2014	**1,107**
Charge for the year	**237**
At 31 December 2014	**1,344**
Net book value:	
At 31 December 2014	**238**

13 FIXED ASSETS (Continued)

(c) Fair value measurement of investment properties and investment properties under development

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties and investment properties under development measured at the balance sheet date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2013	Fair value measurements as at 31 December 2013 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Group				
Recurring fair value measurement				
Investment properties and investment properties under development	9,295,306	–	–	9,295,306

	Fair value at 31 December 2014	**Fair value measurements as at 31 December 2014 categorised into**		
		Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Recurring fair value measurement				
Investment properties and investment properties under development	**9,298,671**	**–**	**–**	**9,298,671**

(Expressed in Hong Kong dollars unless otherwise indicated)

13 FIXED ASSETS (Continued)

(c) Fair value measurement of investment properties and investment properties under development (Continued)

(i) Fair value hierarchy (Continued)

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties and investment properties under development were revalued as at 31 December 2014. The valuations were carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on a market value basis. Management of the Group has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range	Weighted average
Investment properties	Income capitalisation method	Expected market rental (RMB/sq.m./month)	RMB30 to RMB605 (2013: RMB32 to RMB560)	RMB153 (2013: RMB124)
		Capitalisation rate	4.0% to 8.5% (2013: 4.0% to 8.5%)	5.6% (2013: 5.6%)
Investment properties under development	Direct comparison method	Average market price (RMB/sq.m.)	–	RMB4,950 (2013: RMB4,950)
	Residual method	Expected market rental (RMB/sq.m./month)	– (2013: RMB100 to RMB251)	– (2013: RMB202)
		Capitalisation rate	– (2013: 6.25% to 6.75%)	– (2013: 6.5%)
		Profit margin	–	– (2013: 8%)

13 FIXED ASSETS (Continued)

(c) Fair value measurement of investment properties and investment properties under development (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The fair value of investment properties is determined using income capitalisation method by capitalising the net rental income allowing for the reversionary income potential of the properties. The valuation takes into account expected market rental of the properties. The capitalisation rates used have been adjusted for the quality and location of the buildings and the tenant quality. The fair value measurement is positively correlated to the expected market rental, and negatively correlated to the capitalisation rate.

The fair value of investment properties under development is determined using residual method or direct comparison method by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin, or by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. The fair value measurement of investment properties under development is positively correlated to the expected market rental and average market price, and negatively correlated to the capitalisation rate, estimated profit margin and costs to completion.

The movements during the year ended 31 December 2014 in the balances of these Level 3 fair value measurements are as follows:

	2014 $'000	2013 $'000
Investment properties and investment properties under development		
At 1 January	**9,295,306**	4,230,817
Exchange adjustments	**(208,273)**	174,124
Addition	**33,736**	46,504
Disposals	**(118,700)**	–
Acquisition of subsidiaries	**–**	3,041,054
Transfer (to)/from inventories	**(124,030)**	685,143
Reclassification	**4,331**	–
Valuation gains recognised in profit or loss	**416,301**	1,117,664
At 31 December	**9,298,671**	9,295,306

Fair value adjustment of investment properties and investment properties under development is recognised in the line item "valuation gains on investment properties" on the face of the consolidated income statement.

13 FIXED ASSETS (Continued)

(d) The analysis of net book value of the properties is as follows:

	2014 $'000	2013 $'000
In the PRC		
– under long leases	**5,155,868**	5,120,859
– under medium-term leases	**4,501,777**	4,566,317
	9,657,645	9,687,176

(e) Fixed assets leased out under operating leases

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2014 $'000	2013 $'000
Within 1 year	**296,914**	244,679
After 1 year but within 5 years	**629,985**	523,025
After 5 years	**697,480**	745,172
	1,624,379	1,512,876

(f) The Group's certain investment properties, hotel properties and other land and buildings were pledged to secure bank loans, details of which are set out in note 23.

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 $'000	2013 $'000
Unlisted shares, at cost	**12**	12
Capital contribution	**193,560**	186,816
	193,572	186,828

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Top Spring Real Estate (Shenzhen) Co., Ltd. (萊蒙房地產(深圳)有限公司)	PRC[#]	$320,000,000	100%	–	100%	Property development and investment
Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司)	PRC[□]	RMB340,100,000	100%	–	100%	Investment holding, property development and investment
Changzhou Top Spring Water Flower Property Development Co., Ltd. (常州萊蒙水榭花都房地產開發有限公司)	PRC[Δ]	US$90,000,000	100%	–	100%	Property development and investment
Shenzhen City Hua Long Property Development Co., Ltd. (深圳市華龍房地產開發有限公司)	PRC[□]	RMB50,000,000	100%	–	100%	Property development and investment
Dongguan SZITIC Property Development Co., Ltd. (東莞市深國投房地產開發有限公司)	PRC[□]	RMB20,000,000	100%	–	100%	Property development and investment
Shenzhen Water Flower Property Co., Ltd. (深圳市水榭花都房地產有限公司)	PRC[□]	RMB331,384,021	100%	–	100%	Property development and investment
Changzhou Top Spring Landmark Real Estate Co., Ltd. (常州萊蒙都會置業有限公司)	PRC[#]	US$60,000,000	100%	–	100%	Property development and investment
Top Spring Realty (Chengdu) Co., Ltd. (萊蒙置業(成都)有限公司)	PRC[#]	US$18,750,000	100%	–	100%	Property development and investment
Top Spring International (Yuhang) Landmark Co., Ltd. (萊蒙國際(余杭)置業有限公司)	PRC[#]	US$10,000,000	100%	–	100%	Property development and investment
Top Spring Landmark (Fuyang) Co., Ltd. (萊蒙置業(富陽)有限公司)	PRC[Δ]	US$221,480,000	100%	–	100%	Property development and investment
Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司)	PRC[□]	RMB50,000,000	58%	–	58%	Property development and investment
Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司)	PRC[□]	RMB100,000,000	58%	–	58%	Property development and investment

(Expressed in Hong Kong dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Tianjin Jin Jun Investment Development Co., Ltd. (天津津俊投資發展有限公司)	PRC[□]	RMB50,000,000	58%	–	58%	Property development and investment
Nanjing Top Spring Real Estate Co., Ltd. (南京萊蒙置業有限公司)	PRC[□]	RMB300,000,000	100%	–	100%	Property development and investment
Nanchang Top Spring Real Estate Co., Ltd. (南昌萊蒙置業有限公司)	PRC[Δ]	RMB800,000,000	70%	–	70%	Property development and investment
Huidong Laiyiangtian Property Co., Ltd. (惠東縣萊洋天置業有限公司)	PRC[□]	RMB62,500,000	51%	–	51%	Property development and investment
Huidong Laihaitian Property Co., Ltd. (惠東縣萊海天置業有限公司)	PRC[□]	RMB125,000,000	100%	–	100%	Property development and investment
Nanjing Top Spring Water Flower Property Development Co., Ltd. (南京萊蒙水榭花都房地產開發有限公司)	PRC[□]	RMB50,000,000	100%	–	100%	Property development and investment
Hangzhou Lai Shui Property Development Co., Ltd. (杭州萊水房地產開發有限公司)	PRC[□]	RMB50,000,000	100%	–	100%	Property development and investment
Shenzhen Pan Ye Technology Development Ltd. (深圳市磐業科技開發有限公司)	PRC[□]	RMB222,200,000	100%	–	100%	Property development and investment
Sanhe City Shunze Property Development Ltd. (三河市順澤房地產開發有限公司)	PRC[□]	RMB10,000,000	51%	–	51%	Property development and investment
MSREF Century Palace (Residential) Limited (摩根士丹利房地產基金世紀華庭(公寓)有限公司)	Hong Kong/ PRC[□]	1 share	70%	–	70%	Property investment

Note: An indirect subsidiary of the Company and not a member of the Morgan Stanley group of companies or any fund they manage.

- \# Wholly foreign-owned enterprise
- Δ Sino-foreign equity joint venture
- □ Limited liability company

14 INVESTMENTS IN SUBSIDIARIES (Continued)

The following table lists out the information relating to Nanchang Top Spring Real Estate Co., Ltd. (南昌萊蒙置業有限公司) and Shine Rise International Limited, subsidiaries of the Group which have material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Shine Rise International Limited		Nanchang Top Spring Real Estate Co., Ltd.	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
NCI percentage	**30%**	30%	**30%**	30%
Current assets	**98,729**	78,775	**6,290,513**	3,367,988
Non-current assets	**3,044,313**	3,070,075	**1,118,143**	1,153,000
Current liabilities	**(1,034,008)**	(1,032,690)	**(5,180,267)**	(2,435,599)
Non-current liabilities	**(1,961,688)**	(1,960,226)	**(517,362)**	(760,330)
Net assets	**147,346**	155,934	**1,711,027**	1,325,059
Carrying amount of NCI	**44,204**	46,780	**513,308**	397,518
Turnover	**109,904**	28,765	**869,069**	–
Profit for the year	**51,230**	104,394	**418,181**	297,683
Total comprehensive income	**(2,721)**	122,869	**385,967**	316,233
Profit allocated to NCI	**15,369**	–	**125,454**	89,305
Dividend paid to NCI	**–**	–	**–**	–
Cash flows from operating activities	**42,972**	10,914	**(127,541)**	(2,189,247)
Cash flows from investing activities	**(2,767)**	(2,098,522)	**3,670**	(15,890)
Cash flows from financing activities	**(21,743)**	2,157,529	**332,547**	3,229,293

15 INTEREST IN ASSOCIATES

	The Group	
	2014	2013
	$'000	$'000
Share of net assets	**110,815**	–
Amount due from an associate	**52,215**	–
	163,030	–

15 INTEREST IN ASSOCIATES (Continued)

Details of the Group's principal associates, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of associate	Form of business structure	Place of incorporation/ establishment and business	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Fairbriar Real Estate Limited	Incorporated	England and Wales	£100	25%	–	25%	Property development
Shenzhen New Top Spring Investment Fund Management Company Limited (深圳新萊源投資基金管理有限公司)	Incorporated	PRC	RMB10,000,000	45%	–	45%	Investment holding and provision of investment management services

During the year ended 31 December 2014, the Group acquired 25% equity interests in Fairbriar Real Estate Limited (formerly known as "Scarborough Real Estate Limited") ("Fairbriar") at a consideration of £5,700,000 (equivalent to approximately $74,727,000). The Group recorded a gain on bargain purchase of $28,907,000 in respect of such acquisition. The gain on bargain purchase represents the excess of the net fair value of the identifiable assets and liabilities acquired over the aggregate of the fair value of the consideration paid, and is included in "Share of profits less losses of associates" in the consolidated income statement.

The amount due from an associate is unsecured, interest-bearing at 2% above the base lending rate of Abbey National Treasure Services plc (2013: Nil) per annum and has no fixed terms of repayment. The balance is not expected to be recovered within one year and is neither past due nor impaired.

All of the associates are unlisted corporate entities whose quoted market prices are not available.

Aggregate information of associates that are not individually material:

	2014 $'000	2013 $'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**110,815**	–
Aggregate amounts of the Group's share of those associates'		
Profit for the year	**11,892**	–
Other comprehensive income	**(9,897)**	–
Total comprehensive income	**1,995**	–

16 INTEREST IN JOINT VENTURES

	The Group 2014 $'000	2013 $'000
Share of net assets	**74,964**	166,238
Amount due from a joint venture	**275,103**	–
	350,067	166,238

Details of the Group's principal joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Form of business structure	Place of establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
Shenzhen Yanhan Shiye Company Limited (深圳市燕翰實業有限公司)	Incorporated	PRC	RMB150,000,000	40%	–	40%	Property development
Shenzhen Top Spring Hui Yu Investment Partnership (深圳萊蒙滙餘投資合伙企業(有限合伙))	Partnership	PRC	N/A (2013: RMB126,666,665)	– (2013: 24%)	–	– (2013: 24%)	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Li Investment Partnership (深圳萊蒙滙利投資合伙企業(有限合伙))	Partnership	PRC	N/A (2013: RMB136,666,665)	– (2013: 24%)	–	– (2013: 24%)	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Fu Investment Partnership (深圳萊蒙滙富投資合伙企業(有限合伙))	Partnership	PRC	N/A (2013: RMB137,333,332)	– (2013: 24%)	–	– (2013: 24%)	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Ying Investment Partnership (深圳萊蒙滙盈投資合伙企業(有限合伙))	Partnership	PRC	N/A (2013: RMB134,666,665)	– (2013: 24%)	–	– (2013: 24%)	Equity investment and provision of investment consultancy services
Shenzhen Top Spring Hui Da Investment Partnership (深圳萊蒙滙達投資基金合伙企業(有限合伙))	Partnership	PRC	N/A (2013: RMB498,000,000)	– (2013: 1%)	–	– (2013: 1%)	Equity investment and provision of investment consultancy services

The amount due from a joint venture is unsecured, interest-bearing at 16.5% per annum (2013: Nil) and has no fixed terms of repayment. The balance is not expected to be recovered within one year and is neither past due nor impaired.

All of the joint ventures are unlisted corporate entities whose quoted market prices are not available.

16 INTEREST IN JOINT VENTURES (Continued)

Aggregate information of joint ventures that are not individually material:

	2014 $'000	2013 $'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**74,964**	166,238
Aggregate amounts of the Group's share of those joint ventures'		
Loss for the year	**(779)**	(5,017)
Other comprehensive income	**(7,147)**	4,572
Total comprehensive income	**(7,926)**	(445)

17 OTHER FINANCIAL ASSETS

	The Group	
	2014 $'000	2013 $'000
Non-current portion		
Available-for-sale investments, unlisted	**194,246**	33,469
Current portion		
Wealth management products, unlisted	**125,047**	–

The Group's wealth management products were pledged to secure bank loans, details of which are set out in note 23.

18 INVENTORIES

	The Group	
	2014 $'000	2013 $'000
Property development		
Leasehold land held for development for sale	**668,562**	–
Properties held for/under development for sale	**16,329,105**	14,041,519
Completed properties for sale	**3,337,882**	1,835,352
	20,335,549	15,876,871
Other operations		
Low value consumables and supplies	**1,029**	523
	20,336,578	15,877,394

18 INVENTORIES (Continued)

(a) The analysis of carrying value of properties is as follows:

	The Group	
	2014	2013
	$'000	$'000
In the PRC		
– under long leases	**15,388,415**	12,798,774
– under medium-term leases	**4,947,134**	3,078,097
	20,335,549	15,876,871
Including:		
– Properties expected to be completed after more than one year	**6,249,549**	9,906,271

(b) The Group's certain leasehold land held for development for sale, properties held for/under development for sale and completed properties for sale were pledged to secure bank loans and other borrowings, details of which are set out in notes 23 and 24.

19 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Debtors, prepayments and deposits (Notes (ii) and (vi))	**1,331,169**	2,059,288	**3,179**	28,447
Amounts due from subsidiaries (Note (iii))	**–**	–	**5,208,128**	3,835,171
Amount due from an associate (Note (iii))	**14,133**	–	**–**	–
Amounts due from non-controlling shareholders (Note (iv))	**375,146**	5	**–**	–
	1,720,448	2,059,293	**5,211,307**	3,863,618

19 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(i) The Group's credit policy is set out in note 27(a).

(ii) The Group's balances at 31 December 2014 included deposits and prepayments for acquisition of land use rights of $241,487,000 (2013: $1,523,366,000).

(iii) The balances are unsecured, interest-free and recoverable on demand. The balances are neither past due nor impaired.

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

(v) All of the Group's trade debtors were not impaired, of which 91% and 96% at 31 December 2013 and 2014 respectively was not past due or less than 1 year past due.

Receivables which were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(vi) Ageing analysis

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

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

(vii) The Group's certain rental receivables were pledged to secure bank loans, details of which are set out in note 23.

20 RESTRICTED AND PLEDGED DEPOSITS

	2014 $'000	2013 $'000
Restricted deposits (Note (i))	**14,076**	50,293
Pledged deposits (Note (ii))	**3,314,197**	4,527,351
	3,328,273	4,577,644
Less: Non-current portion (Note (ii))	**(194,955)**	(1,407,161)
Current portion	**3,133,318**	3,170,483

20 RESTRICTED AND PLEDGED DEPOSITS (Continued)

Notes:

(i) In accordance with relevant construction contracts, certain of the Group's PRC subsidiaries with property development projects are required to place at designated bank accounts certain amount of deposits for potential default in payment of construction costs payables. Such guarantee deposits will be released after the settlement of the construction costs payables.

(ii) Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $3,060,707,000 (2013: $3,120,190,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $194,955,000 (2013: $1,407,161,000) have been pledged to secure long-term borrowings and banking facilities and are therefore classified as non-current assets.

The Group's certain bank deposits which were pledged as securities in respect of:

	2014 **$'000**	2013 $'000
Bank loan facilities	**3,255,662**	3,754,008
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**58,535**	773,343
	3,314,197	4,527,351

21 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		**The Company**	
	2014 **$'000**	2013 $'000	**2014** **$'000**	2013 $'000
Cash at banks and in hand	**6,374,760**	5,606,262	**85,371**	482,361

At 31 December 2014, cash at banks and in hand included proceeds from the pre-sale of properties totalling RMB635,302,000 (equivalent to approximately $794,425,000) (2013: RMB61,122,000 (equivalent to approximately $78,171,000)) placed in designated bank accounts by certain of the Group's PRC subsidiaries in accordance with relevant documents issued by local government authorities. Such deposits can only be used for purchases of construction materials and the payments of construction fees of the relevant property development projects when approval from the designated bank is obtained. Such deposits will be released after the completion of the pre-sale of the relevant properties.

21 CASH AND CASH EQUIVALENTS (Continued)

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

	Note	2014 $'000	2013 $'000
Profit before taxation		**2,036,329**	2,482,781
Adjustments for:			
Interest income	4	**(208,157)**	(92,928)
Finance costs	6(a)	**652,594**	671,779
Depreciation and amortisation	6(c)	**47,658**	58,693
Valuation gains on investment properties	13(a)	**(416,301)**	(1,117,664)
Provision on inventories	6(c)	**70,690**	16,085
Impairment losses on hotel properties	6(c)	**10,906**	–
Net loss/(gain) on sale of other property, plant and equipment	5	**1,513**	(432)
Net gain on sale of investment properties	5	**(54,204)**	–
Net gain on disposal of a subsidiary	5	**(12,710)**	(186,640)
Net gain on early repayment of a secured other borrowing	5	**–**	(44,530)
Fair value change on derivative financial instruments	5	**–**	(45,436)
Equity settled share-based payment expenses	6(b)	**14,948**	69,475
Share of profits less losses of associates		**(11,892)**	–
Share of losses of joint ventures		**779**	5,017
Gain on a bargain purchase from acquisition of a subsidiary	5	**–**	(91,242)
Net foreign exchange loss/(gain)		**52,518**	(1,046)
Changes in working capital:			
Increase in inventories		**(2,288,444)**	(4,333,969)
Decrease/(increase) in trade and other receivables		**347,534**	(482,863)
Increase in trade and other payables		**4,049,521**	3,182,813
Cash generated from operations		**4,293,282**	89,893

(c) Acquisition of subsidiaries

(i) On 31 December 2013, the Group, through a wholly-owned subsidiary, entered into a share and shareholder's loan transfer agreement with an independent third party for the acquisition of the entire issued share capital in Urban Transportation Infrastructure Development Limited (城市交通設施發展有限公司) ("UTIDL") (which in turn holds 90% indirect interest in a land located at Nanjing, the PRC) and the shareholder's loan owing to the former shareholder, for a consideration of $304,033,000. The completion of such acquisition took place on 2 January 2014 and UTIDL became a subsidiary of the Group accordingly.

21 CASH AND CASH EQUIVALENTS (Continued)

(c) Acquisition of subsidiaries (Continued)

(ii) On 23 January 2014, the Group, through a wholly-owned subsidiary, entered into a capital injection agreement with an independent third party to inject capital in Sanhe City Xue Zhe Zhi Jia Investment Limited (三河市學者之家投資有限公司) ("Sanhe") in the total amount of RMB228,140,000 (equivalent to approximately $284,890,000) and to provide a shareholder's loan in an amount of RMB137,388,000 (equivalent to approximately $171,563,000). After the completion of capital injection, the Group holds 51% equity interest in Sanhe and Sanhe became a subsidiary of the Group.

(iii) On 11 November 2014, the Group, through a wholly-owned subsidiary, entered into a share transfer agreement with independent third parties to purchase the entire issued share capital of Shenzhen Pan Ye Technology Development Limited (深圳市磐業科技開發有限公司) ("Pan Ye"), which is the sole principal of an urban redevelopment project for Shenzhen Long Hua New District, the PRC, for an aggregate consideration of RMB121,598,000 (equivalent to approximately $154,254,000). The completion of such acquisition took place on 19 November 2014 and Pan Ye became a subsidiary of the Group accordingly.

(iv) On 16 August 2013, the Group, through a wholly-owned subsidiary, entered into a share purchase agreement to purchase the entire issued share capital of SSCP Limited, which indirectly owns Shama Century Park, for a total consideration of $2,157,645,000 from an independent third party. The transaction was completed on 27 September 2013 and SSCP Limited became a subsidiary of the Group accordingly.

(v) The fair value of the assets acquired and the liabilities assumed were as follows:

	2014 $'000	2013 $'000
Investment properties	**–**	3,041,054
Other fixed assets	**1,296**	603
Inventories	**706,844**	451
Trade and other receivables	**61,135**	6,419
Amounts due from former shareholders	**124,901**	–
Tax recoverable	**–**	2,632
Cash and cash equivalents	**198,998**	59,315
Trade and other payables	**(172,339)**	(40,563)
Deferred tax liabilities	**–**	(821,024)
Net assets	**920,835**	2,248,887
Non-controlling interests	**(177,658)**	–
Gain on a bargain purchase	**–**	(91,242)
Considerations	**743,177**	2,157,645
Satisfied by:		
Cash	**618,276**	2,157,645
Amounts due from former shareholders	**124,901**	–
	743,177	2,157,645

21 CASH AND CASH EQUIVALENTS (Continued)

(c) Acquisition of subsidiaries (Continued)

(v) (Continued)

Analysis of net cash (outflow)/inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2014 $'000	2013 $'000
Cash considerations paid	**(618,276)**	(2,157,645)
Cash acquired	**198,998**	59,315
	(419,278)	(2,098,330)

(d) Disposal of a subsidiary

(i) On 2 April 2014, the Group completed the disposal of its 15% equity interest in 深圳新萊源投資基金管理有限公司 (Shenzhen New Top Spring Investment Fund Management Company Limited) ("NTS Fund"), a non wholly-owned subsidiary of the Company, to an independent third party for a total consideration of RMB1,500,000 (equivalent to approximately $1,873,000). This resulted in a net gain on disposal of a subsidiary of $12,710,000. Following the disposal, the Group retained 45% equity interest in NTS Fund. The Group lost control but has significant influence over NTS Fund. Therefore, NTS Fund is accounted for as an associate of the Group as at 31 December 2014.

In addition, 深圳萊蒙滙達投資合伙企業（有限合伙）(Shenzhen Top Spring Hui Da Investment Partnership), which is invested by the Group through NTS Fund, and 深圳萊蒙滙餘投資合伙企業（有限合伙）(Shenzhen Top Spring Hui Yu Investment Partnership), 深圳萊蒙滙利投資合伙企業（有限合伙）(Shenzhen Top Spring Hui Li Investment Partnership), 深圳萊蒙滙富投資合伙企業（有限合伙）(Shenzhen Top Spring Hui Fu Investment Partnership) and 深圳萊蒙滙盈投資合伙企業（有限合伙）(Shenzhen Top Spring Hui Ying Investment Partnership) (collectively "the 4 Partnerships"), which are invested by the Group through NTS Fund and a wholly-owned subsidiary of the Company, ceased to be the joint ventures of the Group upon the disposal of partial interest in NTS Fund in the abovementioned paragraph. The Group's indirect interest in the 4 Partnerships is accounted for as available-for-sale investments under "other financial assets" as at 31 December 2014.

(ii) On 3 May 2013, the Group disposed of all of the issued shares of and shareholder's loan owing by Top Spring International (Taihu Bay) Development Limited, a wholly-owned subsidiary of the Company, to an independent third party for a total consideration of $685,253,000.

21 CASH AND CASH EQUIVALENTS (Continued)

(d) Disposal of a subsidiary (Continued)

(ii) (Continued)

Net assets disposed of:

	2014 $'000	2013 $'000
Fixed assets	**472**	24,227
Interest in joint ventures	**12,924**	–
Inventories	**–**	470,028
Trade and other receivables	**2,004**	260
Cash and cash equivalents	**61,961**	36,888
Trade and other payables	**(903)**	(32,790)
Amounts due to group companies	**(16,488)**	–
Amounts due to related companies	**(8,036)**	–
Net assets	**51,934**	498,613
Non-controlling interest	**7,225**	–
Net gain on disposal of a subsidiary (note 5)	**12,710**	186,640
	71,869	685,253
Satisfied by:		
Cash	**1,873**	685,253
Interest in associates	**69,996**	–
	71,869	685,253

Analysis of net cash inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	2014 $'000	2013 $'000
Cash consideration received	**1,873**	685,253
Cash disposed of	**(61,961)**	(36,888)
	(60,088)	648,365

21 CASH AND CASH EQUIVALENTS (Continued)

(e) Transactions with non-controlling interests

During the year, the Group completed several transactions with non-controlling interests as follows:

(i) On 6 June 2014, the Group acquired an additional 10% equity interest in China Resources Transportation Infrastructure Investment (Nanjing) Limited (華潤交通設施投資(南京)有限公司) ("CRTI") for a consideration of $33,011,000. The carrying amount of the non-controlling interests in CRTI on the date of acquisition was $33,205,000. The effect of the transaction is summarised as follows:

	2014 **$'000**
Consideration paid to non-controlling interests	**(33,011)**
Decrease in non-controlling interests	**33,205**
Deficit of consideration paid recognised in equity	**194**

(ii) In July 2013, the Group disposed of its 49% equity interest in Huidong Lai Yang Tian Property Development Co., Ltd. (惠東縣萊洋天置業有限公司) ("Huidong Lai Yang Tian"), a wholly-owned subsidiary, to the Group's joint ventures at a consideration of $38,620,000. The carrying amount of the interest in Huidong Lai Yang Tian being disposed of was $28,032,000 on the date of disposal. The effect of the transaction is summarised as follows:

	2013 $'000
Consideration received from non-controlling interests	38,620
Increase in non-controlling interests	(28,032)
Excess of consideration received recognised in equity	10,588

(iii) In December 2013, the Group disposed of its 30% equity interest in Shine Rise International Limited ("Shine Rise"), a wholly-owned subsidiary, to Firewave Management Limited, a wholly-owned subsidiary of Metro Holdings Limited, at a consideration of $8,259,000. The carrying amount of the interest in Shine Rise being disposed of was $45,713,000 on the date of disposal. The effect of the transaction is summarised as follows:

	2013 $'000
Consideration received from non-controlling interests	8,259
Increase in non-controlling interests	(45,713)
Deficit of consideration received recognised in equity	(37,454)

22 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Creditors and accrued charges (Note (i))	**4,965,273**	3,188,183	**25,006**	15,592
Rental and other deposits	**127,830**	124,820	**–**	–
Receipts in advance	**9,248,237**	6,183,858	**–**	–
Amounts due to subsidiaries (Note (ii))	**–**	–	**2,851,657**	2,492,859
Amounts due to non-controlling shareholders (Note (iii))	**750,522**	514,693	**–**	–
Amount due to a related company (Note (ii))	**14,380**	14,708	**–**	–
	15,106,242	10,026,262	**2,876,663**	2,508,451

Notes:

(i) All of the Group's trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand except for an amount of $1,861,338,000 (2013: $461,121,000) which is expected to be settled after more than one year.

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

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

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

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

23 BANK AND OTHER BORROWINGS

At 31 December 2014, the bank and other borrowings were analysed as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Bank loans				
– Secured	**12,214,022**	13,920,393	**–**	–
– Unsecured	**404,527**	166,262	**–**	–
	12,618,549	14,086,655	**–**	–
Other borrowings				
– Secured	**2,522,495**	463,346	**–**	–
– Unsecured	**–**	510,295	**–**	287,761
	2,522,495	973,641	**–**	287,761
	15,141,044	15,060,296	**–**	287,761

At 31 December 2014, bank and other borrowings were repayable as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within 1 year and included in current liabilities	**8,487,467**	9,070,702	**–**	–
After 1 year and included in non-current liabilities:				
After 1 year but within 2 years	**4,290,528**	2,162,144	**–**	–
After 2 years but within 5 years	**1,772,827**	2,976,958	**–**	287,761
After 5 years	**590,222**	850,492	**–**	–
	6,653,577	5,989,594	**–**	287,761
	15,141,044	15,060,296	**–**	287,761

23 BANK AND OTHER BORROWINGS (Continued)

Notes:

(i) At 31 December 2014, the bank loans bore interest ranging from 2.6% to 12% (2013: 2.39% to 9.85%) per annum and were secured by the following assets:

	2014 $'000	2013 $'000
Investment properties	9,113,602	7,880,803
Hotel properties	294,801	323,237
Other land and buildings	30,155	36,492
Leasehold land held for development for sale	668,562	–
Properties under development for sale	6,256,339	8,858,578
Completed properties for sale	1,462,240	940,043
Wealth management products	125,047	–
Pledged deposits	3,255,662	3,754,008
Rental receivables	6,708	7,658
Total	21,213,116	21,800,819

(ii) At 31 December 2014, the secured other borrowings were from an independent third party, interest-bearing at rates ranging from 9.0535% to 17.95% per annum and secured by certain of the Group's properties under development for sale or equity interests in certain subsidiaries within the Group. Included in the balances at 31 December 2014 were entrusted loans of $1,195,332,000 reclassified from loans from joint ventures upon the disposal of partial interest in NTS Fund during the year ended 31 December 2014 (see note 21(d)(i)).

Included in the unsecured other borrowings at 31 December 2013 was a loan of $287,761,000 from a related company. The loan was interest-bearing at 10% per annum and fully repaid during the year ended 31 December 2014.

Included in the unsecured other borrowings at 31 December 2013 were contributions of $222,535,000 from limited partners of Tianjin Top Spring Tian Gui Equity Investment Funds Partnership (天津萊蒙天貴股權投資基金合伙企業（有限合伙）). Based on the terms of the partnership agreement, the Group had a contractual obligation to deliver profits to those limited partners. The contributions had been recognised in accordance with the accounting policy set out in note 2(o) and accordingly distributions thereon were recognised on an accrual basis in profit or loss as part of finance costs. The effective interest rate of the contributions was 12.50% per annum and were fully repaid during the year ended 31 December 2014.

The Group's secured other borrowings are subject to the fulfilment of covenants relating to certain financial ratios requirement. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 27(b). At 31 December 2014, none of the covenants relating to drawn down facilities had been breached.

24 LOANS FROM JOINT VENTURES

At 31 December 2013, the loans from joint ventures represented entrusted loans. The loans were reclassified to secured other borrowings upon disposal of partial interest in NTS Fund during the year ended 31 December 2014 (see notes 21(d)(i) and 23(ii)).

(Expressed in Hong Kong dollars unless otherwise indicated)

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO Share Option Scheme

The Company has a Pre-IPO Share Option Scheme whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of $1.00 per grant to subscribe for shares of the Company. On 3 December 2010, a total number of 34,371,667 share options were granted under the Pre-IPO Share Option Scheme. The options will fully vest after three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are then exercisable within a period of 10 years from the date of grant. The exercise price per share is $2.492, being 40% of the price of IPO of shares of the Company. Upon completion of the bonus issue (see note 26(c)(ii)), the exercise price per share was adjusted to $1.780. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to a director:			
– on 3 December 2010	1,166,667	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Options granted to senior management and employees:			
– on 3 December 2010	33,205,000	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Total share options granted	34,371,667		

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

(ii) The number and weighted average exercise price of share options are as follows:

	2014 Number of options '000	2013 Number of options '000
Outstanding at the beginning of the year	**30,461**	27,322
Exercised during the year	**(2,186)**	(3,069)
Forfeited during the year	**(7,691)**	(3,271)
Adjustment for bonus issue (note 26(c)(ii))	**–**	9,479
Outstanding at the end of the year	**20,584**	30,461
Exercisable at the end of the year	**20,584**	17,984

No share options under the Pre-IPO Share Option Scheme were granted during the years ended 31 December 2013 and 2014.

The weighted average share price at the date of exercise for shares options exercised during the year ended 31 December 2014 was $2.56 (2013: $4.42).

The share options outstanding at 31 December 2013 had a weighted average exercise price of $1.780 (2013: $1.780) and a weighted average remaining contractual life of 5.9 (2013: 6.9) years.

(b) Pre-IPO Share Award Scheme

Under the Pre-IPO Share Award Scheme, a total number of 6,452,000 (after capitalisation issue) shares of the Company was awarded to certain employees of the Group as a means of recognising their contributions to the early development of the Group and aligning their interests with the shareholders of the Company. The eligible employees received an offer to be granted by the awarded shares at nil consideration but subject to a six-month lock-up period. The awarded shares will fully vest after three years from the date of award and are valid and effective for unlimited period unless a triggering event has arisen upon the occurrence of certain events. The shares awarded by the Company will be settled with the shares (after capitalisation issue) held by a share award trust. Upon completion of the bonus issue (see note 26(c)(ii)), a total number of 2,067,200 awarded shares were adjusted.

No shares were awarded under the Pre-IPO Share Award Scheme during the years ended 31 December 2013 and 2014.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Pre-IPO Share Award Scheme (Continued)

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting condition
Shares awarded to employees:		
– on 3 December 2010	6,452,000	One year (30%), two years (60%) and three years (100%) from the date of award

(ii) The number of outstanding awarded shares are as follows:

	2014 Number of awarded shares '000	2013 Number of awarded shares '000
Outstanding at the beginning of the year	**7,123**	5,384
Vested during the year	**(7,123)**	–
Forfeited during the year	**–**	(328)
Adjustment for bonus issue (note 26(c)(ii))	**–**	2,067
Outstanding at the end of the year	**–**	7,123

(c) Post-IPO Share Option Scheme

The Company has a Post-IPO Share Option Scheme which was to recognise and acknowledge the contributions that the employees and directors have made or may make to the Group.

An option under the Post-IPO Share Option Scheme may be exercised in accordance with the terms of the share option scheme at any time during a period as determined by the directors of the Company, which must not be more than 10 years from the date of grant.

No share options were granted under the Post-IPO Share Option Scheme during the year ended 31 December 2014. On 20 June 2013, 14,000,000 share options were granted at a consideration of $1.00 per grant paid by the employees of the Company under the Post-IPO Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of $0.10 each of the Company. These share options will fully vest after three years from the date of grant, and then be exercisable until 2023. The exercise price is $4.14, being the weighted average closing price of the Company's ordinary shares immediately before the grant. Upon completion of the bonus issue (see note 26(c)(ii)), the exercise price of the Post-IPO share options granted in 2012 was adjusted to $2.264.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Post-IPO Share Option Scheme (Continued)

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
– on 26 June 2012	4,400,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
– on 20 June 2013	5,700,000		
Options granted to senior management and employees:			
– on 26 June 2012	11,320,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
– on 20 June 2013	8,300,000		
Total share options granted	29,720,000		

(ii) The number and weighted average exercise price of share options are as follows:

	2014 Number of options '000	2013 Number of options '000
Outstanding at the beginning of the year	**31,440**	15,420
Granted during the year	**–**	14,000
Exercised during the year	**(525)**	–
Forfeited during the year	**(4,005)**	(3,788)
Adjustment for bonus issue (note 26(c)(ii))	**–**	5,808
Outstanding at the end of the year	**26,910**	31,440
Exercisable at the end of the year	**13,050**	5,887

The weighted average share price at the date of exercise for shares options exercised during the year ended 31 December 2014 was $2.62. No share options under the Post-IPO Share Option Scheme were exercised during the year ended 31 December 2013.

The share options outstanding at 31 December 2014 had a weighted average exercise price of $3.00 (2013: $3.20) and a weighted average remaining contractual life of 7.9 years (2013: 8.9 years).

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Post-IPO Share Option Scheme (Continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

	2013
Fair value at measurement date	$1.28
Share price	$4.14
Exercise price	$4.14
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	49.6%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years
Expected dividends	6.94%
Risk-free interest rate	2.124%

The expected volatility is based on the price volatility of the shares of comparable companies which are listed and publicly traded in the Stock Exchange over the most recent period. Expected dividends are derived based on expected dividend payout ratio of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2013	100,187	1,405,884	–	133,175	442,892	2,082,138
Changes in equity for 2013:						
Loss and total comprehensive income for the year	–	–	–	–	(102,789)	(102,789)
Issuance of new shares under the Pre-IPO Share Option Scheme (Note (c)(i))	306	21,142	–	(14,875)	–	6,573
Issuance of new shares under bonus issue (with PCSs as an alternative) (Note (c)(ii))	15,037	(40,129)	25,092	–	–	–
Equity settled share-based transactions	–	–	–	69,475	–	69,475
Share options and awarded shares forfeited	–	–	–	(13,879)	719	(13,160)
Dividend approved in respect of the previous year (Note (b))	–	–	–	–	(150,482)	(150,482)
Dividend declared in respect of the current year (Note (b))	–	–	–	–	(154,685)	(154,685)
Balance at 31 December 2013 and 1 January 2014	115,530	1,386,897	25,092	173,896	35,655	1,737,070

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 31 December 2013 and 1 January 2014	**115,530**	**1,386,897**	**25,092**	**173,896**	**35,655**	**1,737,070**
Changes in equity for 2014:						
Profit and total comprehensive income for the year	–	–	–	–	1,170,922	1,170,922
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (c)(i))	271	13,997	–	(9,189)	–	5,079
Issuance of new shares upon conversion of PCSs (Note (c)(ii))	272	–	(272)	–	–	–
Equity settled share-based transactions	–	–	–	14,948	–	14,948
Share options and awarded shares forfeited	–	–	–	(33,584)	29,097	(4,487)
Awarded shares vested	–	40,434	–	(40,434)	–	–
Dividend approved in respect of the previous year (Note (b))	–	–	–	–	(154,756)	(154,756)
Dividend declared in respect of the current year (Note (b))	–	–	–	–	(154,951)	(154,951)
Balance at 31 December 2014	**116,073**	**1,441,328**	**24,820**	**105,637**	**925,967**	**2,613,825**

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

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

	2014 $'000	2013 $'000
Interim dividend declared and paid of 11 (2013: 11) cents per ordinary share and unit of PCSs	**154,951**	154,685
Final dividend proposed after the balance sheet date of 11 (2013: 11) cents per ordinary share and unit of PCSs	**154,983**	154,685
	309,934	309,370

In respect of the interim dividend for the six months ended 30 June 2014, there is a difference of $110,000 (2013: $57,000) between interim dividend disclosed in the 2014 interim financial report and amounts declared and paid during the year which represents dividends attributable to new shares issued upon the exercise of 1,000,000 (2013: 518,000) share options, before the closing date of the register of members.

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2014 $'000	2013 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 11 cents (2013: 15 cents) per ordinary share	**154,756**	150,482

In respect of the final dividend for the year ended 31 December 2013, there is a difference of $71,000 (2012: $202,000) between final dividend disclosed in the 2013 annual financial statements and amounts declared and paid during the year which represents dividends attributable to new shares issued upon the exercise of 651,500 (2012: 1,348,000) share options, before the closing date of the register of members.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

	The Company			
	2014		2013	
	No. of shares '000	**Amount $'000**	No. of shares '000	Amount $'000
Authorised:				
Ordinary shares of $0.10 each	**5,000,000**	**500,000**	5,000,000	500,000
Ordinary shares, issued and fully paid:				
At 1 January	**1,155,303**	**115,530**	1,001,868	100,187
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (i))	**2,711**	**271**	3,069	306
Issuance of new shares upon conversion of PCSs (Note (ii))	**2,720**	**272**	–	–
Issuance of new shares under bonus issue (with PCSs as an alternative) (Note (ii))	**–**	**–**	150,366	15,037
At 31 December	**1,160,734**	**116,073**	1,155,303	115,530

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital (Continued)

Notes:

(i) During the year ended 31 December 2014, 2,186,000 (2013: 3,069,500) share options under the Pre-IPO Shar e Option Scheme and 525,000 (2013: Nil) share options under the Post-IPO Share Option Scheme were exercised to subscribe for 2,711,000 (2013: 3,069,500) ordinary shares of the Company at a consideration of $1.780 (adjusted) and $2.264 (adjusted) (2013: $2.492 or $1.780 (adjusted)) per share respectively, of which $0.10 (2013: $0.10) per share was credited to share capital and the balance of was credited to the share premium account. $9,189,000 (2013: $14,875,000) has been transferred from the capital reserve to the share premium account in accordance with the accounting policy set out in note 2(r)(ii).

(ii) Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of the Company held on 15 May 2013, bonus shares were made to shareholders whose names appear on the register of members of the Company on 24 May 2013, the record date, on the basis of two new shares credited as fully paid for every five shares held, with an option to elect to receive PCSs in lieu of all or part of their entitlements to the bonus shares.

The PCSs are unlisted and irredeemable but have conversion rights entitling the holders of PCSs to convert into an equivalent number of shares as the number of bonus shares which the holders of PCSs would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the PCSs.

On 20 June 2013, an amount of $15,036,560 standing to the credit of the share premium account was applied in paying up in full 150,365,600 ordinary shares of $0.10 each which were allotted and issued as fully paid to the shareholders who were entitled to those bonus shares and did not elect to receive the PCSs. In addition, the PCSs in the amount of $25,092,080 were issued to shareholders who elected to receive the PCSs, and the same amount was capitalised from the share premium account as reserve arising from issuance of the PCSs.

Upon completion of the bonus issue, adjustments were made to the exercise price and outstanding number of share options and awarded shares granted pursuant to the Group's Pre-IPO and Post-IPO Share Option Schemes and Pre-IPO Share Award Scheme (see notes 25(a), (b) and (c)).

Reserve arising from issuance of the PCSs was capitalised from the share premium account for the purpose of issue of new shares upon conversion of the PCSs. This reserve balance represented the aggregate amount of the PCSs outstanding at the period end. During the year ended 31 December 2014, 2,720,000 PCSs were converted into 2,720,000 ordinary shares by the holders of PCSs (2013: Nil).

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve mainly comprises the portion of the grant date fair value of awarded shares and unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(r)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

(iv) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public welfare fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(v) Property revaluation reserve

Property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for other land and buildings in note 2(i)(ii).

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(vi) Other reserve

The other reserve represents:

(1) The difference between the consideration received and the net book value of Joinbest Enterprises Limited ("JEL") and its subsidiaries for the deemed disposal of partial interests in JEL. The deemed disposal was resulted from the issuance of 1 ordinary share of JEL at premium upon conversion of convertible notes held by a third party on 18 June 2006.

(2) The differences between the consideration paid and the net book value of certain subsidiaries for the acquisition of additional interests in these subsidiaries from non-controlling shareholders.

(3) The differences between the consideration received and the net book value of certain subsidiaries for the disposal of the partial interests in these subsidiaries by the Group.

(4) The deemed contributions from the ultimate shareholder for the transfer of investment costs in JEL, Le Leman International (Yuhang) Limited, Glory Wise Limited, Fullshine Group Limited and Fortune Mega International Limited at nil consideration pursuant to a reorganisation.

(5) The amount arising from the reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange.

(6) The waiver of repayment of amount due to a related company. In December 2010, the Group entered into an agreement with a related company beneficially owned by a shareholder of the Company whereby repayment of amount due to the related company of $350,000,000 was waived.

(e) Distributability of reserves

At 31 December 2014, the aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was $2,497,752,000 (2013: $1,621,540,000). After the balance sheet date the directors proposed a final dividend of 11 cents (2013: 11 cents) per ordinary share, amounting to $154,983,000 (2013: $154,685,000) (note 26(b)). This dividend has not been recognised as a liability at the balance sheet date.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which is net debt divided by total equity at the balance sheet date. For this purpose, the Group defines net debt as total bank and other borrowings less restricted and pledged deposits and cash and cash equivalents.

The Group's gearing ratio at the balance sheet date was as follows:

	2014 $'000	2013 $'000
Current liabilities		
Bank and other borrowings	**8,487,467**	9,070,702
Amounts due to non-controlling shareholders (interest-bearing)	**240,182**	215,489
	8,727,649	9,286,191
Non-current liabilities		
Bank and other borrowings	**6,653,577**	5,989,594
Loans from joint ventures	**–**	1,223,687
Total borrowings	**15,381,226**	16,499,472
Less: Restricted and pledged deposits	**(3,328,273)**	(4,577,644)
Cash and cash equivalents	**(6,374,760)**	(5,606,262)
Net debt	**5,678,193**	6,315,566
Total equity	**6,957,603**	6,275,084
Gearing ratio	**81.6%**	100.6%

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. Except for the financial guarantees given by the Group as set out in note 29, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 29.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

(b) Liquidity risk

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	9,247,700	4,689,991	2,105,458	680,548	16,723,697	15,141,044
Creditors and accrued charges	3,103,935	149,336	1,712,002	–	4,965,273	4,965,273
Amounts due to non-controlling shareholders	768,247	–	–	–	768,247	750,522
Amount due to a related company	14,380	–	–	–	14,380	14,380
	13,134,262	4,839,327	3,817,460	680,548	22,471,597	20,871,219

	2013 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	10,038,546	2,521,167	3,254,954	1,231,493	17,046,160	15,060,296
Creditors and accrued charges	2,727,062	194,756	266,365	–	3,188,183	3,188,183
Amounts due to non-controlling shareholders	528,915	–	–	–	528,915	514,693
Amount due to a related company	14,708	–	–	–	14,708	14,708
Loans from joint ventures	119,923	1,277,708	–	–	1,397,631	1,223,687
	13,429,154	3,993,631	3,521,319	1,231,493	22,175,597	20,001,567

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other borrowings of the Group are disclosed in note 23. The Group does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately $61,034,000 (2013: $108,793,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2013.

(d) Currency risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or United States dollars. In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 December 2013 and 2014.

28 COMMITMENTS

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

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

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

(b) At 31 December 2014, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 $'000	2013 $'000
Within 1 year	**8,339**	12,260
After 1 year but within 5 years	**4,514**	12,745
	12,853	25,005

The Group is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

29 CONTINGENT LIABILITIES

	2014 $'000	2013 $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	**4,101,224**	4,189,963

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group did not entered into other material related party transactions during the years.

(b) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 8 and certain of the highest paid employees and senior management as disclosed in note 9, is as follows:

	2014 **$'000**	2013 $'000
Short-term employee benefits	**59,676**	59,529
Post-employment benefits	**717**	393
	60,393	59,922

Total remuneration is included in "staff costs" (see note 6(b)).

The related party transactions in respect of the remuneration of directors and chief executive of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executive) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) The related party transactions in respect of the amount due from an associate, amount due from a joint venture, amounts due from non-controlling shareholders, amounts due to non-controlling shareholders, amount due to a related company, loan from a related company and loans from joint ventures as set out in notes 15, 16, 19(iii), 19(iv), 22(iii), 23(ii) and 24 respectively constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

31 NON-ADJUSTING POST BALANCE SHEET EVENT

After the balance sheet date, the directors proposed a final dividend. Further details are disclosed in note 26(b).

32 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

33 IMMEDIATE PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the immediate parent and ultimate holding company of the Group to be Chance Again Limited, which is incorporated in the BVI. This entity does not produce financial statements available for public use.

34 ACCOUNTING JUDGEMENTS AND ESTIMATES

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties

As described in note 13, investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

Investment properties under development are valued by estimating the fair value of such properties as if they were completed in accordance with the relevant development plan and then deducting from that amount the estimated costs to complete the construction, financing costs and a reasonable profit margin.

(b) Impairment of non-current assets

If circumstances indicate that the carrying amounts of fixed assets (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(c) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(d) LAT

As explained in note 7(a), LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at each balance sheet date. Any increase or decrease in actual outcomes/estimates would affect income statement in the future years.

(Expressed in Hong Kong dollars unless otherwise indicated)

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2010-2012 cycle	1 July 2014
Annual improvements to HKFRSs 2011-2013 cycle	1 July 2014
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 15, *Revenue from contracts with customers*	1 January 2017
HKFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. The Group is therefore unable to disclose the impact that adopting the amendments and new standards will have on its consolidated financial statements when such amendments and new standards are adopted.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	$'000	$'000	$'000	$'000	$'000
Turnover	**6,971,024**	5,746,528	6,064,954	5,861,312	2,759,894
Direct costs	**(4,050,764)**	(3,446,121)	(2,889,555)	(1,982,177)	(1,074,302)
Gross profit	**2,920,260**	2,300,407	3,175,399	3,879,135	1,685,592
Valuation gains on investment properties	**416,301**	1,117,664	683,567	360,295	82,005
Other revenue	**251,898**	124,468	131,672	81,998	12,989
Other net income/(loss)	**42,079**	405,650	(28,365)	48,640	60,153
Selling and marketing expenses	**(309,355)**	(254,968)	(181,492)	(173,426)	(123,371)
Administrative expenses	**(643,373)**	(533,644)	(510,983)	(495,018)	(316,138)
Profit from operations	**2,677,810**	3,159,577	3,269,798	3,701,624	1,401,230
Finance costs	**(652,594)**	(671,779)	(670,915)	(425,084)	(59,680)
Share of profits less losses of associates	**11,892**	–	4,826	(5,113)	–
Share of losses of joint ventures	**(779)**	(5,017)	–	–	–
Profit before taxation	**2,036,329**	2,482,781	2,603,709	3,271,427	1,341,550
Income tax	**(1,030,472)**	(1,120,941)	(1,415,745)	(2,249,825)	(857,128)
Profit for the year	**1,005,857**	1,361,840	1,187,964	1,021,602	484,422
Attributable to:					
Equity shareholders of the Company	**921,603**	1,284,458	1,199,841	1,021,900	494,723
Non-controlling interests	**84,254**	77,382	(11,877)	(298)	(10,301)
Profit for the year	**1,005,857**	1,361,840	1,187,964	1,021,602	484,422
Basic earnings per share ($)	**0.65**	0.91	0.86	0.77	0.47
Diluted earnings per share ($)	**0.65**	0.90	0.85	0.77	0.47

Note: Basic and diluted earnings per share for the years ended 31 December 2012, 2011 and 2010 have been restated for the impact of the bonus issue of Shares (with PCSs as an alternative).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	$'000	$'000	$'000	$'000	$'000
Profit for the year	**1,005,857**	1,361,840	1,187,964	1,021,602	484,422
Other comprehensive income for the year (after tax and reclassification adjustments)					
Items that may be reclassified subsequently to profit or loss:					
Surplus on revaluation of other land and buildings	**–**	–	–	49,843	–
Exchange differences on translation of financial statements of foreign subsidiaries	**(168,486)**	165,832	56,473	160,245	106,251
Share of other comprehensive income of associates and joint ventures	**(17,044)**	4,572	1,646	1,917	–
Total comprehensive income for the year	**820,327**	1,532,244	1,246,083	1,233,607	590,673
Attributable to:					
Equity shareholders of the Company	**760,025**	1,446,596	1,254,082	1,231,394	595,139
Non-controlling interests	**60,302**	85,648	(7,999)	2,213	(4,466)
Total comprehensive income for the year	**820,327**	1,532,244	1,246,083	1,233,607	590,673

CONSOLIDATED BALANCE SHEET

	At 31 December									
	2014		2013		2012		2011		2010	
	$'000	**$'000**	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets										
Fixed assets										
– Investment properties		**9,298,671**		9,295,306		4,230,817		2,942,217		2,253,221
– Other property, plant and equipment		**425,138**		474,355		450,588		479,542		533,740
– Interests in leasehold land held for own use under operating leases		**4,330**		4,701		28,833		29,117		19,519
		9,728,139		9,774,362		4,710,238		3,450,876		2,806,480
Interest in associates		**163,030**		–		–		81,977		104,170
Interest in joint ventures		**350,067**		166,238		160,378		–		–
Other financial assets		**194,246**		33,469		32,545		32,292		30,981
Restricted and pledged deposits		**194,955**		1,407,161		124,363		345,508		177,563
Deferred tax assets		**501,953**		620,734		853,492		719,150		295,030
		11,132,390		12,001,964		5,881,016		4,629,803		3,414,224
Current assets										
Inventories	**20,336,578**		15,877,394		11,628,155		9,166,826		5,096,696	
Other financial assets	**125,047**		–		9,949		169,052		94,697	
Trade and other receivables	**1,720,448**		2,059,293		1,520,168		526,822		901,230	
Prepaid tax	**48,951**		43,929		–		–		–	
Restricted and pledged deposits	**3,133,318**		3,170,483		989,365		1,225,057		1,744,788	
Cash and cash equivalents	**6,374,760**		5,606,262		4,901,251		4,660,505		3,291,157	
	31,739,102		26,757,361		19,048,888		15,748,262		11,128,568	
Current liabilities										
Trade and other payables	**15,106,242**		10,026,262		6,390,764		5,188,466		5,496,927	
Bank and other borrowings	**8,487,467**		9,070,702		3,293,358		1,720,066		2,882,969	
Derivative financial instruments	**–**		–		45,436		–		–	
Tax payable	**4,288,902**		4,872,872		4,512,217		3,879,498		1,764,063	
	27,882,611		23,969,836		14,241,775		10,788,030		10,143,959	
Net current assets		**3,856,491**		2,787,525		4,807,113		4,960,232		984,609
Total assets less current liabilities		**14,988,881**		14,789,489		10,688,129		9,590,035		4,398,833
Non-current liabilities										
Bank and other borrowings	**6,653,577**		5,989,594		5,588,611		5,473,006		3,482,822	
Loan from an associate	**–**		–		–		238,738		–	
Loans from joint ventures	**–**		1,223,687		–		–		–	
Derivative financial instruments	**–**		–		–		13,641		–	
Deferred tax liabilities	**1,377,701**		1,301,124		520,214		344,185		153,144	
		8,031,278		8,514,405		6,108,825		6,069,570		3,635,966
NET ASSETS		**6,957,603**		6,275,084		4,579,304		3,520,465		762,867
CAPITAL AND RESERVES										
Share capital		**116,073**		115,530		100,187		100,041		24
Reserves		**6,000,462**		5,530,466		4,355,198		3,319,885		762,843
Total equity attributable to equity shareholders of the Company		**6,116,535**		5,645,996		4,455,385		3,419,926		762,867
Non-controlling interests		**841,068**		629,088		123,919		100,539		–
TOTAL EQUITY		**6,957,603**		6,275,084		4,579,304		3,520,465		762,867

TOP SPRING
International Holdings Limited
萊蒙國際集團有限公司
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