寶龍地產控股有限公司

Powerlong Real Estate Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

ANNUAL REPORT 2014

Stock code: 1238

Contents

Group Introduction

Powerlong Real Estate Holdings Limited (HK.1238) (the "Company") and its subsidiaries (collectively as the "Group") are dedicated to developing and operating high quality, large-scale and multi-functional commercial real estate projects. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2009. The Group is committed to improving the living standard of the citizens and driving the urbanization progress in China.

The Group had 49 real estate projects as at 31 December 2014. Powerlong City Plaza which comprises of shopping malls, restaurants, leisure and other recreational facilities has created a unique business model drawing extensive attention and recognition from the government and the public. Each project does not only promote the regional economic development, but also improves the retail facilities of the cities and creates job opportunities. The upgrade of people's living standard is a key driver for city quality improvement.

The successful development of the Group is attributable to the innovative vision from the chairman of the Company, Mr. Hoi Kin Hong. Mr. Hoi instilled his insights and visions at the beginning of the corporate development and drove the evolvement. The Group will continue to uphold the belief of "Creditability, Courtesy, Innovation, Enthusiasm" and build up an efficient and excellent team to create values for the society, customers, shareholders and our staff.

Corporate Information

Directors

Executive Directors

Mr. Hoi Kin Hong (Chairman of the Board of Directors)
Mr. Hoi Wa Fong (Chief Executive Officer)
Mr. Xiao Qing Ping (Deputy Chief Executive Officer)
Ms. Shih Sze Ni
Mr. Guo Jun (Deputy Chief Executive Officer)
(appointed on 1 April 2014)

Non-executive Directors

Ms. Hoi Wa Fan
Ms. Liu Xiao Lan (retired on 31 March 2014)

Independent Non-executive Directors

Mr. Ngai Wai Fung
Mr. Mei Jian Ping
Mr. Ding Zu Yu (appointed on 11 December 2014)
Ms. Nie Mei Sheng (resigned on 10 October 2014)

Audit Committee

Mr. Ngai Wai Fung (Chairman)
Mr. Mei Jian Ping
Mr. Ding Zu Yu (appointed on 11 December 2014)
Ms. Nie Mei Sheng (resigned on 10 October 2014)

Remuneration Committee

Mr. Mei Jian Ping (Chairman)
Mr. Hoi Wa Fong
Mr. Ding Zu Yu (appointed on 11 December 2014)
Ms. Nie Mei Sheng (resigned on 10 October 2014)

Nomination Committee

Mr. Hoi Kin Hong (Chairman)
Mr. Mei Jian Ping
Mr. Ding Zu Yu (appointed on 11 December 2014)
Ms. Nie Mei Sheng (resigned on 10 October 2014)

Company Secretary

Ms. Xiao Ying Lin

Authorized Representatives

Mr. Hoi Wa Fong
Ms. Xiao Ying Lin

Registered Office

P.O. Box 309
Ugland House, Grand Cayman KY1-1104
Cayman Islands

Place of Business in Hong Kong

Unit 5813, 58th Floor, The Center
99 Queen's Road Central
Hong Kong

Principal Place of Business in the PRC

12th–15th Floor
Gubei International Wealth Center
1452 HongQiao Road
ChangNing District, Shanghai
PRC
Postal Code: 200336

Principal Share Registrar

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Sheddon Road
George Town, Grand Cayman KY1-1110
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East, Wanchai
Hong Kong

Principal Bankers

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of Communications Co., Ltd.
The Bank of East Asia
Bank of China Limited
Industrial Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Merchants Bank Co., Ltd.
China Construction Bank Corporation
Hang Seng Bank Limited
China Minsheng Banking Corp., Ltd.
Bank of Beijing Co., Ltd.

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

Hong Kong Legal Advisor

Sidley Austin

Website

www.powerlong.com

Milestones and Awards

JAN

- Successful acquisition of a commercial land parcel in Zhaoxiang, Qingpu, Shanghai
- Successful acquisition of a commercial land parcel in Lingang, Pudong New Area, Shanghai
- Successful acquisition of a commercial and residential land parcel in Dongying, Shandong
- Successful acquisition of a commercial and residential land parcel in Yongchun, Quanzhou, Fujian

JUN

- Successful acquisition of a commercial land parcel in Luodian, Baoshan, Shanghai

MAR

- Moody's upgraded the rating of the Company
- Successful acquisition of a commercial and residential land parcel in Yangzhou, Jiangsu

JUL

- Successful acquisition of a commercial and residential land parcel in Fuyang, Anhui

SEP

- Successful issuance of RMB1.5 billion 3-year senior notes

OCT

- Early redemption of US$200 million senior notes due 2015
- Entering into a cooperation agreement with Starwood Asia Pacific Hotels & Resorts Pte Ltd. for selecting Xiamen Powerlong One Mall as the location of W Hotel
- Successful acquisition of the land located at Laishan, Yantai, Shandong

NOV

- Opening of Hangzhou Xiasha Powerlong City Plaza

DEC

- Opening of Tianjin Yujiapu Powerlong International Center

Milestones and Awards

Corporate Awards

Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Institute of Real Estate Studies, China Index Academy (China Real Estate Top 10 Research Team)

- 2014 Top 100 China Real Estate Companies: Top 100 China Real Estate Companies for 9 consecutive years (2006–2014)
- 2013–2014 Annual Social Responsibility Enterprise of China Real Estate
- 2014 Top 100 China Real Estate Companies – Star of Top 100
- 2014 China Outstanding Commercial Real Estate Company
- 2014 Top 10 Hong Kong Listed China Mainland Real Estate Companies in terms of Finance Stability Ranking
- 2014 Top 10 Hong Kong Listed China Mainland Real Estate Companies in terms of Investment Value
- Powerlong Real Estate: awarded second in 2014 Top 10 Brands of China Commercial Real Estate Companies for 4 consecutive years
- Powerlong City Plaza: awarded second in 2014 Top 10 Brands of China Commercial Real Estate Companies for 5 consecutive years

China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal

- 2014 Top 10 Brands of China Commercial Real Estate Companies
- 2014 Top 50 Brands of China Real Estate Development Companies
- 2014 China's Top 5 Fast-growing Real Estate Listed Companies
- 2014 Top 50 China Real Estate Listed Companies in Comprehensive Strength
- 2014 Top 10 China Real Estate Development Enterprises in Comprehensive Strength in Commercial Real Estate
- 2014 Top 50 China Real Estate Development Enterprises

18th China International Fair for Investment and Trade – 5th World Chinese Entrepreneurs Real Estate Forum (organized by Ministry of Commerce, co-organized by Fujian Provincial People's Government, Xiamen Municipal People's Government and Ministry of Commerce China Investment Promotion Agency)

- Special Award for the Year in China Real Estate Gold Key Award 2014: China Real Estate Enterprise with Outstanding Contributions for the Year (the third China Real Estate Gold Key Award since 2011)

Media Awards

- 2014 China Real Estate Enterprises with Social Responsibilities (awarded by Xinhuanet)
- Outstanding Company in China Commercial Real Estate Value List 2014 (awarded by The Economic Observer)
- Most Valuable Real Estate Enterprise for the Year in the Billboard of the Most Valuable Real Estate Enterprises of China for 2014 (awarded by National Business Daily)

Project Awards

Shanghai Qibao Powerlong City Plaza	• City Initiative Award for 2014 • China Real Estate Star Awards: New Landmark of City Complex for 2014 • 2014 The Best Complex in Commercial Value
Shanghai Fengxian Powerlong City Plaza	• 2014 The Hottest Commercial Project
Shanghai Hongqiao Powerlong City	• 2014 The Most Popular Commercial Development in Shanghai

Hotel Awards

China Hotel Annual Awards 2014 and the 14th China Hotel Global Forum and Golden Horse Award Ceremony

- Powerlong Group – the Best Employer in China Hotel Industry
- Four Points by Sheraton Qingdao, Chengyang – Asia Top Ten Hotels

Personal Awards Gained by Mr. Hoi Kin Hong

- 2014 China Top 100 Real Estate Entrepreneurs (awarded by China Real Estate Top 10 Research Team)
- 20th Award for Excellence in the National Guangcai Program (awarded by the China Society For Promotion of the Guangcai Program)

Personal Awards Gained by Mr. Hoi Wa Fong

- Person of the Year in China Commercial Real Estate Value List 2014 (awarded by China Commercial Real Estate Value List 2014 Awards Ceremony organized by the Economic Observer)
- China Real Estate Influential Figure of the Year (awarded by 18th China International Fair for Investment and Trade – 5th World Chinese Entrepreneurs Real Estate Forum organized by China Investment Promotion Agency of Ministry of Commerce, Fujian Provincial People's Government and Xiamen Municipal People's Government)

Chairman's Statement

HOI Kin Hong
Chairman

Dear Shareholders,

On behalf of the Board of Powerlong Real Estate Holdings Limited, I am pleased to present to all shareholders the annual results of the Group for the year ended 31 December 2014. Benefited from the Group's constant effort to implement various operating strategies established at the beginning of the year, the Group has further enhanced its execution capabilities and realized a revenue of RMB9,663 million, representing a year-on-year increase of 33.1%. Basic earnings per share was RMB34.56 cents. The Board recommends the payment of a final dividend of HK$8.0 cents per share for the year of 2014.

In 2014, the economy continued to develop steadily in China. It shifted from high-speed growth to medium to high-speed growth and maintained steady growth throughout the year. Economic development has shifted from extensive growth to intensive growth of quality and efficiency, while the economic structure gradually adjusted and improved from the "expansion of quantity" to the "enhancement of quality". The real estate market experienced relatively substantial adjustment and declined in the first half of the year, while Central and local governments adopted market-oriented approach in order to release effective demand in the second half of the year. Various major real estate enterprises proactively seized the timing to reduce inventories by sales promotion. However, the market had an overall slower growth throughout the year and the competition within the industry was more intensive. The Group consistently adhered to the long-term operation principle of "Sound Operations, Strive for Excellence" in order to accurately grasp market trend in a complicated and dynamic market environment. By the combination of the year's operating strategy of "Reducing inventories, Enhancing efficiency, Becoming benchmark", the Group effectively promoted steady growth in its results and recorded satisfactory results.

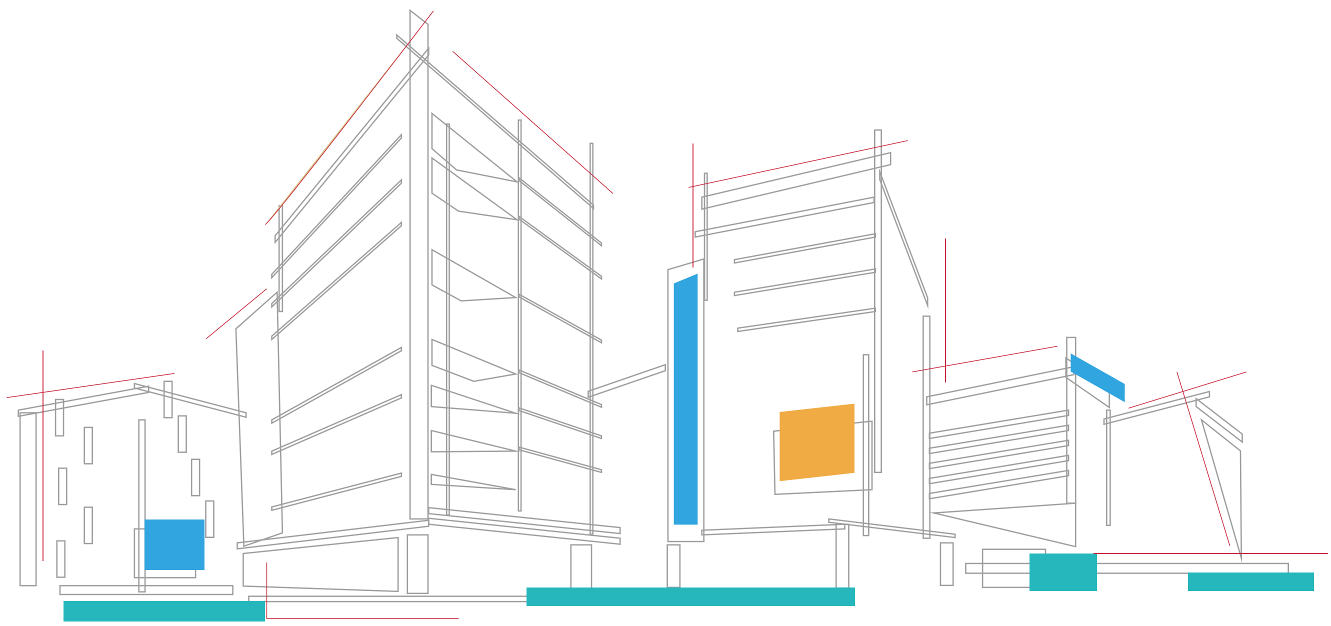
First Record of Over 10 Billion Contracted Sales

During the year under review, by following the adjustments to national policies and changes of the market and adjusting development pace, the Group achieved a contracted sales of approximately RMB10,648 million, which increased by 13.6% as compared with the previous year and reached the Group's record high in terms of contracted sales amount. The satisfying contracted sales result was benefited from the enthusiastic market response to the opening sales of projects in Henan Luoyang, Shanghai, Zhejiang Hangzhou, Tianjin, Shandong Jiaozhou and Henan Xinxiang. The Tianjin Binhai Project was launched on 15 June and approximately 1,600 suites were sold during the year. The mentioned success in various projects strongly evidenced the Group's effectiveness and feasibility in adopting tailor-made product development strategies according to local conditions in different cities.

Core Competitiveness of Business Operation

Year of 2014 marked the 11th anniversary of the Group entering into the commercial real estate industry. It is also a year of historical breakthroughs. Powerlong City Plazas, which are operated by the Group, have been awarded second of the top 10 in terms of brand value among Chinese commercial real estate companies for 5 consecutive years. The Group has also been awarded second of the top 10 in terms of brand value among Chinese commercial real estate companies for 4 consecutive years. During the year under review, the Group recorded rental income and property management services income of approximately RMB912 million, representing an increase of 30.1% over last year, laying a solid foundation for the Group's long-term sustainable growth.

Following the grand opening of Hangzhou Xiasha Powerlong City Plaza in November 2014, Tianjin Yujiapu Powerlong International Center in December 2014, Chongqing Hechuan Powerlong City Plaza in January 2015 and Qingdao Jiaozhou Powerlong City Plaza in February 2015, as of the date of this annual report, the number of shopping malls currently operated and managed by the Group has reached 19, making us stand out in terms of quantity and area of projects. In which, the customer traffic of Hangzhou Xiasha project exceeded 150,000 on its opening day. Chongqing Hechuan project recorded an occupancy rate of 97% while customer traffic exceeded 180,000 on its opening day and recorded a customer traffic of 500,000 in the



first 3 days since its opening. Good results achieved by newly-opened projects reflected the core business competitive edge of the Group. 4 city plazas have been built with sufficient consideration of the characteristics of local markets. Hangzhou Xiasha Powerlong City Plaza is the first theme city complex in Hangzhou. Tianjin Powerlong International Center consists of over 50% children and catering business in order to meet the demand of one-stop shopping experience from families in new districts. Chongqing Hechuan Powerlong City Plaza is the first fashion and lifestyle shopping mall in Chongqing Hechuan. It created and lead a new business pattern in Hechuan by first introducing about 100 brands into Hechuan, including 9 anchor tenants, being Yonghui Superstores, Suning, Kidswant, Beluga World, and other brands, such as Apple, Addidas Factory Store and Watson's. Qingdao Jiaozhou Powerlong City Plaza is the first one-stop quality lifestyle center located in Jiaozhou, Qingdao with more than 130 brands. All anchor tenants, fashion brands and lifestyle complementary brands can meet the needs of local families of upgrading their lifestyle quality.

During the year under review, the Group launched the 2.0 version of "Powerlong Plazas Online" (www.ipowerlong.com) based on the brand-new business model of "community e-commerce" that the Group attempted to create in 2013. It was strategically located in 5 Powerlong City Plazas in Fuzhou and Jinjiang in Fujian, Shanghai Caolu, Henan Xinxiang, Henan Luoyang and formed a strategic layout which integrates online and physical malls. The transaction platform of Powerlong e-commerce was driven by social network which allows tenants and consumers to reach transaction consensus within a short time on the basis of "many-to-many communication". It creates a connection between the marketing strategy and online operation. It is supported by regional delivery services and payment facilities. It has accumulated over 1.5 million active users within the year while the average number of monthly active WIFI users increased by approximately 30%.

Intensifying Shanghai and Strengthening Strategic Coverage

The Group will adhere to the development strategy of "focus on Shanghai and intensive development in Yangtze River Delta", refine planning and selectively obtain projects, in order to lay a solid foundation for its future development and hence further enhance its market competitive edge.

During the year under review, the Group continued to uphold its low land bank cost strategy in acquiring quality land strictly and prudently to obtain various quality land with an aim to further consolidate its Shanghai land bank and further balance its layout in Yangtze River Delta while further ensure its competitive edge in developing community commercial properties along railway lines. In 2014, the Group acquired 8 parcels of land in aggregate, with 3 parcels of land in Shanghai, 1 parcel of land in Jiangsu Province, 2 parcels of land in Shandong Province, 1 parcel of land in Fujian Province and 1 parcel of land in Anhui Province. In particular, the Group obtained 3 parcels of land in Zhaoxiang, Shanghai Qingpu, Lingang, Shanghai Pudong New Area and Luodian, Shanghai Baoshan during the year as an important initiative of its development strategy of "intensifying Shanghai". In addition, the Group obtained another parcel of land in Minhang Wujing in February 2015 which clearly illustrated the strategic coverage of 9 major projects located in the eastern, western, southern and northern part of Shanghai.

As of 31 December 2014, the total gross floor area ("GFA") of the Group's land bank was 13.2 million square meters (including investment properties in operation with total GFA of approximately 1.7 million square meters) which is sufficient for the Group's development for the next 3 to 5 years. From the perspective of the geographical location of the Group's land bank, the current land bank located in first- and second-tier cities represents 63.3% of the Group's land bank under development and held for future development. Therefore, we are confident that the Group's long-term and healthy development can continuously be driven by its quality land resources.

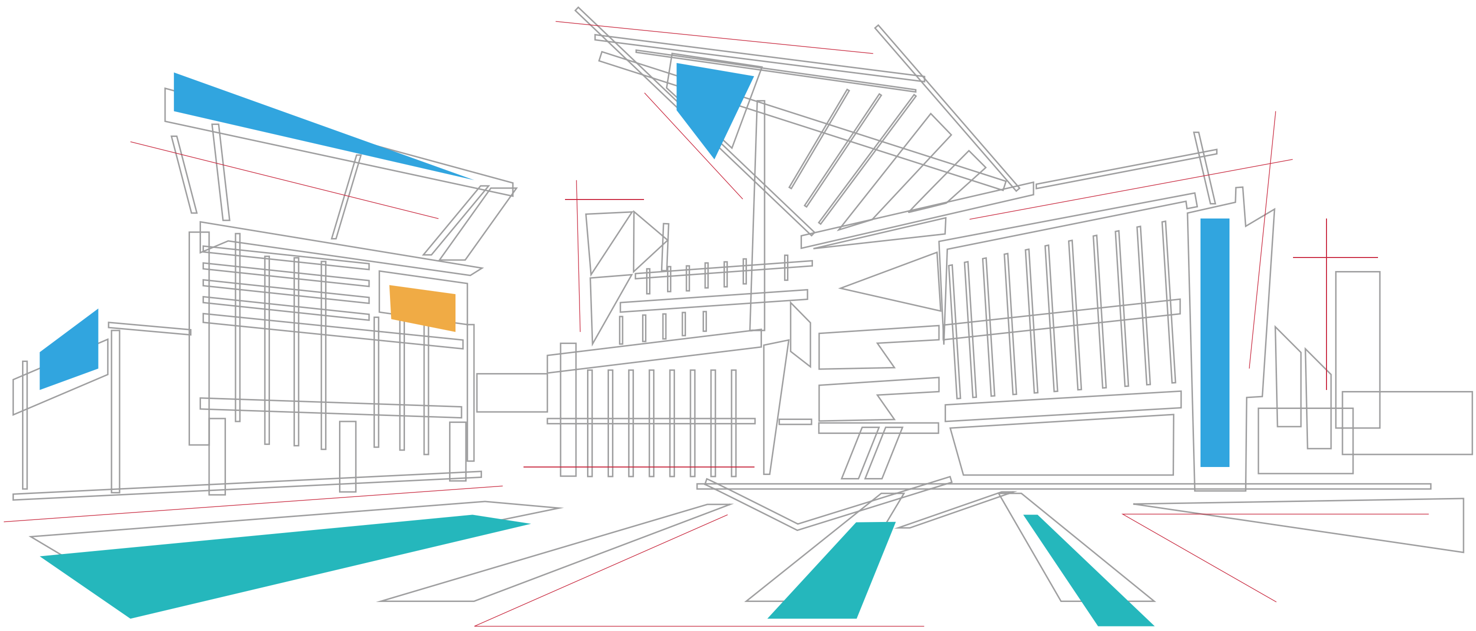
Recognition of Financial Capabilities and Optimization of Debt Structure

During the year under review, the Group continued to adhere to its prudent and solid debt and cash management. In March, Moody has upgraded the rating of the Company from B3 to B2 and bond rating from Caa1 to B3 and outlooks for the ratings are stable. This indicates the recognition of the operating execution capabilities, improvement of liquidity and steady increase of recurring income of the Group by an international credit rating agency.

The Group has successfully issued RMB1,500 million senior notes due 2017 with a nominal interest rate of 10.75% per annum in September, which is the largest issuance of RMB bonds by mainland developers with equivalent ratings. The notes received valid subscription of approximately RMB6,400 million and were over 4 times oversubscribed. The redemption of 13.75% USD200 million notes due 2015 was completed in October. All of the above had a positive and far reaching meaning to the improvement of debt structure of the Group and reduction of finance costs. As of 31 December 2014, cash at bank and cash equivalents and restricted cash of the Group increased by approximately 2.8% to RMB4,949 million as compared to the year end of 2013. Cash and cash equivalents and restricted cash over current borrowings rose from 1.1 to 1.2 since the end of last year, showing an improvement of liquidity.

Pragmatic Management and Enhancement of Brand

Facing the adjustment period of the industry, the Group strongly believed that products and service quality are the foundation of real estate enterprises and therefore is dedicated to implementing its strategy of refined products with continuous innovation and upgrade. Based on past experience, the Group has formulated standards for reviewing construction drawings, improved the process of positioning and optimized standard residential properties. At the same time, in response to market demand, products functions were upgraded to enhance customers' experience and a study on the segment and model of open commercial street in respect of the increase in area in use was conducted to satisfy the market demand with higher end and more fashionable products. The Group improved quality through cooperation with the world's leading design enterprises.



Chairman's Statement

Outlook

It is expected that the policy environment of the real estate market will be relatively relaxed in 2015. Although the market will undergo some long-term adjustment under the new norm, the Central government will continue to focus on maintaining a stable real estate market. Ongoing urbanization, unabated demand of consumers for improving housing quality and experiential commerce will remain the driving force of the sustainable and steady development of the real estate industry. Therefore, the Group has established the operating principle of "Reducing Inventories, Enhancing Efficiency, Becoming Benchmark, Creating Breakthroughs" in 2015 and by strengthening sales, continued to maintain its two-wheel-drive strategy to raise turnover and improve asset values in order to increase the liquidity of assets. The Group will continuously enhance commercial operating efficiency, further enhance the integrated operation capability of the Group and continuously strengthen its core business competitive edge. Also, by realizing smooth operation of Shanghai Qibao Powerlong City Plaza in 2015, the Company will strive to maintain and promote its position in the industry so as to strive for the best and long-term return for its shareholders.

According to the development of the real estate market, reducing inventories will be the main focus in 2015. The Group is confident in completing the goal of a further increase of sales that targets at achieving RMB13,000 million of contracted sales in 2015, representing a year-on-year increase of 22.1%. The Group will continue to build an efficient, prudent and innovating marketing team. The Group will implement innovative marketing strategies which focus on the Group's objective of commercial and office business. The Group is planning to establish a VIP department which focuses on promoting sales model involving VIPs, and set up a customer service center to improve customer tracking and customer care in order to build a comprehensive customer system. By continuing the enhancement of experimental marketing and introducing Internet and financial instruments, the Group will proactively expand cooperation opportunities with new media. Also, it will maintain its competitive edge through effective cost control.

2015 will be a milestone year for the Group's commercial operation. The Group will ensure smooth operation of Shanghai Qibao Powerlong City Plaza as it will be its core competitiveness of operating in first-tier cities. In addition to being a solid foundation for future benchmark projects, it is also a benchmark event which indicates the success of adopting the overall development strategy by relocating our headquarter from Xiamen to Shanghai in 2010. This will significantly promote the brand image. Meanwhile, the Group will systematically commence various projects with higher efficiency and ensure 6 shopping malls to commence operation smoothly during the year. Regarding its commercial operation, the Group will leverage its scale and competitive edge in commercial operation, and on the basis of further enhancement of standardization and systematization, it will complete the integration of three systems including operation, leasing processes and membership and the building of a comprehensive commercial management system in order to strengthen the commercial core competitiveness of the Group. In order to make e-commerce as one of the core business competitive edges of the Group and create a broader room for the future development of its business operation, the Group had developed market-oriented platform products without limitation to its own business operation concepts based on the experience of establishing the e-commerce operating platform independently in the previous two years.

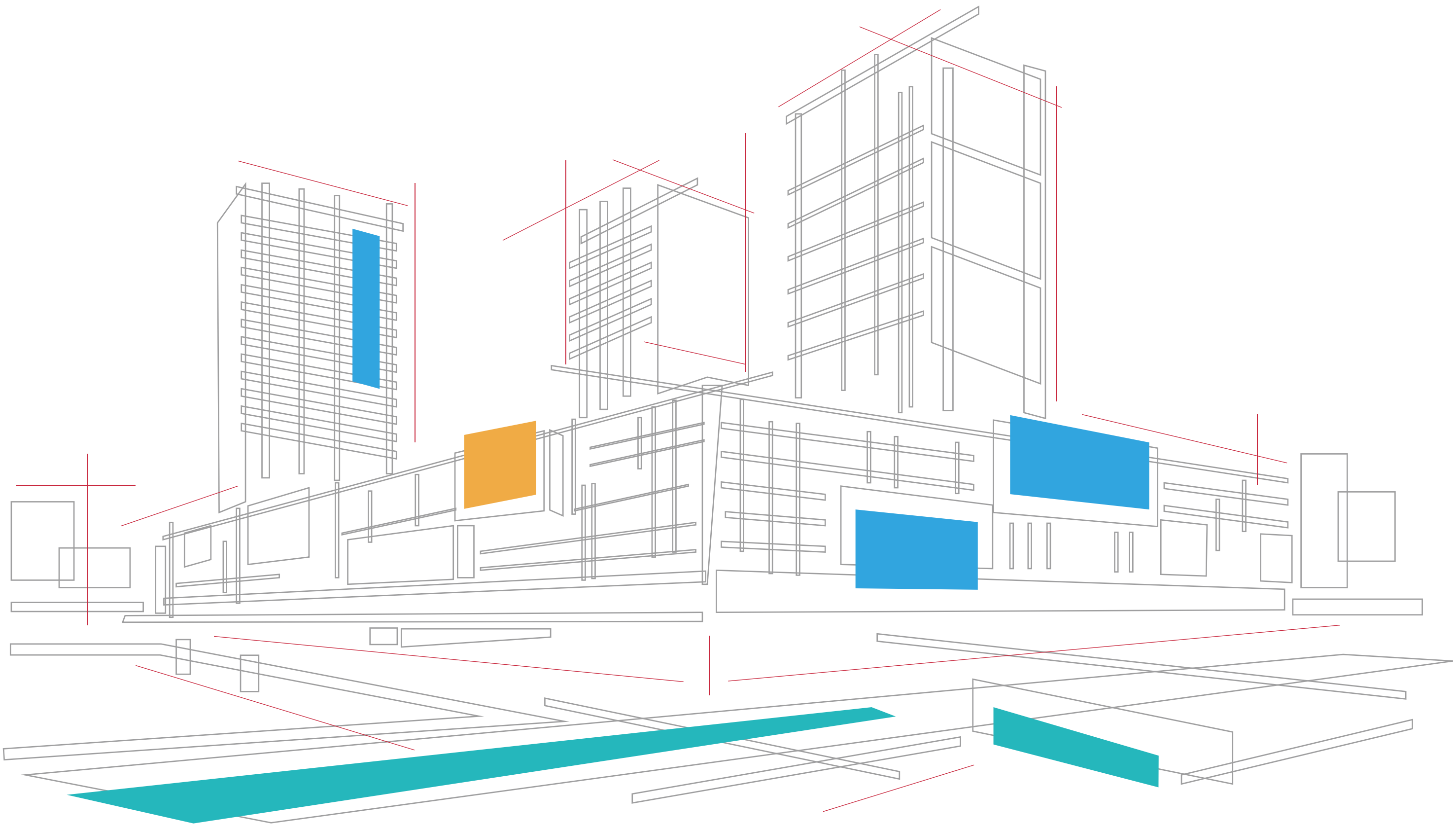
Facing the upcoming challenges in 2015, the Group will unswervingly continue its focus on quality and promote its strategy of refined products with rapid development and sound projects execution capabilities, cost control, facilitation of technology improvements in order to continue providing cost effective properties and lifestyle experience for a broad range of customers.

Appreciation

On behalf of the Board, I would like to express my sincere gratitude to the Group's investors, business partners and customers for their continuous support and trust. At the same time, I would also like to take this opportunity to thank my fellow members of the Board for their work of high performance, contributions and dedication of our staff. The Group will continue to uphold its tradition of "Creditability, Courtesy, Innovation, Enthusiasm", rely on an elite team with unified values, loyalty and commitment and persist our conviction and rise to challenges in order to create better returns for its customers, shareholders and investors and to create better values for the society.

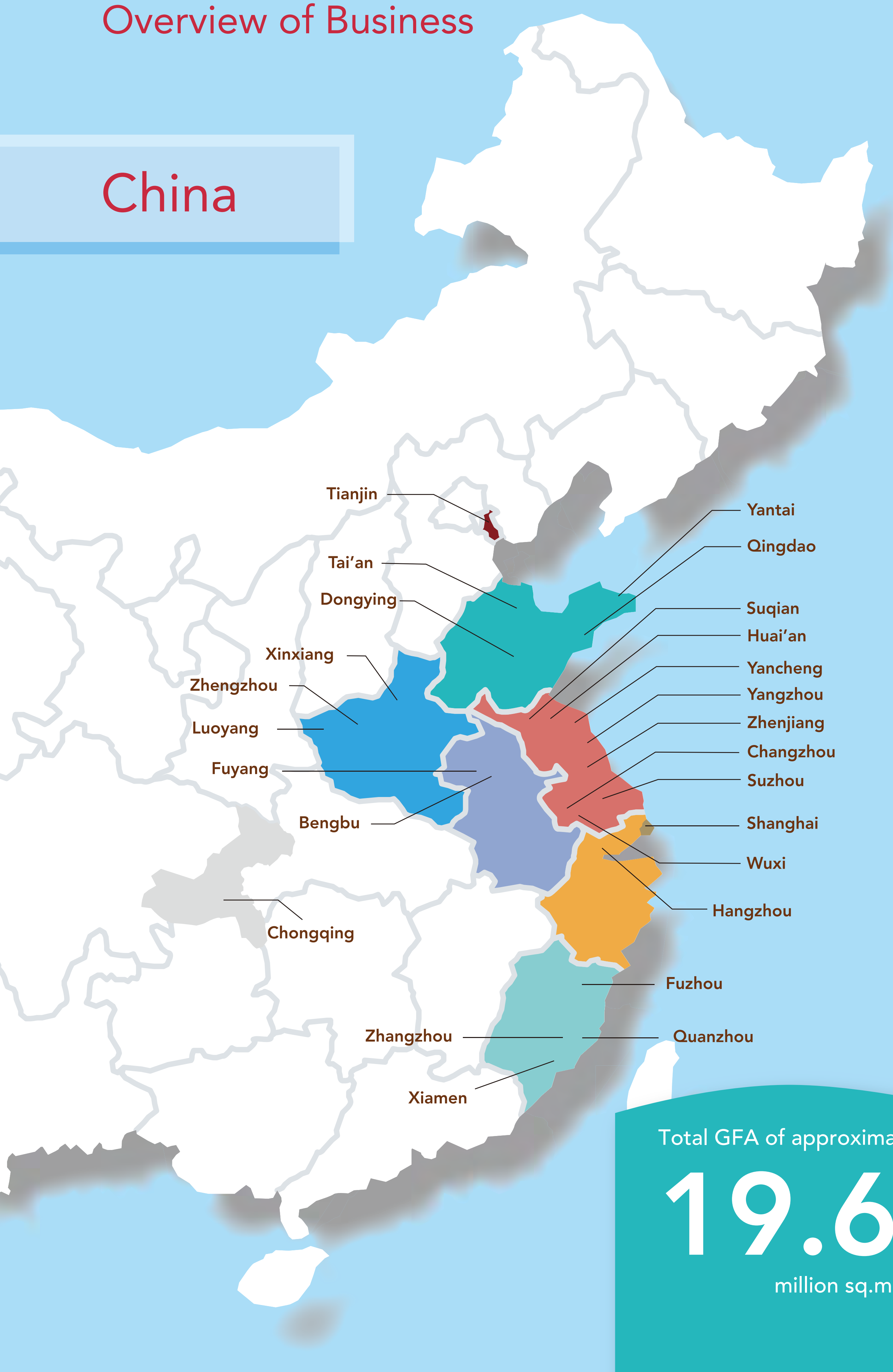
Hoi Kin Hong
Chairman

17 March 2015



Overview of Business

China



Total GFA of approximately

19.6

million sq.m.

Overview

Property Development

As at 31 December 2014, the Group had 49 property development projects which are at different phases of development. The Group currently has 14 fully completed projects, among which 4 of them are located in Fujian Province, 4 in Shandong Province, 3 in Jiangsu Province, 1 in Henan Province, 1 in Anhui Province and 1 in Shanghai Municipality. The Group had 35 projects under development or held for future development, among which 7 are located in Shanghai Municipality, 6 in Shandong Province, 6 in Jiangsu Province, 5 in Fujian Province, 4 in Zhejiang Province, 3 in Tianjin Municipality, 2 in Henan Province, 1 in Anhui Province and 1 in Chongqing Municipality.

Property Investment

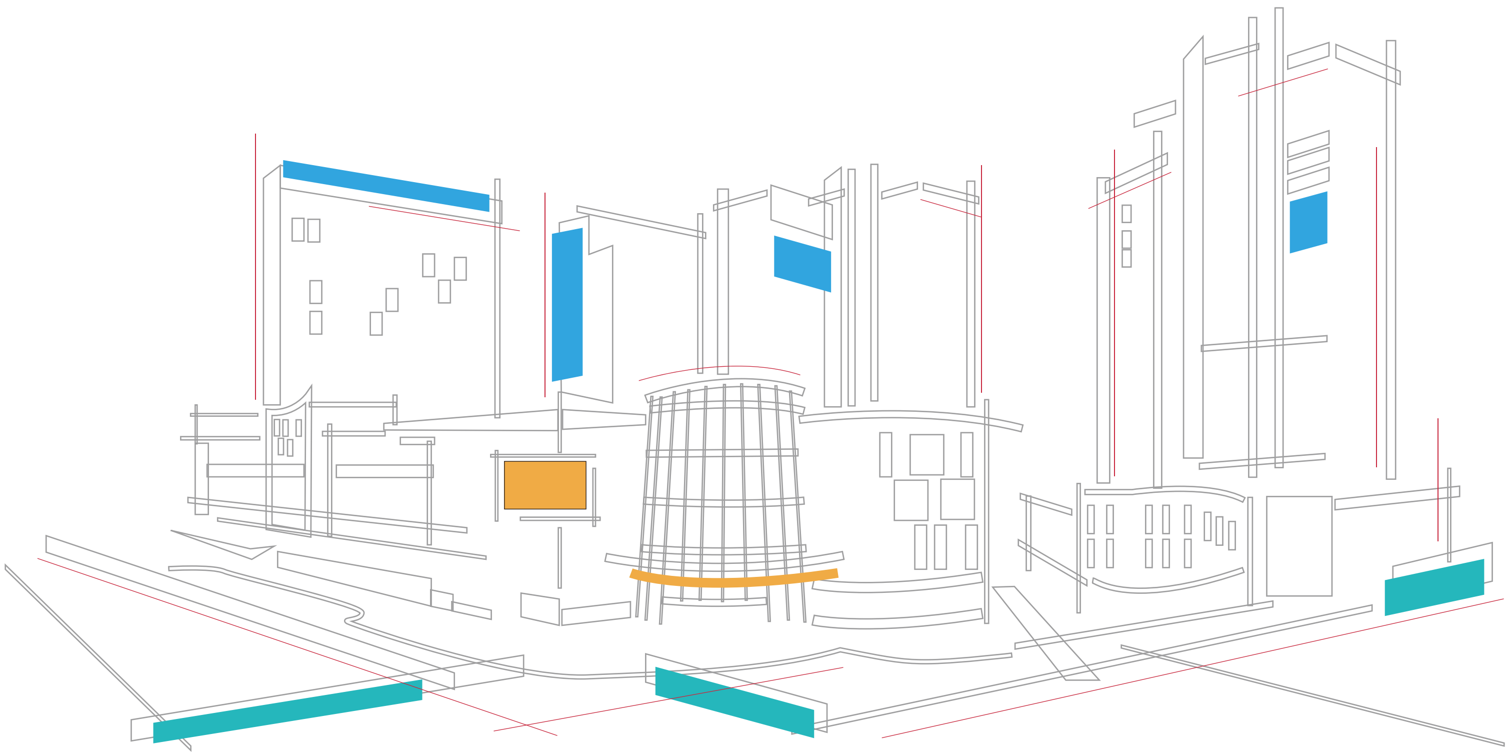
As at 31 December 2014, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 2,832,095 square meters. These shopping malls are mainly located at Shanghai Municipality, Wuxi, Suqian and Yancheng in Jiangsu Province, Fuzhou, Jinjiang and Anxi in Fujian Province, Tai'an, Qingdao (including Chengyang, Licang and Jimo) in Shandong Province, Zhengzhou, Luoyang and Xinxiang in Henan Province, and Bengbu in Anhui Province.

Property Management

The Company provides after-sales property management services to the households of each project developed by the Group through its wholly-owned property management subsidiaries. Such services include maintenance of public utilities, cleaning of public area, gardening and landscaping, and other customer services.

Hotel Development

The Group continued to develop its hotel business as its long-term recurring income stream. As at 31 December 2014, the Group owned 6 operating hotels, namely, Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an, Four Points by Sheraton Taicang, Aloft Haiyang, Days Inn Powerlong Qingdao and Aloft Yancheng. Among which, Starwood Hotels has been engaged as the operator of 5 hotels.



Overview of Business

GFA (as at 31 December 2014)

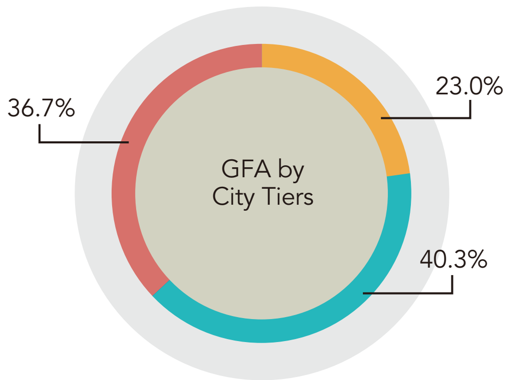
As at 31 December 2014, the development status of the property projects of the Group was as follows:

Province and municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
Shanghai Municipality	Shanghai Qibao Powerlong City Plaza	Commercial	391	–	391	–
	Shanghai Hongqiao Powerlong City	Commercial/Residential	300	45	255	–
	Shanghai Jiading Powerlong City Plaza	Commercial	195	–	195	–
	Shanghai Fengxian Powerlong City Plaza	Commercial	179	–	179	–
	Shanghai Baoshan Powerlong City Plaza	Commercial	36	–	36	–
	Shanghai Caolu Powerlong City Plaza	Commercial	170	170	–	–
	Shanghai Lingang Powerlong City Plaza	Commercial	88	–	88	–
	Shanghai QingPu Powerlong City Plaza	Commercial	347	–	151	196
Sub-total			1,706	215	1,295	196
Jiangsu Province	Suqian Powerlong City Plaza	Commercial/Residential	486	486	–	–
	Changzhou Powerlong City Plaza	Commercial/Residential	1,054	247	387	420
	Yangzhou Powerlong Golden Wheel Plaza	Commercial/Residential	235	–	235	–
	Wuxi Powerlong City Plaza	Commercial/Residential	287	287	–	–
	Wuxi Yuqi Powerlong Riverside Garden	Commercial/Residential	350	224	80	46
	Zhenjiang Powerlong City Plaza	Commercial/Residential	364	34	287	43
	Huai'an Powerlong City Plaza	Commercial	153	–	32	121
	Yancheng Powerlong City Plaza	Commercial/Residential	495	495	–	–
	Suzhou Taicang Powerlong City Plaza	Commercial/Residential	288	266	–	22
Sub-total			3,712	2,039	1,021	652
Zhejiang Province	Hangzhou Fuyang Powerlong City Plaza	Commercial/Residential	193	–	193	–
	Hangzhou Xiasha Powerlong City Plaza	Commercial/Residential	354	226	128	–
	Hangzhou Binjiang International Center	Commercial	277	–	47	230
	Hangzhou Xiaoshan Powerlong City Plaza	Commercial	223	–	223	–
Sub-total			1,047	226	591	230
Anhui Province	Fuyang Powerlong City Plaza	Commercial/Residential	751	–	751	–
	Bengbu Powerlong City Plaza	Commercial/Residential	499	499	–	–
Sub-total			1,250	499	751	–
Tianjin Municipality	Tianjin Yujiapu Powerlong International Center	Commercial/Residential	359	–	359	–
	Tianjin North Green Area	Commercial	110	–	–	110
	Tianjin Powerlong City	Commercial/Residential	683	–	112	571
Sub-total			1,152	–	471	681
Shandong Province	Dongying Powerlong City Plaza	Commercial/Residential	522	–	233	289
	Qingdao Jimo Powerlong City Plaza	Commercial/Residential	618	618	–	–
	Tai'an Powerlong City Plaza	Commercial/Residential	283	283	–	–
	Yantai Haiyang Powerlong City	Commercial/Residential	879	114	26	739
	Yantai Laishan Powerlong City Plaza	Commercial/Residential	172	–	172	–
	Yantai Penglai Powerlong Marine Immortal Street	Commercial/Residential	353	–	56	297
	Qingdao Jiaozhou Powerlong City Plaza	Commercial/Residential	335	–	335	–
	Qingdao Jiaozhou Powerlong City	Commercial/Residential	377	–	377	–
	Qingdao Chengyang Powerlong City Plaza	Commercial/Residential	707	707	–	–
	Qingdao Licang Powerlong City Plaza	Commercial/Residential	369	369	–	–
Sub-total			4,615	2,091	1,199	1,325
Henan Province	Xinxiang Powerlong City Plaza	Commercial/Residential	1,289	486	288	515
	Luoyang Powerlong City Plaza	Commercial/Residential	1,369	870	269	230
	Zhengzhou Powerlong City Plaza	Commercial	252	252	–	–
Sub-total			2,910	1,608	557	745

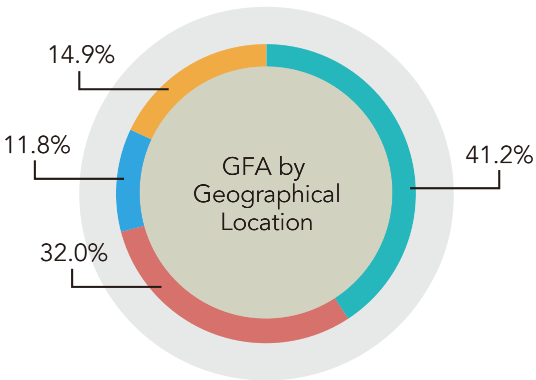
Province and municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
Chongqing Municipality	Chongqing Hechuan Powerlong City Plaza	Commercial/Residential	637	221	371	45
Sub-total			637	221	371	45
Fujian Province	Xiamen Powerlong One Mall	Commercial	383	–	383	–
	Xiamen Powerlong Lakeside Mansions	Commercial/Residential	78	78	–	–
	Quanzhou Anxi Powerlong City Plaza	Commercial/Residential	332	291	41	–
	Jinjiang Powerlong City Plaza	Commercial/Residential	818	395	210	213
	Quanzhou Yongchun Powerlong City Plaza	Commercial/Residential	398	–	171	227
	Quanzhou Anhai Powerlong Haoyuan	Residential	54	54	–	–
	Quanzhou Jinjiang Powerlong Golden Jiayuan	Residential	144	144	–	–
	Zhangzhou Yunxiao Powerlong Project	Commercial/Residential	111	–	111	–
	Fuzhou Powerlong City Plaza	Commercial	218	218	–	–
Sub-total			2,536	1,180	916	440
Total			19,565	8,079	7,172	4,314

Note: GFA is subject to change with planning adjustment. Final survey results shall prevail.

Land Bank for Development (as at 31 December 2014)[Note]



City Tiers	GFA '000 square meters	Percentage %
First-Tier City	2,644	23.0
Second-Tier City	4,632	40.3
Third/Fourth-Tier City	4,210	36.7
Total	**11,486**	**100**



Geographical Location	GFA '000 square meters	Percentage %
Yangtze River Delta	4,737	41.2
Bohai Rim	3,676	32.0
West Strait Economic Zone	1,356	11.8
Central and Western Region	1,717	14.9
Total	**11,486**	**100**

Note: In addition to land bank for development (including land bank under development and held for future development), the Group owned investment properties in operation of approximately 1.7 million square meters, which adds up to a total GFA of land bank of approximately 13.2 million squares meters as at 31 December 2014.

Overview of Business

Shopping Malls in Operation

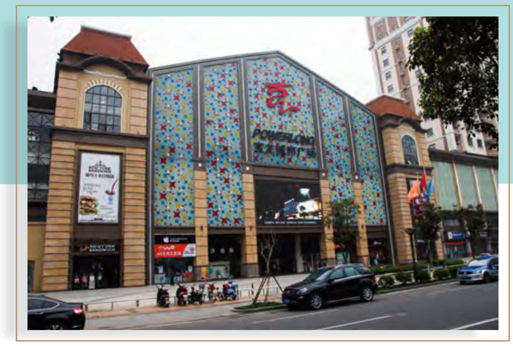
SHANGHAI

SHANGHAI CAOLU POWERLONG CITY PLAZA

SHANGHAI CAOLU
Powerlong City Plaza

Opening Date:
December 2013

Operating Area:
Approximately 32,000 square meters Note



JIANGSU PROVINCE

WUXI POWERLONG CITY PLAZA

YANCHENG
Powerlong City Plaza

Opening Date:
September 2011

Operating Area:
Approximately 135,000 square meters Note

SUQIAN
Powerlong City Plaza

Opening Date:
September 2011

Operating Area:
Approximately 121,000 square meters Note

WUXI
Powerlong City Plaza

Opening Date:
October 2010

Operating Area:
Approximately 100,000 square meters Note

Note: Underground parking spaces excluded.

FUJIAN PROVINCE

JINJIANG POWERLONG CITY PLAZA

JINJIANG
Powerlong City Plaza

Opening Date:
December 2013

Operating Area:
Approximately 99,000 square meters Note

QUANZHOU ANXI
Powerlong City Plaza

Opening Date:
December 2011

Operating Area:
Approximately 55,000 square meters Note

FUZHOU
Powerlong City Plaza

Opening Date:
April 2007

Operating Area:
Approximately 95,000 square meters Note

ZHEJIANG PROVINCE

HANGZHOU XIASHA POWERLONG CITY PLAZA

HANGZHOU XIASHA
Powerlong City Plaza

Opening Date:
November 2014

Operating Area:
31,000 square meters Note

Note: Underground parking spaces excluded.

Overview of Business

Shopping Malls in Operation

HENAN PROVINCE

XINXIANG POWERLONG CITY PLAZA

XINXIANG
Powerlong City Plaza

Opening Date:
September 2012

Operating Area:
Approximately 90,000 square meters [Note]

LUOYANG
Powerlong City Plaza

Opening Date:
December 2011

Operating Area:
Approximately 133,000 square meters [Note]

ZHENGZHOU
Powerlong City Plaza

Opening Date:
December 2009

Operating Area:
Approximately 108,000 square meters [Note]

TIANJIN

TIANJIN YUJIAPU POWERLONG INTERNATIONAL CENTER

TIANJIN YUJIAPU
Powerlong International Center

Opening Date:
December 2014

Operating Area:
49,000 square meters [Note]

Note: Underground parking spaces excluded.

SHANDONG PROVINCE

QINGDAO JIAOZHOU POWERLONG CITY PLAZA

QINGDAO JIAOZHOU
Powerlong City Plaza

Opening Date:
February 2015

Operating Area:
Approximately
68,000 square meters Note

TAI'AN
Powerlong City Plaza

Re-opening Date:
September 2012

Operating Area:
Approximately
51,000 square meters Note

QINGDAO JIMO
Powerlong City Plaza

Opening Date:
December 2011

Operating Area:
Approximately
122,000 square meters Note

QINGDAO LICANG POWERLONG CITY PLAZA

QINGDAO LICANG
Powerlong City Plaza

Opening Date:
December 2011

Operating Area:
Approximately
111,000 square meters Note

QINGDAO CHENGYANG
Powerlong City Plaza

Opening Date:
October 2009

Operating Area:
Approximately
232,000 square meters Note

Note: Underground parking spaces excluded.

Overview of Business

Shopping Malls in Operation

ANHUI PROVINCE

BENGBU POWERLONG CITY PLAZA

BENGBU
Powerlong City Plaza

Opening Date:
December 2009

Operating Area:
Approximately 196,000 square meters [Note]

CHONGQING

CHONGQING HECHUAN POWERLONG CITY PLAZA

CHONGQING HECHUAN
Powerlong City Plaza

Opening Date:
December 2014

Operating Area:
Approximately 69,000 square meters [Note]

Note: Underground parking spaces excluded.

Hotels

SHANDONG PROVINCE

FOUR POINTS BY SHERATON QINGDAO

DAYS INN POWERLONG QINGDAO

Opening Date:
January 2012

Number of Rooms (Suites):
170

Address:
No.689 Qingshan Road,
Licang District,
Qingdao,
Shandong Province,
China

ALOFT HAIYANG

Opening Date:
July 2011

Number of Rooms (Suites):
145

Address:
Powerlong Town,
West Haibin Road,
Haiyang,
Shandong Province,
China

FOUR POINTS BY SHERATON QINGDAO

Opening Date:
February 2011

Number of Rooms (Suites):
303

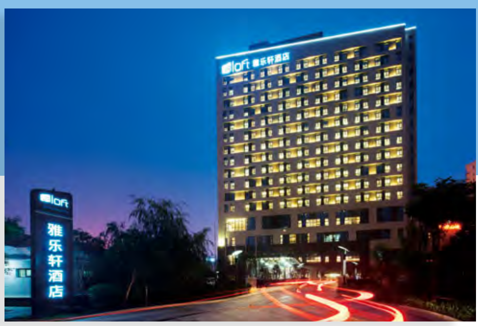
Address:
No.271 Wenyang Road,
Chengyang District,
Qingdao,
Shandong Province,
China

FOUR POINTS BY SHERATON TAI'AN

Opening Date:
December 2010

Number of Rooms (Suites):
300

Address:
No.888 East Huanshan Road,
Taishan District, Tai'an,
Shandong Province,
China



JIANGSU PROVINCE

ALOFT YANCHENG

ALOFT YANCHENG

Opening Date:
December 2013

Number of Rooms (Suites):
299

Address:
No.99 South Yingbin Road,
Tinghu District, Yancheng
China

FOUR POINTS BY SHERATON TAICANG, SUZHOU

Opening Date:
July 2010

Number of Rooms (Suites):
446

Address:
No.288 East Shanghai Road,
Taicang, Suzhou,
Jiangsu Province,
China

Management Discussion and Analysis

HOI Wa Fong
CEO

Business Review

For the year ended 31 December 2014, the Group conducted its business activities in the following major business segments, namely (i) property development, (ii) property investment, (iii) property management services, and (iv) other property development related services. During the year under review, property development remained the major revenue stream of the Group.

Property Development

For the year ended 31 December 2014, the contracted sales of the Group reached approximately RMB10,648 million (2013: RMB9,373 million), representing an increase of approximately 13.6% as compared with the corresponding period in 2013. In 2014, the contracted sales area of the Group amounted to approximately 1,208,555 square meters (2013: 988,384 square meters), representing a year-on-year increase of approximately 22.3% over 2013.

Leveraging on its experienced management team, the Group was able to identify the market trend and thereby adjusted its sales strategy flexibly so as to actively address and respond to market downturn. The diversified and innovative marketing modes allowed the Group to realize the contracted sales of over RMB10,000 million. During the year under review, the key contributing projects were located in Henan Luoyang, Shanghai, Zhejiang Hangzhou, Tianjin, Shandong Jiaozhou and Henan Xinxiang.

Set forth below is the distribution of contracted sales during the year under review:

	FY 2014		
Distribution	**Sales area** sq.m.	**Sales amount** RMB'000	**Average selling price** RMB/sq.m.
Commercial	455,499	5,660,606	12,427
Residential	753,056	4,987,737	6,623
Total	1,208,555	10,648,343	8,811

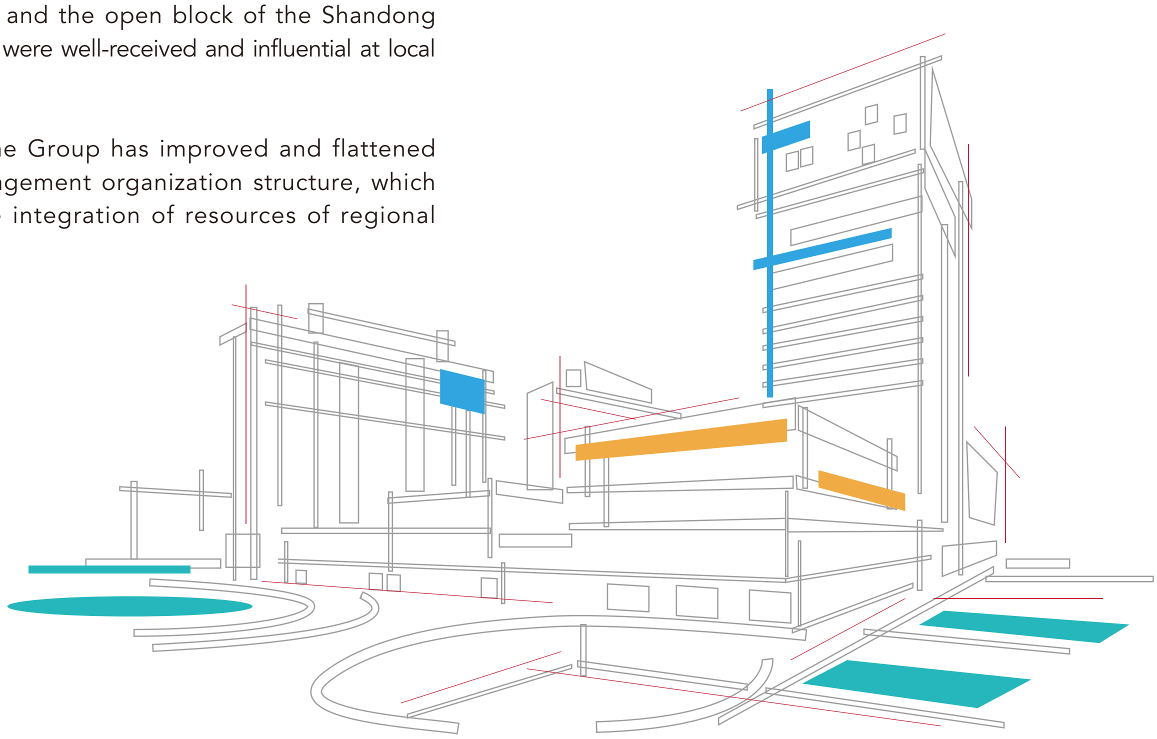
During the year under review, the Group has improved the process of positioning, formulated standards for reviewing construction drawings and optimized standard properties. Product functions were designed to enhance customers' experience while auxiliary facilities were also emphasized. Product quality was improved through cooperation with the world's leading design enterprises.

Benefiting from the optimization of quality inspection and accountability system, the Group's product quality continued to improve. The three-points-one-line demonstration area of the three benchmark projects, namely, Shanghai Qibao Powerlong City Plaza, Hangzhou Binjiang Powerlong City Plaza and Xiamen Powerlong One Mall, the external elevations and views of the Tianjin Binhai Project and the open block of the Shandong Penglai Project were well-received and influential at local markets.

Meanwhile, the Group has improved and flattened regional management organization structure, which promoted the integration of resources of regional companies. The actual benefits were further emphasized and attention was also paid to the enhancement of per capita efficiency.

Investment Properties and Property Management Services

To generate a stable recurring income, the Group also retained and operated certain commercial properties, mainly shopping malls, for leasing. As at 31 December 2014, the Group had an aggregate GFA of approximately 2,832,095 square meters (2013: 1,790,566 square meters) held as investment properties (including investment properties completed and under construction), representing an increase of approximately 58.2% as compared with 2013.



As at the date of this annual report, the 4 property projects, namely Hangzhou Xiasha Powerlong City Plaza, Tianjin Yujiapu Powerlong International Center, Chongqing Hechuan Powerlong City Plaza and Qingdao Jiaozhou Powerlong City Plaza, which are operated by the Group, commenced operation successively. Among which, customer traffic of Hangzhou Xiasha Powerlong City Plaza exceeded 150,000 on its opening day, while Chongqing Hechuan Powerlong City Plaza achieved an occupancy rate of 97% and a customer traffic of over 180,000 on its opening day and recorded a customer traffic of 500,000 within 3 days of its opening.

During the year under review, the Group has adopted the below measures to strengthen its core competitive edge in terms of business operation and property management:

1. Schedule management and standardization has been vigorously promoted and control system has been improved so as to finish the preliminary creation of the operating system and deploy the cashier register data system and the membership system, with an aim of achieving an integrated, centralized and real-time data management by linking data with O2O.

2. The consolidation of asset management has been accelerated. Since the introduction of the concept of asset management in 2013, the Group has been implementing an overall management to its business operation. As of 31 December 2014, the scope of management has already extended to all projects in operation and under construction, in order to achieve the operating objectives of increasing its asset values and adjust the formats of projects in operation as well as plan the future leasing of projects under construction.

3. The e-commerce platform has been upgraded and expanded. The Group launched the 2.0 version of "Powerlong Plazas Online" in 2014. It was strategically expanded to 5 Powerlong City Plazas in Fujian Fuzhou and Jinjiang, Shanghai Caolu, Henan Xinxiang and Henan Luoyang and formed a strategic layout which integrates online and physical malls. It is supported by regional delivery services and payment facilities. It has accumulated over 1.5 million active users within the year while the average number of monthly active WIFI users increased by approximately 30%.

Hotel Development

The Group continued to develop its hotel business as its long-term recurring income stream. As of 31 December 2014, the Group owned 3 operating star-rated hotels and 3 operating mid-end hotels, namely Four Points by Sheraton Qingdao, Four Points by Sheraton Tai'an, Four Points by Sheraton Taicang, Aloft Haiyang, Days Inn Powerlong Qingdao and Aloft Yancheng.

The Group entered into the cooperation agreement with the world renowned Starwood Asia Pacific Hotels & Resorts Pte Ltd., Inc. for selecting Xiamen Powerlong One Mall as the location of W Hotel in October 2014. W Hotel is an international modern luxury lifestyle brand which currently has only in aggregate 8 hotels in operation and under planning in China. It is also the first high-end luxury hotel of the Group's nationwide coverage.

Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own development pipeline for the forthcoming 3 to 5 years. The Group will adhere to the development strategy of "Focus on Shanghai and Intensive Development in Yangtze River Delta", refine planning and selectively obtain projects.

As at 31 December 2014, the Group had a quality land bank amounting to a total GFA of approximately 13.2 million square meters, of which approximately 7.2 million square meters were properties under development, approximately 4.3 million square meters were properties held for future development and approximately 1.7 million square meters were investment properties in operation. The land bank for development will be used for the development of large-scale commercial and residential properties with supermarkets, department stores, cinema complexes, food courts, leisure facilities, quality residential properties, furnished apartments, office buildings and hotels.

During the year under review, the Group upheld cautious and stringent standards on land investment decision, and the following prime land parcels were added to the Group's land bank in 2014:

Name of project	Usage	Site area '000 sq.m.	Total GFA* '000 sq.m.	Land premium RMB million
Shanghai QingPu Powerlong City Plaza	Commercial	64	347	804
Shanghai Lingang Powerlong City Plaza	Commercial	32	88	170
Shanghai Baoshan Powerlong City Plaza	Commercial	14	36	124
Jiangsu Yangzhou Powerlong City Plaza**	Commercial, Residential	61	235	292
Shandong Dongying Powerlong City Plaza	Commercial, Residential	139	522	328
Fujian Quanzhou Yongchun Powerlong City Plaza	Commercial, Residential	125	398	276
Anhui Fuyang Powerlong City Plaza**	Commercial, Residential	170	751	601
Shandong Yantai Laishan Powerlong City Plaza	Commercial, Residential	34	172	133
Total		639	2,549	2,728

* Total GFA includes underground car parking spaces

** These projects are accounted as joint ventures

Financial Review

Revenue

Revenue of the Group mainly comprises property sales, rental income from investment properties, income from property management services and income of other property development related services. During the year ended 31 December 2014, the Group recorded a total revenue of RMB9,663 million (2013: RMB7,257 million), representing an increase of approximately 33.1% when compared to 2013. This was mainly attributable to increase in income from each business segment.

Property Sales

During the year under review, the Group strictly complied with its original completion and delivery schedule for the delivery of the corresponding projects. The revenue from projects sold and delivered for the year ended 31 December 2014 amounted to approximately RMB8,265 million (2013: RMB6,244 million), representing an increase of approximately 32.4% when compared with the corresponding period in 2013. This was mainly attributable to the increase in unit price of sales of properties.

Management Discussion and Analysis

Set forth below are the details regarding the properties sold and delivered during the year under review:

		FY 2014		
		GFA sold & delivered sq.m.	Amount delivered RMB'000	Average selling price RMB/sq.m.
Suzhou Taicang Powerlong City Plaza	Commercial	948	6,615	6,975
Bengbu Powerlong City Plaza	Commercial	190	2,480	13,052
	Residential	365	1,221	3,346
Luoyang Powerlong City Plaza	Commercial	15,619	267,668	17,137
	Residential	109	356	3,273
Wuxi Yuqi Powerlong Riverside Garden	Commercial	221	544	2,465
	Residential	1,028	4,355	4,237
Suqian Powerlong City Plaza	Commercial	308	2,231	7,244
Qingdao Licang Powerlong City Plaza	Commercial	346	3,567	10,309
Xinxiang Powerlong City Plaza	Commercial	68,439	353,143	5,160
	Residential	1,506	5,306	3,523
Changzhou Powerlong City Plaza	Commercial	16,251	121,281	7,463
	Residential	220	1,321	5,995
Qingdao Jimo Powerlong City Plaza	Commercial	81,042	610,873	7,538
	Residential	16,049	79,403	4,948
Quanzhou Anxi Powerlong City Plaza	Commercial	45	356	7,984
	Residential	4,542	12,959	2,853
Chongqing Hechuan Powerlong City Plaza	Commercial	18,921	174,093	9,201
	Residential	62,365	285,547	4,579
Xiamen Powerlong Lakeside Mansions	Commercial	8,196	146,970	17,932
	Residential	33,337	1,024,090	30,719
Jinjiang Powerlong City Plaza	Commercial	29,480	168,035	5,700
	Residential	81,949	629,082	7,677
Hangzhou Xiasha Powerlong City Plaza	Commercial	48,976	942,157	19,237
	Residential	32,640	469,016	14,369
Shanghai Caolu Powerlong City Plaza	Commercial	26,424	548,977	20,776
Shanghai Hongqiao Powerlong City	Residential	105,285	1,624,164	15,426
Zhenjiang Powerlong City Plaza	Commercial	2,951	42,126	14,274
Penglai Powerlong Marine Immortal Street	Commercial	16,425	175,356	10,676
Zhangzhou Yunxiao Powerlong Project	Commercial	55	1,186	21,500
	Residential	33,137	168,236	5,077
Qingdao Jiaozhou Powerlong City Plaza	Commercial	12,219	193,346	15,823
	Residential	32,772	199,129	6,076
Total		752,359	8,265,185	10,986
	Commercial	347,056	3,761,006	10,837
	Residential	405,303	4,504,179	11,113

Rental Income from Investment Properties and Income from Property Management Services

For the year ended 31 December 2014, the Group recorded rental income from investment properties of approximately RMB445 million (2013: RMB349 million), representing an increase of approximately 27.5% when compared to the amount in 2013.

For the year ended 31 December 2014, income from property management services generated by the Group from providing property management services, after intra-group elimination, amounted to approximately RMB468 million (2013: RMB352 million), representing an increase of approximately 33.0% as compared to the amount in 2013.

For the year ended 31 December 2014, rental income from investment properties and income from property management services fee amounted to RMB912 million (2013: RMB701 million), representing an increase of approximately 30.1% as compared to the amount in 2013. In addition to the increasing areas of properties held and commercial and residential properties managed by the Group, rental income generated from malls operated by the Group increased as the continuous enhancement of quality in commercial operation, thereby attracting a number of new tenants.

Income of Other Property Development Related Services

Income of other property development related services mainly comprises income from hotel operation, income from department stores retail sales and revenue from amusement businesses, construction and decoration services. For the year ended 31 December 2014, the Group's other income amounted to RMB486 million (2013: RMB312 million), representing an increase of approximately 55.8% as compared to the amount in 2013. The reason was mainly due to the increase in income from hotel operation and income from ancillary services.

Cost of Sales

Cost of sales mainly represents the cost directly related to the development of the Group's properties. It comprises cost of land use rights, construction costs, decoration costs, capitalized interest expenses and business taxes. Cost of sales for the year ended 31 December 2014 increased by approximately 32.2% to approximately RMB6,880 million (2013: RMB5,202 million) as compared with 2013, which mainly due to the increase of unit cost as the properties sold and delivered during the year were mainly located in the first- and second-tier cities.

Gross Profit and Margin

For the year ended 31 December 2014, gross profit increased to RMB2,783 million (2013: RMB2,055 million) as compared with 2013. Gross profit margin slightly increased from 28.3% in 2013 to 28.8% in 2014.

Fair Value Gains of Investment Properties

For the year ended 31 December 2014, the Group recorded revaluation gains of approximately RMB599 million (2013: RMB531 million), representing an increase of 12.8% over the amount in 2013. The revaluation gains were mainly due to the increase of properties under construction.

Selling and Marketing Costs and Administrative Expenses

Selling and marketing costs and administrative expenses for the year ended 31 December 2014 amounted to approximately RMB1,072 million (2013: RMB824 million), representing an increase of approximately 30.1% over 2013, which was mainly due to the Group's business expansion, which in turn caused the expansion in scale of sales and management projects. However, the Group will still continue to exercise stringent control over all expenses.

Share of (Loss)/Profit of Investments Accounted for Using the Equity Method

Share of post-tax loss of investments accounted for using the equity method amounted to RMB0.7 million (2013: profit amounted to RMB108 million), representing a decrease of approximately 100.6% as compared with 2013. The decrease was mainly due to an increase in preliminary expenses of the new joint ventures.

Income Tax Expense

Income tax expense amounted to RMB651 million (2013: RMB663 million) for the year ended 31 December 2014, decreased by approximately 1.8% as compared with 2013, primarily due to the decrease of PRC land appreciation tax.

Profit Attributable to Owners of the Company

For the year ended 31 December 2014, the Group recorded profit attributable to owners of the Company of approximately RMB1,371 million (2013: RMB1,404 million), representing a decrease of approximately 2.4% over 2013.

Basic earnings per share was RMB34.56 cents (2013: RMB35.00 cents), representing a decrease of approximately 1.3% over 2013. The decrease in the profit attributable to owners of the Company and basic earnings per share was mainly due to an increase in profit attributable to non-controlling shareholders during the year.

Core profits (being the profit for the year after excluding the profit attributable to fair value gains on investment properties) for the year ended 31 December 2014 reached approximately RMB1,058 million (2013: RMB1,002 million), representing an increase of approximately 5.6% as compared with the amount in 2013.

Liquidity and Financial Resources

Cash Position

The short-term and long-term funding of the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of senior notes, which were used as working capital and investment in development projects.

The Group's cash and cash equivalents and restricted cash amounted to RMB4,949 million in total as at 31 December 2014 (2013: RMB4,813 million), representing an increase of approximately 2.8% as compared with the end of 2013. Cash and cash equivalents and restricted cash over current borrowings rose from 1.1 to 1.2 since 2013.

Borrowings

Total borrowings of the Group as at 31 December 2014 was RMB18,585 million (2013: RMB16,430 million). It comprises bank and other borrowings and borrowings under finance lease agreement of approximately RMB14,714 million and senior notes of approximately RMB3,871 million.

Out of the total borrowings, RMB4,291 million was repayable within one year, while approximately RMB14,294 million was repayable after one year.

On 18 September 2014, the Company issued senior notes denominated in RMB at 99.375% discount in an aggregate amount of RMB1,500 million, with a nominal interest rate of 10.75% per annum and maturity date of 18 September 2017.

As at 31 December 2014, the Group had net gearing ratio (which is total borrowings less cash and cash equivalents and restricted cash over total equity) of 66.2% (31 December 2013: 65.8%).

Total interest expenses as at 31 December 2014 amounted to RMB1,624 million, representing an increase of approximately 16.3% as compared to RMB1,396 million in 2013. The increase was mainly due to the increase of total borrowings. The effective interest rate decreased from 9.0% for 2013 to 8.05% for 2014, which was mainly due to the control over finance costs by the management.

Credit Policy

Trade receivables mainly arose from sales and lease of properties. Receivables in respect of sales and lease of properties are settled in accordance with the terms stipulated in the sale and purchase agreements or lease agreements.

Pledge of Assets

As at 31 December 2014, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of RMB29,332 million (2013: RMB23,695 million) to secure borrowings of the Group. The total secured borrowings as at 31 December 2014 amounted to RMB14,640 million (2013: RMB11,191 million).

Financial Guarantees

The face value of the financial guarantees issued by the Group is analysed as below:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**6,462,924**	4,711,027
Guarantees for borrowings of joint ventures	**1,670,730**	993,880
	8,133,654	5,704,907

Commitments

(1) Commitments for property development expenditures

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Contracted but not provided for		
– Property development activities	**6,261,982**	4,471,549
– Acquisition of land use rights	**41,461**	3,031,035
	6,303,443	7,502,584

(2) Operating leases commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Not later than one year	**15,887**	11,957
Later than one year and not later than two years	**1,862**	10,719
Later than two years and not later than three years	**191**	–
	17,940	22,676

Foreign Currency Risk

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk.

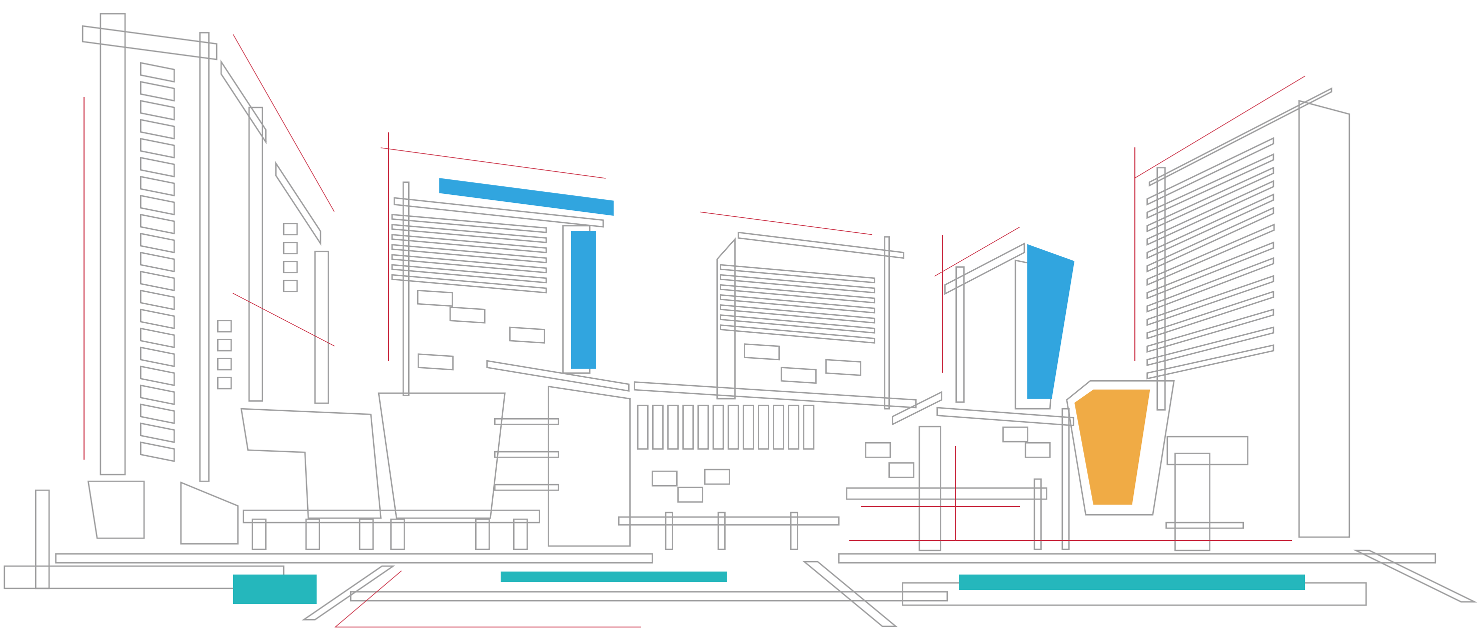
Material Acquisition and Disposal

For the year ended 31 December 2014, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

Employees and Emolument Policy

For the year ended 31 December 2014, the Group employed a total of 7,150 full-time employees (2013: 5,979 employees). The total staff costs of the Group for the year under review was RMB638.7 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the pay level in the industry. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

The Group has also adopted a share option scheme (the "Share Option Scheme") and a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants, including the Directors, and full-time or part-time employees, executives or officers of the Group who had contributed to the success of the Group's operations. Further, the Company also adopted a share award scheme (the "Share Award Scheme") to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain them for the continuous operation and development of the Group. Further information in relation to the Share Option Scheme, Pre-IPO Share Option Scheme and Share Award Scheme are set out on pages 49 to 51, pages 51 to 53 and page 54 of this annual report, respectively.



Directors and Senior Management

Executive Directors

HOI Kin Hong, aged 63, is an executive Director and the Chairman of the Board. He is primarily responsible for the overall strategy and investment decisions of the Group. Mr. Hoi is a member of the Chinese People's Political Consultative Conference and of the plenary meeting of the Selection Committee of the Macau Special Administrative Region of the People's Republic of China. He is also the vice chairman of All-China Federation of Industry & Commerce. Mr. Hoi founded Powerlong Group Development Co., Ltd. (the "Xiamen Powerlong Group") in 1992 and has served as its chairman. Since the establishment of Xiamen Powerlong Group, he has been engaged in the real estate development business, and has completed the development of several residential projects. He started to specialize in the development of commercial properties in 2003. For each of the years since 2006, Mr. Hoi was recognized as a Contributor to Real Estate Brands in China by the China Real Estate Top 10 Research Team. In addition, Mr. Hoi was also awarded various honours such as the Most Influential Entrepreneur in China, Top 30 People in motivating Chinese Economy over the 30 years of China's reformation, the Outstanding Leader in the Commercial Real Estate Industry in China, China Top 100 Real Estate Entrepreneurs and Award for Excellence in the 20th Anniversary of China Guangcai Program Outstanding Contribution Award. Mr. Hoi is the father of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, an executive Director and non-executive Director, respectively.

HOI Wa Fong, aged 37, is an executive Director and Chief Executive Officer of the Group. He is primarily responsible for the overall management of the business operations of the Group. Mr. Hoi Wa Fong is a member of All-China Federation of Returned Overseas Chinese, a director of China Overseas Friendship Association, a member of Chinese People's Political Consultative Conference for the city of Shanghai, a member of Chinese People's Political Consultative Conference for the city of Xiamen and vice chairman of Real Estate Chamber of Commerce of National Federation of Industry and Commerce. He graduated from the School of Management of Xiamen University and received an EMBA from the Cheung Kong Graduate School of Business. He joined Xiamen Powerlong Group since 1999 and started his career from junior positions. He held various positions including vice general manager, general manager, vice president, chief vice president and chief executive officer. He was awarded Top 10 New Leaders in the Real Estate Industry in the PRC, one of the Top 10 Outstanding Young Entrepreneurs in Fujian Province, New Person of the Year in the Real Estate Industry in the PRC from CIHAF and so forth. Since 2013, he has been awarded Most Influential People in the Real Estate Industry in the PRC and Person of the Year in China Commercial Real Estate Value List for 2 consecutive years. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong, an executive Director and the Chairman of the Board.

XIAO Qing Ping, aged 66, is an executive Director and the Deputy Chief Executive Officer of the Group. Mr. Xiao is primarily responsible for the administration management of the Group. He was an officer of Jinjiang Bureau of Land Administration from 1997 to 1999. He has over 30 years of experience in administration management. He joined Xiamen Powerlong Group in October 2001 as vice president and head of administration. In November 2007, he resigned from his position in Xiamen Powerlong Group and joined the Group as an executive Director. He graduated from China Textile Political Distance Learning College in 1988, majoring in economic management.

SHIH Sze Ni, aged 34, is an executive Director. Ms. Shih is primarily responsible for the commercial operation of the Group. Ms. Shih graduated from Central Queensland University in Australia with a master's degree in arts administration, and obtained an EMBA degree from the Cheung Kong Graduate School of Business in September 2014. She joined Xiamen Powerlong Hotel in January 2003 as a director and was primarily responsible for financial management. She then joined Xiamen Powerlong Group in 2005 as a director and general manager of the finance department. In November 2007, she held the positions of executive Director, general manager of supervision department and cost control centre. She has been fully directing the operation of commercial group since April 2011. Ms. Shih Sze Ni is the wife of Mr. Hoi Wa Fong, an executive Director.

GUO Jun, aged 52, is an executive Director and the Deputy Chief Executive Officer of the Group. Mr. Guo is responsible for the operation management, development and construction, technology management, marketing management and decision-making and organization of the Company. He served as president of Zhejiang Construction Contractor Company (浙江省建設總承包公司), Sino Sourcing Group (中潤集團) and Zhongnan Property Development Group (中南房地產集團). He graduated from Jilin Architectural and Civil Engineering Institute with a bachelor degree in civil engineering and graduated from the University of Ministry of Construction in Japan with postgraduate qualification in construction and operation management. He is among the first group of first-grade registered architects and senior engineers of the PRC. He worked as Vice Chief Executive Officer of Xiamen Powerlong Group from June 2007 to January 2009 and rejoined the Company in January 2011.

Directors and Senior Management

Non-Executive Director

HOI Wa Fan, aged 39, is a non-executive Director. Ms. Hoi is the managing director of Macau Powerlong Group and is responsible for the overall management and business development of Macau Powerlong Group. She is a member of All-China Youth Federation. Since 2000, she has been the managing director of Nicole, a fashion brand concept store in Macau. In December 2011, she established Ultra City Co., Ltd. and held the position of managing director. She was responsible for the overall management of business operation of Ultra City Co., Ltd. Ms. Hoi is the daughter of Mr. Hoi Kin Hong, an executive Director and the Chairman of the Board.

Independent Non-Executive Directors

NGAI Wai Fung, aged 53, is an independent non-executive Director, the managing director of MNCOR Consulting Limited and the chief executive officer of SW Corporate Services Group Limited, a specialty corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. Mr. Ngai had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. He is a president of Hong Kong Institute of Chartered Secretaries. He was appointed by the Chief Executive of the Hong Kong Special Administrative Region as a member of the Working Group on Professional Services under the Economic Development Commission for 2 years in 2013 and reappointed for further 2 years in 2015, the Adjunct Professor of Department of Law of Hong Kong Shue Yan University, a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants and a member of the General Committee of the Chamber of Hong Kong Listed Companies. Mr. Ngai is currently an independent non-executive director, the member/chairman of the audit committee and an independent director of BaWang International (Group) Holding Limited, Bosideng International Holdings Limited, Biostime International Holdings Limited, China Coal Energy Company Limited, China Railway Group Limited, Juda International Holdings Limited, Sany Heavy Equipment International Holdings Company Limited, SITC International Holdings Company Limited, Yangtze Optical Fibre and Cable Joint Stock Limited Company and LDK Solar Co., Ltd.. Apart from LDK Solar Co., Ltd., which was listed on the New York Stock Exchange (now listed on the OTC Pink Limited Information), all of which are companies listed on the Hong Kong Stock Exchange and/or the Shanghai Stock Exchange. Mr. Ngai is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Mr. Ngai received a doctoral degree in finance at Shanghai University of Finance and Economics in 2011, a master's degree in corporate finance from Hong Kong Polytechnic University in 2002 and a bachelor honor degree in laws from University of Wolverhampton in the United Kingdom in 1994 and a master's degree in business administration from Andrews University of Michigan in the United States in 1992.

Mr. Ngai was an independent non-executive director and a member of the audit committee of China Life Insurance Company Limited, Franshion Properties (China) Limited and China Railway Construction Corporation Limited.

MEI Jian Ping, aged 55, is an independent non-executive Director. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business since 2006. He was an assistant professor from 1990 to 1995 at New York University, and an associate professor of finance at the same university from 1996 to 2005. From 2003 to 2008, he was a visiting professor at Tsinghua University. Mr. Mei has been a director of Cratings.com Inc. since 1999. Since 2009, Mr. Mei has served on the board of directors of Zhong De Securities Company Limited. Mr. Mei acted as a consultant for various financial institutions, such as Deutsche Bank, UBS, NCH Capital and Asia Development Bank. He has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor degree in mathematics from Fudan University in 1982, a master degree in economics and a doctorate in economics (finance) from Princeton University in 1988 and 1990, respectively. He was appointed as an independent non-executive Director of the Company in June 2008. He was also appointed as an independent non-executive director of MI Energy Holdings (HK stock code: 1555), Ground Properties Company Limited (HK stock code: 0989) and China Rundong Auto Group Limited (HK stock code: 1365) in 2010, 2013 and 2014 respectively.

DING Zu Yu, aged 42, is an independent non-executive Director. He is the chief executive officer of E-House (China) Holdings Limited (易居（中國）控股有限公司) (NY stock code: EJ), the chief executive officer of CRIC (China) Information Technology Co., Ltd (克而瑞（中國）信息技術有限公司) and the general manager of Beijing Institute of Housing Technical Services Association Ltd (北京中房研協技術服務有限公司). He is also an independent director of Sanxiang Co., Ltd (三湘股份有限公司) (SZ stock code: 000863) and Shanghai Chengtou Holdings Co., Ltd (上海城投控股股份有限公司) (SH stock code: 600649). Save as above, he had also held various positions in China Real Estate Information Group Co., Ltd (中國房產信息集團) in the past including as a co-president and an executive director from September 2009 to April 2012. He is also currently assuming important positions in other professional associations and bodies within the PRC real estate industry. He serves as a vice principal of the E-House Research and Training Institute (易居研究院). He is also a secretary-general of the Real Estate Broker Professional Committee Intermediary Committee of the China Real Estate Association (中國房地產協會仲介委員會), an executive committee member of the China Real Estate Research Association (中國房地產研究會), an adviser on the real estate market for the China's Ministry of Housing and Urban-Rural Development (國家住房和城鄉建設部房地產) and a member of standing committee of CPPCC of Zhabei District in Shanghai (上海市閘北區政協). He was named as "Shanghai Outstanding Young Merchant" (上海傑出青年企業家) in 2012 and was named one of the "Top Ten Shanghai Young Merchants" (上海十大傑出青年企業家) for 2011 to 2012. He received his bachelor's degree in real estate economics in 1998 and his Ph.D. in economics in 2013 from the East China Normal University.

Senior Management

LIAO Ming Shun, aged 51, is the vice president and the Chief Financial Officer of the Company. Mr. Liao is responsible for the overall capital operation and integrated financial control of the Company. He served senior management positions in various large-scale enterprises. Prior to joining the Company, he was the director, chief financial controller and general manager of the finance company of Fujian Great World Enterprises Group Company Limited, the independent director of Fujian Dongbai Enterprise Group Company Limited (SH stock code: 600693), the vice secretary general of private branch of Fujian Accounting Institute, the secretary general of real estate branch of Fujian Taxpayers' Club. He obtained a bachelor's degree in Rural Finance from Fujian Agriculture and Forestry University, and was awarded a master's degree by the Graduate School of Chinese Academy of Social Sciences. He is also qualified as a Senior Accountant, Senior Economist, International Public Accountant, Certified Taxation Accountant, and Financial Planner. He was awarded one of the "Top CFOs for 2012 by the Xinlicai Magazine of Ministry of Finance", "2013 China's Financial Value Leadership Award" and "2014 Huazun Award — Top 10 most Respected Brand Builders who promoted the economic development of the industry"). He joined the Company in August 2009.

Directors and Senior Management

HONG Qun Feng, aged 42, is the general manager of Powerlong Land Development Limited, responsible for overall operation and management of business of Powerlong Land. Mr. Hong was the market manager, assistant to the general manager and general manager of Xiamen Jindu Property Management Co. Ltd. (廈門金都物業管理有限公司), Xiamen Chengyi Property Investment Co. Ltd. (廈門誠毅地產投資有限公司) and Xiamen Bairun Property Consulting Co. Ltd. (廈門百潤房地產顧問有限公司) respectively. He joined the Company in 2004.

ZHENG Yong Tang, aged 39, is the vice president and general manager of the Company's investment development centre. Mr. Zheng is responsible for the overall investment development, research and development positioning and design management of the Company. He had worked in Xiamen Jindu Property Management Co. Ltd. (廈門金都物業管理有限公司), Xiamen Chengyi Property Investment Co. Ltd. (廈門誠毅地產投資有限公司) and Xiamen Bairun Property Consultant Co. Ltd. (廈門百潤房地產顧問有限公司). He was an assistant to the president of Xiamen Powerlong Group, an executive director and general manager of Bengbu Powerlong Real Estate Co., Ltd. and general manager of Qingdao Powerlong Property Development Company Limited and of the Company's investment development centre. He graduated from Xiamen Zhongxin International Computer Institute (廈門中新國際電腦學院) in 1997 and is currently studying for an EMBA degree in business administration in Xiamen University. He joined the Company in January 2000.

ZHANG Hong Feng, aged 47, is the vice president of the Company and the general manager of companies in other provinces and regions. Mr. Zhang is responsible for project management, technology management and marketing management of companies in other provinces and regions. He was a department manager of Tianyu Real Estate Company (天宇房地產公司), an assistant to the general manager of Anbao Real Estate Development Company Limited (安寶房地產開發有限公司) and deputy general manager of the real estate centre of Xiamen Powerlong Group, an executive director of Suzhou Powerlong Real Estate Development Company Limited (蘇州寶龍房地產發展有限公司), an executive director of Suqian Powerlong Property Development Company Limited (宿遷寶龍置業發展有限公司), the general manager of Suqian Powerlong Commercial Property Management Company Limited (宿遷寶龍商業物業管理有限公司), regional deputy general manager of the southern region and the general manager of project management centre of the Company and the general manager of Tianjin Powerlong City Company. He obtained a bachelor's degree in industrial electrical automation from Guangxi University in 1989 and is currently studying for an EMBA at Tongji University. He joined the Company in December 2004.

LV Cui Hua, aged 39, is the vice president and the general manager of the cost control centre of the Company and is responsible for cost control. Ms. Lv was the person-in-charge of the cost control department of Youfu (Shanghai) Company Limited (友富(上海)有限公司), person-in-charge of the contract department of CapitalLand China, the deputy general manager and the general manager of the cost control centre of the Company. She is currently studying for an EMBA at Tongji University. She joined the Company in May 2010.

XIAO Ying Lin, aged 41, is the company secretary and the director for investor relations of the Company. Ms. Xiao is responsible for the listing and compliance management as well as investor relation of the Company. She is an fellow member of The Institute of Chartered Secretaries and Administrators, United Kingdom and The Hong Kong Institute of Chartered Secretaries, Hong Kong as well as an accountant of The Chinese Institute of Certified Public Accountants. She acted as a company secretary of Lianhua Supermarket Holdings Co., Ltd. (HK stock code: 0980), and had been in charge of professional corporate governance promotion for companies in eastern China for The Hong Kong Institute of Chartered Secretaries (HKICS). She holds a master degree in Finance from the Shanghai Academy of Social Sciences in 2000 and has 14 years of extensive experience in the company secretarial, capital operation, compliance, information disclosure, and investor relations fields. She joined the Company in 2012.

Save as otherwise disclosed, there is no relationship between any members of the Board, and no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51(B)(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Corporate Governance Report

Compliance with the Code on Corporate Governance Practices

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2014. The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders. During the year ended 31 December 2014, the Company has complied with the provisions in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules, save for the deviation of code provision A.5.1 of the CG Code. Details of which is set out below.

Board of Directors

Composition of the Board

As at 31 December 2014, the Board consists of 9 Directors, 5 of whom were executive Directors, 1 of whom was non-executive Director and 3 of whom were independent non-executive Directors. The biographies of the Directors are set out on pages 33 to 35 of this annual report.

Responsibilities of Directors

The Board's major functions and duties are to oversee the management, businesses, strategic directions and financial performance of the Group as well as to maximize the financial performance of the Group and make decisions in the best interests of the Group. The Board is also fully responsible for the formulation of business plans and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The Board has delegated the authority and responsibilities to the senior management for the day-to-day management and operations of the Group. In addition, the Board has also established Board committees and has delegated various responsibilities to these Board committees as set out in their terms of reference, respectively.

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni, the executive Directors and Ms. Hoi Wa Fan, a non-executive Director, have entered into service contracts with the Company for a term of 3 years commencing from 14 October 2012 to 13 October 2015. Mr. Guo Jun, an executive Director has signed a service contract with the Company for a term commencing from 1 April 2014 to 13 October 2015. Mr. Ngai Wai Fung and Mr. Mei Jian Ping, the independent non-executive Directors, have entered into letters of appointment with the Company for a term of 3 years commencing from 14 October 2012 to 13 October 2015. Mr. Ding Zu Yu, an independent non-executive Director, has entered into a letter of appointment with the Company for a term commencing from 11 December 2014 to 13 October 2015. Under the articles of association of the Company (the "Articles of Association"), the Board is empowered to appoint any person as a director to fill the casual vacancy or as an additional director of the Board. The Board considers a candidate's experience, skill and knowledge and competency and ability to fulfill duty of care and diligence and fiduciary duty and/or recommendation by the Nomination Committee (if any).

The Board believes that the non-executive Directors and independent non-executive Directors have brought their independent judgment on issues in connection with the Group's strategies, performance, conflict of interests and management process so that the interests of all shareholders are considered and safeguarded.

During the year ended 31 December 2014 and upon the resignation of Ms. Nie Mei Sheng as an independent non-executive Director on 10 October 2014, the Board comprises 8 members with 5 executive Directors, 1 non-executive Director and 2 independent non-executive Directors. As a result, the number of independent non-executive Directors had fallen below the minimum number of 3 and did not consist of one-third of the Board as required under Rules 3.10 and 3.10A of the Listing Rules, the number of members of the audit committee of the Board is reduced to 2 which is below the minimum number prescribed under Rule 3.21 of the Listing Rules and the requirements for the remuneration committee and nomination committee to comprise a majority of independent non-executive directors prescribed under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code could not be met. Upon the appointment of Mr. Ding Zu Yu as an independent non-executive Director and a member of the audit committee, remuneration committee and nomination committee of the Company on 11 December 2014, the Company has since then re-complied with the requirements pursuant to Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. Save as disclosed herein, the Company had at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules during the year ended 31 December 2014.

As at the end of 2014, the Company has 3 independent non-executive Directors (representing one-third of the Board), 1 of whom has appropriate professional qualifications in accounting and financial management. Pursuant to the annual written confirmations, all independent non-executive Directors have confirmed their independence to the Company pursuant to the requirements of the Listing Rules and the Company considers them to be independent in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every 3 years in accordance with the Articles of Association.

All Directors, including independent non-executive Directors, have given sufficient time and effort to the affairs of the Group. Independent non-executive Directors have provided the Board with their diversified expertise, experience and professional advice. The Board believes that the ratio between executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of shareholders and the Group. The Board also believes that the views and participation of the independent non-executive Directors in the Board and its committees meetings provide independent judgment on the issues relating to strategies, performance, conflict of interests and management process to ensure that the interests of all shareholders are considered and safeguarded.

The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. For the year ended 31 December 2014, the Board held 4 Board meetings on 12 March 2014, 16 June 2014, 26 August 2014 and 11 December 2014, respectively. At these Board meetings, Directors discussed and exchanged their views on significant issues and general operations of the Group, formulated business policies and strategies, as well as reviewed the financial performance and internal control system, including financial, operational and compliance controls and risk management systems. Directors can attend the meetings in person or by electronic means.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities in order to provide suitable coverage for certain liabilities due to the discharge of responsibilities. The insurance coverage is reviewed on an annual basis.

Attendance of the individual directors at the Board meetings and the annual general meeting of the Company held during the year ended 31 December 2014 is set out as follows:

	Board Meeting Attended/ Eligible to attend	Annual General Meeting Attended/ Eligible to attend
Executive Directors		
Mr. Hoi Kin Hong (Chairman of the Board and the Nomination Committee)	4/4	1/1
Mr. Hoi Wa Fong (Chief Executive Officer)	4/4	1/1
Mr. Xiao Qing Ping	4/4	1/1
Ms. Shih Sze Ni	4/4	1/1
Mr. Guo Jun (appointed on 1 April 2014)	3/3	1/1
Non-executive Directors		
Ms. Hoi Wa Fan	4/4	1/1
Ms. Liu Xiao Lan (retired on 31 March 2014)	1/1	0/0
Independent non-executive Directors		
Mr. Ngai Wai Fung (Chairman of the Audit Committee)	4/4	1/1
Mr. Mei Jian Ping (Chairman of the Remuneration Committee) (note 1)	3/4	1/1
Ms. Nie Mei Sheng (resigned on 10 October 2014)	3/3	1/1
Mr. Ding Zu Yu (appointed on 11 December 2014)	1/1	0/0

Note:

1. Due to conflict in schedules and other business commitment, Mr. Mei Jian Ping was unable to attend the Board meeting of the Company held on 26 August 2014.

All Board members have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary of the Company, who is responsible for ensuring that the Board procedures and all applicable rules and regulations are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record sufficient details of the matters considered by the Board and decisions made, including any proposal raised by the Directors or dissenting views expressed, are kept by the company secretary and are open for inspection by the Directors.

A list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Chairman and Chief Executive Officer

Mr. Hoi Kin Hong is the Chairman of the Board and Mr. Hoi Wa Fong is the Chief Executive Officer of the Company. Mr. Hoi Kin Hong is the father of Mr. Hoi Wa Fong. Despite their relationship, the responsibilities between the Chairman of the Board and the Chief Executive Officer are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

Mr. Hoi Kin Hong, being the Chairman of the Board, is responsible for providing leadership to the Board and ensuring that the Board functions effectively, that Directors receive in timely manner adequate information which is complete and reliable and that all Directors are properly briefed on issues proposed at Board meetings. The Chairman also encourages Directors to participate actively and to make a full contribution to the Board so that the Board acts in the best interests of the Group.

Mr. Hoi Wa Fong, being the Chief Executive Officer of the Company, is responsible for the daily operations of the Group, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of the Group.

Induction and Continuing Development of Directors

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and the relevant statutory requirements.

Directors are continually updated on the latest statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continual briefing and professional development trainings for directors will be arranged by the Company as necessary.

The Company encourages all Directors to participate in continuing professional development in order to develop and refresh their knowledge and skills. The Company offers professional training to Directors by way of seminars, providing them with training materials and engaging compliance lawyers. The training attended by the Directors during the year ended 31 December 2014 is summarized as follows:

Date of training: 11 December 2014
Directors attended: Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni, Mr. Guo Jun, Ms. Hoi Wa Fan, Mr. Ngai Wai Fung, Mr. Mei Jian Ping, Mr. Ding Zu Yu

Summary of the training courses: Directors' responsibilities and duties under the changing regulatory framework

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by its Directors. Specific enquiry has been made with all the Directors and all the Directors have confirmed that they have complied with the required standards in the Model Code throughout the year ended 31 December 2014. No incident of non-compliance was noted by the Company to date. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code for the year ended 31 December 2014.

Directors' Responsibilities for the Financial Statements

The Directors acknowledged their responsibilities for preparation of the consolidated financial statements for the financial year ended 31 December 2014 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year ended 31 December 2014 and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

Board Committees

The Board has set up 3 committees with respective responsibilities, namely the audit committee, the remuneration committee and the nomination committee. All Board committees discharge their specific duties based on respective terms of reference, which is available for Shareholders on the Company's website. The Board has sufficient resources to discharge its duties.

Audit Committee

The audit committee of the Company (the "Audit Committee") comprises all the independent non-executive Directors:

Mr. Ngai Wai Fung (Chairman of the Audit Committee)
Mr. Mei Jian Ping
Ms. Nie Mei Sheng (resigned on 10 October 2014)
Mr. Ding Zu Yu (appointed on 11 December 2014)

The Audit Committee has established its written terms of reference pursuant to the requirements under Rule 3.21 of the Listing Rules and code provision C.3 of the CG Code. The main duties of the Audit Committee are to provide the Board with an independent assessment report based on the effectiveness of the financial reporting procedure, internal control and risk management system of the Group, monitor the auditing procedure and discharge other duties and responsibilities delegated by the Board, including but not limited to the followings:

- to review the financial statements, reports and accounts and consider any significant or unusual items raised by the external auditor before submission to the Board;

- to review the relationship with the external auditor by reference to the work performed by the auditor, their remuneration and terms of engagement and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

- to review the adequacy and effectiveness of the Company's financial reporting system, internal control system, risk management system and the associated procedures. The Audit Committee provides supervision over the internal control system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2014, the Audit Committee held 2 meetings to review the financial results, and to make recommendations to improve the Group's internal control. The chief financial officer and representatives of the external auditor of the Company attended the meetings.

Attendance of individual members of the Audit Committee at the meetings held during the year ended 31 December 2014 is set out as follows:

Committee Members	Meetings Attended/ Eligible to attend
Mr. Ngai Wai Fung	2/2
Mr. Mei Jian Ping	1/2
Ms. Nie Mei Sheng (resigned on 10 October 2014)	2/2
Mr. Ding Zu Yu (appointed on 11 December 2014)	0/0

Note:

1. Due to conflict in schedules and other business commitment, Mr. Mei Jian Ping was unable to attend the Audit Committee meeting of the Company held on 26 August 2014.

Corporate Governance Functions

During the year under review, the Audit Committee was also responsible for determining the policy for the corporate governance of the Company to perform the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

Remuneration Committee

During the year under review, the remuneration committee of the Company (the "Remuneration Committee") comprises 3 members, the majority of whom are independent non-executive Directors:

Mr. Mei Jian Ping (Chairman of the Remuneration Committee)
Mr. Hoi Wa Fong
Ms. Nie Mei Sheng (resigned on 10 October 2014)
Mr. Ding Zu Yu (appointed on 11 December 2014)

The Remuneration Committee has adopted written terms of reference prepared by reference to the requirements under the code provision B.1.3 of the CG Code. The main duties of the Remuneration Committee include but are not limited to provide recommendations to the Board in relation to the remuneration policy and structure of all Directors and senior management, and to establish a formal and transparent procedure for the development of those remuneration policies; determine specific remuneration packages for Directors and senior management; review and approve the performance-based remuneration with reference to the corporate goal and objectives resolved by the Directors from time to time.

During the year ended 31 December 2014, the Remuneration Committee held 1 meeting to review and consider the remuneration packages for the executive Directors and senior management of the Company.

Attendance of individual members of the Remuneration Committee at the meeting held during the year ended 31 December 2014 is set out as follows:

Committee Members	Meetings Attended/ Eligible to attend
Mr. Mei Jian Ping	1/1
Mr. Hoi Wa Fong	1/1
Ms. Nie Mei Sheng (resigned on 10 October 2014)	1/1
Mr. Ding Zu Yu (appointed on 11 December 2014)	0/0

Nomination Committee

During the year under review, the nomination committee of the Company (the "Nomination Committee") comprises 3 members, the majority of whom are independent non-executive Directors:

Mr. Hoi Kin Hong (Chairman of the Nomination Committee)
Mr. Mei Jian Ping
Ms. Nie Mei Sheng (resigned on 10 October 2014)
Mr. Ding Zu Yu (appointed on 11 December 2014)

The Nomination Committee has adopted written terms of reference prepared by reference to the requirement of code provision A.5.2 of the CG Code. The Nomination Committee has been delegated with the powers and authorities to review the structure, size and composition of the Board, make recommendation to the Board on selection of individuals nominated for directorships and senior management, appointment or reappointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

The appointment, re-election and removal of Directors are governed by the Company's Articles of Association. Pursuant to the Company's Articles of Association, any director appointed by the Board to fill a casual vacancy shall hold office until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting, whereas any director appointed as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation and be eligible for re-election thereat, such that all directors should be subject to retirement by rotation at annual general meeting at least once every 3 years and be eligible for re-election thereat.

Board Diversity Policy

During the year under review, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board.

During the year ended 31 December 2014, the Nomination Committee held 2 meetings. Attendance of individual members of the Nomination Committee at the meeting for the year ended 31 December 2014 is set out as follows:

Committee Members	Meetings Attended/ Eligible to attend
Mr. Hoi Kin Hong	2/2
Mr. Mei Jian Ping	2/2
Ms. Nie Mei Sheng (resigned on 10 October 2014)	1/1
Mr. Ding Zu Yu (appointed on 11 December 2014)	0/0

Internal Control

The Board is responsible for maintaining sound and effective internal control system in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Board from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

The Board conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2014. The assessment was made by discussions with the management of the Company, its external and internal auditors and the review performed by the Audit Committee. The Board believes that the existing internal control system is adequate and effective.

External Auditor and Auditor's Remuneration

The statement of external auditor of the Company about his reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2014 is set out in the section headed "Independent Auditor's Report" in this annual report.

For the year ended 31 December 2014, the fee paid/payable to the auditor of the Company in respect of audit services and non-audit services amounted to RMB4.3 million and RMB1.3 million, respectively.

Shareholder Relations

The Company believes that by adopting a policy of disclosing clear and relevant information to shareholders through publication of announcements, notices, circulars, interim and final reports in a timely manner, the Company is able to establish an effective and appropriate relationship with its shareholders. Further, shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post. To enhance the Company's transparency, other information of the Company is also published at the Company's website at http://www.powerlong.com. In addition to publication of information, the annual general meeting of the Company provides a forum for communication between shareholders and Directors. The Chairman of the Board personally chairs the annual general meeting to ensure shareholders' views are communicated to the Board. In addition to the Chairman, the chairmen of the Board committees, or in their absence, other members of the respective committees, are available to answer any queries that shareholders may have. The Chairman will propose separate resolutions for each issue to be considered at the annual general meeting. The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows the best corporate governance practices and shareholders' rights are preserved. Notice of annual general meeting is delivered to all shareholders at least 20 clear business days prior to the date of the meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the Chairman. Vote results are posted on the Company's website.

Procedures for Shareholders to Requisition and Convene an Extraordinary General Meeting (Including Proposing a Resolution at an Extraordinary General Meeting)

- Any two or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholders") shall at all times have the right, by a written requisition signed by the Eligible Shareholders concerned (the "Requisition"), to require the Board to convene an extraordinary general meeting, and to put any resolution so requisitioned to vote at such extraordinary general meeting.

- Eligible Shareholders who wish to requisition the Board to convene an extraordinary general meeting for the purpose of proposing a resolution at the extraordinary general meeting must deposit the Requisition at the principle place of business of the Company in Hong Kong at Unit 5813, 58th Floor, The Center, 99 Queen's Road Central, Hong Kong, for the attention of the Company Secretary.

- The Requisition must state clearly the names of the Eligible Shareholders concerned, specify the objects of the meeting, and be signed by the Eligible Shareholders concerned. The Eligible Shareholders must prove their shareholdings in the Company to the satisfaction of the Company.

- The Company will check the Requisition and the identities and the shareholdings of the Eligible Shareholders will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order and in compliance with the memorandum and articles of association of the Company, the Board will within 21 days of the date of deposit of the Requisition, proceed duly to convene an extraordinary general meeting to be held within a further 21 days, for the purpose of putting any resolution(s) proposed by the Eligible Shareholders to vote at such extraordinary general meeting. However, if the Requisition has been verified as not in order and not in compliance with the memorandum and articles of association of the Company, the Eligible Shareholders concerned will be advised of this outcome and accordingly, the Board will not convene an extraordinary general meeting and will not put any resolution(s) proposed by the Eligible Shareholders to vote at any such extraordinary general meeting or any other general meeting of the Company.

- If within 21 days of the date of deposit of the Requisition, the Board has not advised the Eligible Shareholders that the Requisition is not in order and not in compliance with the memorandum and articles of association of the Company, and the Board has failed to proceed to convene an extraordinary general meeting, the Eligible Shareholders themselves (or any one or more of the Eligible Shareholders who hold(s) more than one-half of the total voting rights of all the Eligible Shareholders who signed the Requisition) may proceed to convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board in accordance with the memorandum and articles of association of the Company, provided that the extraordinary general meeting so convened must be held before the expiration of 3 months from the date of deposit of the Requisition. All reasonable expenses incurred by the Eligible Shareholders concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholders concerned by the Company.

During the year ended 31 December 2014, there was no change in the constitutional documents of the Company.

Investor Relations Overview

As a responsible listed company, the Company is committed to maintaining dynamic communications with its shareholders and investors. The Company regularly updates the investors about its latest operations and financial performance through company website, corporate newsletters, site visits, one-on-one meetings, bank conferences and international roadshows.

In 2014, the Company was invited to participate in 9 Asian and European forums and conferences held by various investment banks meeting approximately 300 investors. Investor relations activities are not only helpful in promoting bilateral communications between the Company and the public and acting as an effective channel for information exchange, but also further enhance transparency of the Company in the capital market, thereby improving investors' relationship of the Group.

The Company participated in the following major investor relations activities in 2014:

January: The 14th UBS Greater China Conference (Shanghai)
February: DB Corporate Day (Hong Kong)
April: J.P. Morgan APAC Real Estate Conference (1 on 1) (Singapore)
May: Industrial Securities (HK) Fujian Special Investment (Xiamen)
June: Citi Asia Pacific Property Conference (Hong Kong)
October: Jefferies 4th Annual Asia Corporate Access Summit (Hong Kong)
November: Citi China Investor Conference 2014 (Macau)
November: BofAML China Conference 2014 (Beijing)
November: Nomura Asian High Yield Corporate Day (Hong Kong)

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number: +86-21-51759999*7103/+852-21691955
By post: 15/F, Gubei International Wealth Center, 1452 Hong Qiao Road, Chang Ning, Shanghai, China
Unit 5813, 58/F, The Center, 99 Queen's Road Central, Hong Kong
Attention: Ms. Xiao Ying Lin/Mr. Fred Tao/Mr. PJ Yen
By email: ir@powerlong.com

Report of the Directors

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

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, property investment, property management services, and other property development related services. Details of the principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2014 are set out on pages 66 to 154 of this annual report.

The Board recommends the payment of a final dividend of HK$8.0 cents per ordinary share for the year ended 31 December 2014. The final dividend is subject to the approval by shareholders at the annual general meeting ("Annual General Meeting") to be held on Tuesday, 9 June 2015. The final dividend, if approved by the Company's shareholders, will be paid on Wednesday, 8 July 2015 to the shareholders whose names appear on the register of members of the Company on Thursday, 18 June 2015.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

Reserves

Details of movement in the reserves of the Company and the Group for the year ended 31 December 2014 are set out in note 18, 19 and 32 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 December 2014, the reserves of the Company available for distribution were approximately RMB3,299 million (2013: RMB3,234 million).

Major Customers and Suppliers

During the year under review, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales. During the year under review, the aggregate purchases attributable to the Group's five largest suppliers were approximately 30.8% of the Group's total purchases and the purchases attributable to the Group's largest supplier was approximately 15.4% of the Group's total purchases.

None of the Directors, their associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the issued number of issued shares of the Company) had any interest in the number of issued share of any of the five largest customers and suppliers of the Group.

Borrowings

Particulars of borrowings of the Company and the Group as at 31 December 2014 are set out in note 21 to the consolidated financial statements.

Donations

Charitable and other donations made by the Group during the year ended 31 December 2014 amounted to RMB10,641,000 (2013: RMB10,709,000).

Property and Equipment

Details of property and equipment of the Group are set out in note 6 to the consolidated financial statements.

Report of the Directors

Share Capital

Details of movements in the share capital of the Company during the year under review are set out in note 18 to the consolidated financial statements.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 155 to 156 of this annual report.

Pre-Emptive Rights

There are no provision for pre-emptive rights over shares of the Company under the Company's Articles of Association or the laws of Cayman Islands where the Company is incorporated.

Directors and Directors' Service Contracts

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors
Mr. Hoi Kin Hong (Chairman)
Mr. Hoi Wa Fong (Chief Executive Officer)
Mr. Xiao Qing Ping (Deputy Chief Executive Officer)
Ms. Shih Sze Ni
Mr. Guo Jun (Deputy Chief Executive Officer) (appointed on 1 April 2014)

Non-executive Directors
Ms. Hoi Wa Fan
Ms. Liu Xiao Lan (retired on 31 March 2014)

Independent Non-executive Directors
Mr. Ngai Wai Fung
Mr. Mei Jian Ping
Ms. Nie Mei Sheng (resigned on 10 October 2014)
Mr. Ding Zu Yu (appointed on 11 December 2014)

In accordance with article 16.18 of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every 3 years. Accordingly, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Mr. Mei Jian Ping will retire from its office as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming Annual General Meeting. In accordance with article 16.2 of the Company's Articles of Association, any Director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Ding Zu Yu will only hold office as Director and, being eligible, will offer himself for re-election as Director at the Annual General Meeting.

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni, the executive Directors and Ms. Hoi Wa Fan, a non-executive Director, have entered into service contracts with the Company for a term of 3 years commencing from 14 October 2012 to 13 October 2015. Mr. Guo Jun, an executive Director has signed a service contract with the Company for a term commencing from 1 April 2014 to 13 October 2015. Mr. Ngai Wai Fung and Mr. Mei Jian Ping, the Independent non-executive Directors, have entered into a letter of appointment with the Company for a term of 3 years commencing from 14 October 2012 to 13 October 2015. Mr. Ding Zu Yu, an independent non-executive Director, has entered into a letter of appointment with the Company for a term commencing from 11 December 2014 to 13 October 2015. None of the Directors, including Directors being proposed for re-election at the forthcoming Annual General Meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Pursuant to the annual written confirmations, all independent non-executive Directors have confirmed their independence to the Company pursuant to the requirements of the Listing Rules and the Company considers them to be independent in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

Directors' Remuneration

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular review by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

Details of Directors' remuneration are set out in note 27 to the consolidated financial statements.

Directors' Interests in Contracts of Significance

Save as disclosed in the note 38 to the consolidated financial statements and in the section "Continuing Connected Transactions" of this annual report, there was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

Share Option Schemes

Pursuant to the shareholder's resolutions of the Company on 16 September 2009, the Company has adopted the Share Option Scheme and the Pre-IPO Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who will contribute and had contributed to the success of the Group's operations.

Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:
   The Share Option Scheme is established to recognize and acknowledge the Eligible Participants (as defined in paragraph 2 below) for the contributions they had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives:

   (i) to motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

   (ii) to attract and retain the Eligible Participants or to otherwise maintain on-going business relationship with them whose contributions are or will be beneficial to the long-term growth of the Group.

2. **Participants of the Share Option Scheme:**
   The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of shares of the Company as the Board may determine:

   (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

   (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; or

   (iii) any advisors, consultants, suppliers, customers, agents and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. **Total number of shares available for issue under the Share Option Scheme and percentage of the number of issued shares as at 31 December 2014:**
   The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 400,000,000 shares (representing approximately 10.01% of the number of issued shares as at 31 December 2014).

4. **Maximum entitlement of each participant under the Share Option Scheme:**
   The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

   (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant), the information as required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

   (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time, for this respect, such Eligible Participant and his associates (as defined in the Listing Rules) shall abstain from voting at the meeting.

5. **The period within which the options must be exercised under Share Option Scheme to subscribe for shares:**
   An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee but in any event not exceeding 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. **The minimum period for which an option must be held before it can be exercised:**
   There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Directors.

7. **The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid:**
   Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 per grant.

8. **The basis of determining the exercise price:**
The exercise price is determined by the Board but shall not be less than the higher of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets on the date (which must be a trading day) of grant of options; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share.

9. **The remaining life of the Share Option Scheme:**
The Share Option Scheme will remain in force for a period of 10 years commencing from 16 September 2009.

Since the adoption of the Share Option Scheme and up to 31 December 2014, no options had been granted under the Share Option Scheme.

Pre-IPO Share Option Scheme

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme:

1. **Purpose of the Pre-IPO Share Option Scheme:**
The Pre-IPO Share Option Scheme is established to recognize and acknowledge the Pre-IPO Eligible Participants (as defined in paragraph 2 below) for the contributions they had or may have made to the Group. The Pre-IPO Share Option Scheme will provide the Pre-IPO Eligible Participants an opportunity to have a personal stake in the Company with a view to achieving the following objectives:

   (i) to motivate the Pre-IPO Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

   (ii) to attract and retain the Pre-IPO Eligible Participants or to otherwise maintain business relationship with them whose contributions are or will be beneficial to the long-term growth of the Group.

2. **Participants of the Pre-IPO Share Option Scheme:**
The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Pre-IPO Eligible Participants") to subscribe for such number of shares of the Company as the Board may determine:

   (i) any full-time employees, executives or officers of the Company or any of its subsidiaries;

   (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; or

   (iii) any full-time employees of any subsidiaries of the Company at a manager level or above and other full-time employees of the Company or its subsidiaries who have been in employment with the Group for over 3 years prior to the date of the adoption of the Pre-IPO Share Option Scheme.

3. **Total number of shares available for issue under the Pre-IPO Share Option Scheme and percentage of the number of issued shares as at 31 December 2014:**
The maximum number of shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme shall not in aggregate exceed 40,000,000 shares (representing approximately 1.00% of the number of issued shares).

4. The period within which the options must be exercised under Pre-IPO Share Option Scheme to subscribe for shares:

Exercise Period	Number of Options Exercisable
From 16 September 2010 to 15 September 2012	1st batch options, being 20% of the total number of options granted
From 16 September 2011 to 15 September 2013	2nd batch options, being 20% of the total number of options granted
From 16 September 2012 to 15 September 2014	3rd batch options, being 20% of the total number of options granted
From 16 September 2013 to 15 September 2015	4th batch options, being 20% of the total number of options granted
From 16 September 2014 to 15 September 2016	5th batch options, being 20% of the total number of options granted

5. The minimum period for which an option must be held before it can be exercised:

Minimum Period	Number of Options Exercisable
12 months from 16 September 2009	1st batch options, up to 20% of the total number of options granted
24 months from 16 September 2009	2nd batch options, up to 20% of the total number of options granted
36 months from 16 September 2009	3rd batch options, up to 20% of the total number of options granted
48 months from 16 September 2009	4th batch options, up to 20% of the total number of options granted
60 months from 16 September 2009	5th batch options, up to 20% of the total number of options granted

6. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid:
Options granted must be taken up within 21 days of the date of grant, upon payment of HK$1 per grant.

7. The basis of determining the exercise price:
The exercise price shall be a price equivalent to a discount of 10% to the offer price under the global offering of the Company's shares.

8. Movements of the Pre-IPO Share Option Scheme of the Company:

		Number of share options			
Category	Exercise Period	As at 1 January 2014	Granted during the year	Exercised/ Lapsed/ Cancelled during the year	As at 31 December 2014
Mr. Hoi Kin Hong	16 September 2012 to 15 September 2014	1,400,000	–	(1,400,000)	–
	16 September 2013 to 15 September 2015	1,400,000	–	–	1,400,000
	16 September 2014 to 15 September 2016	1,400,000	–	–	1,400,000
	Total	4,200,000	–	(1,400,000)	2,800,000
Mr. Hoi Wa Fong	16 September 2012 to 15 September 2014	440,000	–	(440,000)	–
	16 September 2013 to 15 September 2015	440,000	–	–	440,000
	16 September 2014 to 15 September 2016	440,000	–	–	440,000
	Total	1,320,000	–	(440,000)	880,000
Mr. Xiao Qing Ping	16 September 2012 to 15 September 2014	360,000	–	(360,000)	–
	16 September 2013 to 15 September 2015	360,000	–	–	360,000
	16 September 2014 to 15 September 2016	360,000	–	–	360,000
	Total	1,080,000	–	(360,000)	720,000
Ms. Shih Sze Ni	16 September 2012 to 15 September 2014	240,000	–	(240,000)	–
	16 September 2013 to 15 September 2015	240,000	–	–	240,000
	16 September 2014 to 15 September 2016	240,000	–	–	240,000
	Total	720,000	–	(240,000)	480,000
Ms. Liu Xiao Lan	16 September 2012 to 15 September 2014	240,000	–	(240,000)	–
	16 September 2013 to 15 September 2015	240,000	–	(240,000)	–
	16 September 2014 to 15 September 2016	240,000	–	(240,000)	–
	Total	720,000	–	(720,000)	–
Directors	Total	8,040,000	–	(3,160,000)	4,880,000
Employees	16 September 2012 to 15 September 2014	2,476,000	–	(2,476,000)	–
	16 September 2013 to 15 September 2015	2,476,000	–	(448,000)	2,028,000
	16 September 2014 to 15 September 2016	2,476,000	–	(448,000)	2,028,000
Employees	Total	7,428,000	–	(3,372,000)	4,056,000
	Total	15,468,000	–	(6,532,000)	8,936,000

Share Award Scheme

The Share Award Scheme was adopted by the Board on 2 December 2010 to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain them for the continuous operation and development of the Group.

The Share Award Scheme shall be valid and effective for a term of 6 years commencing on the date of adoption. Pursuant to the Share Award Scheme, shares will be acquired by the independent trustee at the cost of the Company and be held in trust for selected employees until the end of each vesting period. Vested shares will be transferred to the selected employees at nil consideration. The total number of shares to be awarded under the Share Award Scheme shall not in aggregate more than 2% of the number of issued shares of the Company as at the date of adoption. Details of the rules of the Share Award Scheme are set out in the announcement of the Company dated 2 December 2010.

On 6 June 2013, the Executive Committee resolved to grant an aggregate of 7,502,000 awarded shares to 67 Eligible Employees (including Notes 1,2,3,4,5 below) pursuant to the rules under the Share Award Scheme. Please refer to the announcement of the Company dated 6 June 2013 for the details of the grant.

During the year under review, on 29 May 2014, a committee established by the Board (the "Executive Committee"), comprising members of the remuneration committee, the chairman of the Board and an independent non-executive director of the Company and delegated with the power and authority by the Board to administer the Share Award Scheme pursuant to the Scheme Rules, resolved to grant an aggregate of 8,958,000 awarded shares (the "Awarded Shares") to 84 Eligible Employees pursuant to the Scheme Rules, including (i) Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni and Mr. Guo Jun the executive Directors of the Company, and (ii) 79 Eligible Employees who are independent of the Company and its connected persons (as defined in the Listing Rules (together, "Awardees") pursuant to the Share Award Scheme. The granting of the Awarded Shares to the Directors forms part of their remuneration package. Details of the grant are as follows:

Name of Awardees	No. of Awarded Shares	Vesting Date	Vesting Conditions
Mr. Hoi Kin Hong (Note 1)	662,000	(i) 50% of the Awarded Shares shall vest in the respective Eligible Employees on 1 July 2016; and (ii) the remaining 50% of the Awarded Shares shall vest in the respective Eligible Employees on 1 July 2017.	Subject to the terms of the Scheme Rules and the fulfillment of such additional performance requirements as specified by the Board/ Executive Committee.
Mr. Hoi Wa Fong (Note 2)	462,000		
Mr. Xiao Qing Ping (Note 3)	367,700		
Ms. Shih Sze Ni (Note 4)	273,400		
Mr. Guo Jun (Note 5)	612,000		
Remaining 79 Awardees who are Eligible Employees and are not connected persons (as defined in the Listing Rules) of the Company	6,580,900		

Notes:

1. 662,000 and 324,000 awarded shares granted to Mr. Hoi Kin Hong on 29 May 2014 and 6 June 2013, respectively, under the Share Award Scheme.

2. 462,000 and 324,000 awarded shares granted to Mr. Hoi Wa Fong on 29 May 2014 and 6 June 2013, respectively, under the Share Award Scheme.

3. 367,700 and 444,000 awarded shares granted to Mr. Xiao Qing Ping on 29 May 2014 and 6 June 2013, respectively, under the Share Award Scheme.

4. 273,400 and 230,000 awarded shares granted to Ms. Shih Sze Ni on 29 May 2014 and 6 June 2013, respectively, under the Share Award Scheme.

5. 612,000 and 444,000 awarded shares granted to Mr. Guo Jun on 29 May 2014 and 6 June 2013, respectively, under the Share Award Scheme.

Directors' interests in the shares and underlying shares of the Company

As at 31 December 2014, the interests of each Director and chief executive of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in shares of the Company

Name of Director	Long/Short position	Capacity	Number of ordinary shares in the Company	Approximate percentage of the Company's issued shares*
Mr. Hoi Kin Hong	Long Position	Interest of a controlled corporation (Note 1)	1,805,637,000	45.17%
	Long Position	Beneficial owner	27,479,000	0.69%
	Long Position	Beneficial owner (Note 2)	986,000	0.02%
	Long Position	Interest of spouse	2,800,000	0.07%
Mr. Hoi Wa Fong	Long Position	Interest of a controlled corporation (Note 3)	565,400,000	14.14%
	Long Position	Beneficial owner	8,202,000	0.21%
	Long Position	Beneficial owner (Note 4)	786,000	0.02%
	Long Position	Interest of spouse	503,400	0.01%
Ms. Hoi Wa Fan	Long Position	Interest of a controlled corporation (Note 5)	149,480,000	3.74%
Mr. Xiao Qing Ping	Long Position	Beneficial owner (Note 6)	811,700	0.02%
Ms. Shih Sze Ni	Long Position	Beneficial owner (Note 7)	503,400	0.01%
	Long Position	Interest of spouse	574,388,000	14.37%
Mr. Guo Jun	Long Position	Beneficial owner (Note 8)	1,056,000	0.03%

Notes:

1. The 1,805,637,000 shares are held by Skylong Holdings Limited, which is wholly and beneficially owned by Mr. Hoi Kin Hong.

2. These represent the 986,000 awarded shares granted to Mr. Hoi Kin Hong under the Share Award Scheme.

3. The 565,400,000 shares are held by Sky Infinity Holdings Limited, which is wholly and beneficially owned by Mr. Hoi Wa Fong.

4. These represent the 786,000 awarded shares granted to Mr. Hoi Wa Fong under the Share Award Scheme.

5. The 149,480,000 shares are held by Walong Holdings Limited, which is wholly and beneficially owned by Ms. Hoi Wa Fan.

6. These represent the 811,700 awarded shares granted to Mr. Xiao Qing Ping under the Share Award Scheme.

7. These represent the 503,400 awarded shares granted to Ms. Shih Sze Ni under the Share Award Scheme.

8. These represent the 1,056,000 awarded shares granted to Mr. Guo Jun under the Share Award Scheme.

* The percentage represents the number of ordinary shares interested in divided by the number of the Company's issued shares as at 31 December 2014.

Interests in underlying shares of the Company – equity derivatives of the Company

Name of Director	Long/Short position	Capacity	Number of underlying shares in respect of the share options granted	Approximate percentage of the underlying shares over the Company's issued shares* (Assuming the share options are exercised in full)
Mr. Hoi Kin Hong	Long Position	Beneficial owner	2,800,000	0.0700%
Mr. Hoi Wa Fong	Long Position	Beneficial owner	880,000	0.0220%
	Long Position	Interest of spouse	480,000	0.0120%
Mr. Xiao Qing Ping	Long Position	Beneficial owner	720,000	0.0180%
Ms. Shih Sze Ni	Long Position	Beneficial owner	480,000	0.0120%
	Long Position	Interest of spouse	880,000	0.0220%

Note: Details of the above share options as required by the Listing Rules have been disclosed in the above section headed "Share Option Schemes" and note 19 to the consolidated financial statements.

* The percentage represents the number of underlying shares interested in divided by the number of the Company's issued shares as at 31 December 2014.

Saved as disclosed above, as at 31 December 2014, none of the Directors, chief executives of the Company or their respective associates had any personal, family, corporate or other 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 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 he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Right to Acquire Shares

Saved as disclosed above, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or chief executives or their respective spouses or children under 18 years of age had been granted any right to subscribe for shares or debt securities of the Company nor exercised any such right.

Interests of Substantial Shareholders

As at 31 December 2014, the interests of substantial shareholders in shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of Shares	Percentage of Shareholding*
Skylong Holdings Limited (Notes 1 and 2)	Beneficial owner	1,805,637,000 (L)	45.17%
Mr. Hoi Kin Hong (Notes 1)	Beneficial owner	27,479,000 (L)	0.69%
	Beneficial owner (Note 3)	986,000 (L)	0.02%
	Beneficial owner (Note 8)	2,800,000 (L)	0.07%
	Interest of spouse	2,800,000 (L)	0.07%
Sky Infinity Holdings Limited (Notes 1 and 4)	Beneficial owner	565,400,000 (L)	14.14%
Mr. Hoi Wa Fong (Notes 1)	Beneficial owner (Note 5)	786,000 (L)	0.02%
	Beneficial owner	8,202,000 (L)	0.21%
	Beneficial owner (Note 8)	880,000 (L)	0.02%
	Interest of spouse (Note 6)	983,400 (L)	0.02%
Wason Holdings Limited (Notes 1 and 7)	Beneficial owner	202,000,000 (L)	5.05%

Notes:

1. The letter "L" denotes the person's long position in such securities.

2. Skylong Holdings Limited is wholly and beneficially owned by Mr. Hoi Kin Hong.

3. These represent the 986,000 awarded shares granted to Mr. Hoi Kin Hong under the Share Award Scheme.

4. Sky Infinity Holdings Limited is wholly and beneficially owned by Mr. Hoi Wa Fong.

5. These represent the 786,000 awarded shares granted to Mr. Hoi Wa Fong under the Share Award Scheme.

6. These represent the 503,400 awarded shares and 480,000 Share options granted to Ms. Shih Sze Ni under the Share Award Scheme and the Pre-IPO Share Option Scheme, respectively.

7. Wason Holdings Limited is beneficially owned as to 70% by Ms. Che Iok Teng, as to 10% by each of Ms. Hoi Wa Lam (許華琳), Ms. Hoi Wa Lam (許華嵐) and Ms. Hoi Wa Weng, respectively.

8. Details of the above share options as required by the Listing Rules have been disclosed in the above section headed "Share Option Schemes" and note 19 to the consolidated financial statements.

* The percentage represents the number of ordinary shares interested in divided by the number of the Company's issued shares as at 31 December 2014.

Disclosures Pursuant to Rules 13.17 and 13.18 of the Listing Rules

On 8 September 2011, the Company issued senior notes due in September 2014 with an aggregate principal amount of HK$1,000 million (the "HKD Notes") pursuant to an indenture dated 8 September 2011, as supplemented (the "Indenture") entered into among the Company, the Subsidiary Guarantors (as defined therein), the Parent Guarantors (as defined therein) and Citicorp International Limited, as trustee. Pursuant to the Indenture, Skylong Holdings Limited, Sky Infinity Holdings Limited and Walong Holdings Limited, the Parent Guarantors (as defined in the Indenture) entered into share charges (the "Share Charges"), pursuant to which they charged, in favor of The Hongkong and Shanghai Banking Corporation Limited, as agent for and on behalf of the holders of the notes, shares of the Company (the "Charged Shares") as security for the HKD Notes. As of 31 December 2014, we had repaid the HKD Notes at their maturity on 8 September 2014 and the Charged Shares had been released pursuant to the Share Charges. For further details of the repayment of the HKD Notes, please refer to the announcement of the Company dated 8 September 2014.

Save as disclosed above, as at 31 December 2014, the Company did not have other disclosure obligations under Rules 13.17 and 13.18 of the Listing Rules.

Directors' Interests in Competing Business

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, being the Directors, are interested in certain companies engaged in the hotel operation business, which is ancillary to the Company's core business, namely, commercial property development and operation. The hotels operated by such companies are Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel. These 2 hotels are operated independently and in individual mode different from that of the Group, while the hotels included in the Group's development projects are developed as part of the large-scale and multifunctional commercial complexes. As such, there are no actual or potential competition between these 2 hotels and the hotels to be included in the Group's development project. Details of Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel are set out in the Prospectus.

Saved as disclosed above, as at 31 December 2014, none of the Directors or their respective associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

Each of Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan has undertaken to the Company that, subject to the exceptions mentioned in the Prospectus, they will not engage in, and shall procure that their controlled affiliates (other than members of the Company) will not engage in any property development and hotel operation business in China. Details of the deed of non-competition (the "Deed of Non-competition") in favour of the Company are set out in the Prospectus.

The Company has received from Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan an annual confirmation that it/he/she has fully complied with its/his/her obligations under the Deed of Non-competition.

Related Party Transactions

During the year ended 31 December 2014, certain directors and their closely related family members, as well as the companies controlled by certain directors and/or their respective closely related family members entered into transactions with the Group, details of which are disclosed in "Related Party Transactions" set out in note 38 to the consolidated financial statements of the Group.

Continuing Connected Transactions

During the year ended 31 December 2014, the Group conducted the following connected transactions, which were exempted from the requirement of independent shareholder's approval, but subject to the disclosure requirements on annual report under Chapter 14A of the Listing Rules. Details of these transactions are set out below:

1. **Hotel accommodation services agreement with Macau Powerlong Group**

   On 4 September 2009, the Company and Pou Long Construction and Land Investment Company Limited ("Macau Powerlong Group") entered into the hotel accommodation services agreement (the "Hotel Services Agreement"), pursuant to which Macau Powerlong Group agreed to provide hotel accommodation services to the Group's employees and guests, who are primarily independent suppliers or service providers to the Company at 2 hotels namely Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel for a term of 3 years from 1 January 2009 to 31 December 2011. Upon expiry of the Hotel Services Agreement on 31 December 2011, the Company and Macau Powerlong Group entered into a renewal agreement (the "2012 Hotel Services Renewal Agreement") to renew the Hotel Services Agreement for a fixed term of 3 years commencing from 1 January 2012 to 31 December 2014. Pursuant to the 2012 Hotel Services Renewal Agreement, Macau Powerlong Group provides such hotel accommodation services during the ordinary course of business, charges a discount of 50% to the normal room service charges and offers terms no less favorable than those offered by independent third parties for comparable services to the Group. For further details, please also refer to the announcement of the Company dated 3 January 2012.

Macau Powerlong Group is owned as to 88.9% by Mr. Hoi Kin Hong and is therefore a connected person of the Company under the Listing Rules.

During the year under review, the total amount charged for the provision of hotel accommodation services by the 2 hotels of Macau Powerlong Group to the Company under the 2012 Hotel Services Renewal Agreement was RMB1,143,000 and the annual cap for the year ended 31 December 2014 was RMB5,600,000.

On 24 December 2014, the Company and Macau Powerlong Group entered into a renewal agreement (the "2015 Hotel Services Renewal Agreement") to renew the 2012 Hotel Services Renewal Agreement for a fixed term of 3 years commencing from 1 January 2015 to 31 December 2017. As the percentage ratios for the projected maximum annual caps under the 2015 Hotel Services Renewal Agreement are less than 0.1%, the agreement is exempt from the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Property management services agreements with the associates of Macau Powerlong Group and the Directors of the Company

On 4 September 2009, subsidiaries of the Company and Fuzhou Powerlong Amusement Management Company Limited ("Fuzhou Amusement"), Qingdao Powerlong Amusement Culture Development Company Limited ("Qingdao Amusement"), Zhengzhou Powerlong Food & Beverage Company Limited ("Zhengzhou F&B"), Zhengzhou Cannes Outlets Commercial Company Limited ("Zhengzhou Outlets"), Ms. Hoi Kin Mei and Mr. Hoi Wa Fong entered into the property management services agreements (the "Property Management Services Agreements") for a term of 3 years from 1 January 2009 to 31 December 2011. Upon expiry of the Property Management Services Agreements on 31 December 2011, the Company, Fuzhou Amusement, Qingdao Amusement, Zhengzhou Outlets, Ms. Hoi Kin Mei and Mr. Hoi Wa Fong entered into a renewal agreement (the "2012 Property Management Services Renewal Agreement") to renew the Property Management Services Agreements for a fixed term of 3 years commencing from 1 January 2012 to 31 December 2014. Pursuant to the 2012 Property Management Services Renewal Agreement, the Group has agreed to provide property management services including security, cleaning and maintenance services, to the amusement park, retail stores and offices operated and occupied by Fuzhou Amusement, Qindao Amusement, Zhengzhou Outlets, and the commercial units owned by Ms. Hoi Kin Mei and Mr. Hoi Wa Fong. The Group charged property management services fees with reference to prevailing market rates and on terms no more favorable than those offered by independent third parties for comparable services to those companies and individuals. The Directors are of the view that such transactions are conducted on normal commercial terms and in the ordinary course of business. For further details, please also refer to the announcement of the Company dated 3 January 2012.

Fuzhou Amusement is owned as to 60% by Xiamen Powerlong Group which is indirectly owned as to 88.9% by Mr. Hoi Kin Hong. Ms. Hoi Kin Mei is the sister of Mr. Hoi Kin Hong, an executive Director and the Chairman of the Board. Mr. Hoi Wa Fong is an executive Director of the Company. Hence, these companies and individuals are the connected persons of the Company under the Listing Rules.

During the year under review, the total amount of service fees charged by the Group under the 2012 Property Management Services Renewal Agreements was RMB883,000 and the annual cap for the year ended 31 December 2014 was RMB5,040,000.

On 24 December 2014, the parties entered into a renewal agreement (the "2015 Property Management Services Renewal Agreement") to renew the 2012 Property Management Services Renewal Agreement for a fixed term of 3 years commencing from 1 January 2015 to 31 December 2017. As the percentage ratios for the projected maximum annual caps under the 2015 Property Management Services Renewal Agreement are less than 0.1%, the agreement is exempt from the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Purchase of office equipment from Xiamen Powerlong Information

On 4 September 2008, Fuzhou Powerlong Real Estate Development Co., Ltd. ("Fuzhou Powerlong"), an indirectly wholly-owned subsidiary of the Company, entered into an office equipment purchase agreement with Xiamen Powerlong Information Industry Co., Ltd. ("Xiamen Powerlong Information") (the "Equipment Purchase Agreement"), for a term of 3 years from 1 January 2009 to 31 December 2011. Upon expiry of the Equipment Purchase Agreement, on 31 December 2011, both parties entered into a renewal agreement (the "2012 Equipment Purchase Renewal Agreement") to renew the Equipment Purchase Agreement for a fixed term of 3 years commencing from 1 January 2012 to 31 December 2014 (both days inclusive). Pursuant to the 2012 Equipment Purchase Renewal Agreement, Xiamen Powerlong Information will and will procure its subsidiaries to supply office equipment such as printers, photocopiers, computers, fax machines and network severs to Fuzhou Powerlong and other members of the Group. Please refer to the announcement of the Company dated 3 January 2012 for the details of the 2012 Equipment Purchase Renewal Agreement.

Xiamen Powerlong Information is owned as to 51% by Xiamen Powerlong Group and 49% by Jui Yau International Investments Company Limited ("Jui Yau International"). Xiamen Powerlong Group is indirectly owned as to 88.9% by Mr. Hoi Kin Hong and Jui Yau International is owned as to 24.84% by Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, the respective son and daughter of Mr. Hoi Kin Hong, a substantial shareholder of the Company. Hence, Xiamen Powerlong Information is a connected person of the Company.

During the year under review, the total transaction amount under the 2012 Equipment Purchase Renewal Agreement was RMB5,424,000 and the annual cap amount for the year ended 31 December 2014 was RMB11,000,000.

On 24 December 2014, both parties entered into a renewal agreement (the "2015 Equipment Purchase Renewal Agreement") to renew the 2012 Equipment Purchase Renewal Agreement for a fixed term of 3 years commencing from 1 January 2015 to 31 December 2017 (both days inclusive). For the years ending 31 December 2015, 2016 and 2017, the maximum caps under the 2015 Equipment Purchase Renewal Agreement is RMB8,600,000, RMB11,000,000, RMB14,000,000, respectively. Please refer to the announcement of the Company dated 24 December 2014 for the details of the 2015 Equipment Purchase Renewal Agreement.

4. Long-term lease agreement

A subsidiary of the Company, as landlord, entered into the following long-term lease agreement ("Long-term Lease Agreement") with Fuzhou Amusement.

The annual caps under the Long-term Lease Agreement is subject to review upon its expiry of every 3 years in accordance with the relevant requirements under Chapter 14A of the Listing Rules. Upon expiry of the annual caps on 31 December 2011, revised annual caps were proposed for the 3 years commencing from 1 January 2012 to 31 December 2014. For further details, please refer to the announcement of the Company dated 3 January 2012.

Fuzhou Amusement is owned as to 60% by Xiamen Powerlong Group, which is indirectly owned as to 88.9% by Mr. Hoi Kin Hong. Hence, such company is the connected person of the Company.

Tenant	Location of property	Area of property (square meters)	Term (Year)	Annual rent payable (RMB)	Use of property
Fuzhou Amusement	Fuzhou Powerlong City Plaza	5,171	5	2.40 million	Amusement park

During the year under review, the total amount of rental received by the Group under the Long-term Lease Agreement was RMB2,308,000 and the annual cap for the year ended 31 December 2014 was RMB2,400,000.

Upon expiry of the annual caps on 31 December 2014, revised annual caps were proposed for the 3 years commencing from 1 January 2015 to 31 December 2017. As the percentage ratios for the projected maximum annual caps for the 3 years commencing from 1 January 2015 to 31 December 2017 are less than 0.1%, the agreement is exempt from the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Security service agreement with Fujian Ping An

On 1 July 2010, the Group and Fujian Ping An Security Devices and Network Co., Ltd. (the "Fujian Ping An") entered into a security service agreement (the "Security Service Agreement"), pursuant to which, Fujian Ping An agreed to provide certain security intelligentization system services to the Group for a term from 1 July 2010 to 31 December 2012. Details of the Security Service Agreement are set out in the announcement of the Company dated 1 July 2010. On 28 December 2012, the parties entered into a renewal agreement (the "2013 Security Service Renewal Agreement") to renew the Security Service Agreement with a term of 3 years commencing from 1 January 2013 to 31 December 2015 (both days inclusive). Details of the 2013 Security Service Renewal Agreement are set out in the announcement of the Company dated 28 December 2012.

Fujian Ping An is a wholly-owned subsidiary of Xiamen Powerlong Information, a company which is owned as to 51% by Xiamen Powerlong Group and 49% by Jui Yau International. Xiamen Powerlong Group is indirectly owned as to 88.9% by Mr. Hoi Kin Hong and Jui Yau International is owned as to 24.84% by Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, the respective son and daughter of Mr. Hoi Kin Hong, a substantial shareholder of the Company. Hence, Fujian Ping An is a connected person of the Company.

During the year under review, the total transaction amount under the 2013 Security Service Renewal Agreement was RMB23,582,000 and the annual cap amount for the year ended 31 December 2014 was RMB185,000,000.

The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors. The Directors (including the independent non-executive Directors) confirmed that the aforesaid continuing connected transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; (d) have not exceeded the relevant maximum annual cap amount in accordance to the waiver previously granted by the Stock Exchange.

The Company's auditor was engaged to report on the Group's continuing connected transactions 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 auditor of the Company has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in page 58 to page 61 of this annual report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transaction for the Year

On 15 October 2014, Mr. Hoi Wa Fong, an executive Director and substantial shareholder of the Company, entered into a sale and purchase agreement with Xiamen Powerlong Real Estate Development Co., Ltd. ("Xiamen Powerlong Development"), an indirect wholly-owned subsidiary of the Company, pursuant to which Xiamen Powerlong Development has agreed to sell and Mr. Hoi has agreed to purchase a property at a consideration of RMB33,065,760.

Mr. Hoi Wa Fong is an executive Director and substantial shareholder of the Company, he is therefore a connected person of the Company and the sale and purchase agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to announcement of the Company dated 15 October 2014.

Corporate Governance

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. The Company therefore strives to attain and maintain effective corporate governance practices and procedures.

During the year ended 31 December 2014 and upon the resignation of Ms. Nie Mei Sheng as an independent non-executive Director on 10 October 2014, the Board comprised 8 members, including 5 executive Directors, 1 non-executive Director and 2 independent non-executive Directors. As a result, the number of independent non-executive Directors had fallen below the minimum number of 3 and did not consist of one-third of the Board as required under Rules 3.10 and 3.10A of the Listing Rules. The number of members of the audit committee of the Board was reduced to 2, which was below the minimum number prescribed under Rule 3.21 of the Listing Rules. And the requirements for the remuneration committee and nomination committee to comprise a majority of independent non-executive directors prescribed under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code could not be met. Upon the appointment of Mr. Ding Zu Yu as an independent non-executive Director and a member of the audit committee, remuneration committee and nomination committee of the Company on 11 December 2014, the Company has since then re-complied with the requirements pursuant to Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. Save as disclosed herein, the Company had at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules during the year ended 31 December 2014.

Save as the deviation above, the Directors are of the view that the Company has complied with the code provisions contained in Appendix 14 of the Listing Rules for the year ended 31 December 2014.

Closure of Register of Members

2014 Annual General Meeting

The register of members of the Company will be closed from Wednesday, 3 June 2015 to Tuesday, 9 June 2015, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to determine who are eligible to attend and vote at the forthcoming Annual General Meeting of the Company to be held on Tuesday, 9 June 2015, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 2 June 2015.

Payment of the proposed final dividend

The register of members of the Company will be closed from Monday, 15 June 2015 to Thursday, 18 June 2015, both days inclusive, during which period no transfer of shares of the Company will be registered.

In order to be qualified for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 12 June 2015. Subject to shareholders' approval of the proposed final dividend of shares at the Annual General Meeting to be held on Tuesday, 9 June 2015, the final dividend will be paid to shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 18 June 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year under review, the Company had bought back from the market a total of 50,710,000 shares of the Company at price per share ranging from HK$1.12 to HK$1.30 for an aggregate consideration of HK$61,503,874. On 21 May 2014 and 26 June 2014, 50,000,000 and 710,000 shares bought back were subsequently cancelled respectively. The Directors believe that the buybacks of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Details of the buybacks of the listed securities were as follows:

Month of buyback	Number of listed securities bought back	Highest price per share	Lowest price per share	Aggregate consideration
March 2014	41,850,000	HK$1.30	HK$1.17	HK$51,120,607
April 2014	5,500,000	HK$1.20	HK$1.14	HK$6,460,160
May 2014	3,360,000	HK$1.20	HK$1.12	HK$3,923,107
	50,710,000			HK$61,503,874

Further, during the year under review, the Company had also bought back 11.25% senior notes due 2018 and 9.50% senior notes due 2016 which are listed on the Stock Exchange in an aggregate amount of US$2,382,481 and RMB5,000,000 for the principal amount of US$2,315,000 and RMB5,000,000, respectively, in January 2014.

The Company has also redeemed in full an aggregate principal amount of US$200,000,000 of 13.75% senior notes due 2015 which were listed on the Singapore Stock Exchange on 15 October 2014 in a total redemption amount of US$208,784,720 equals to 103.4375% of its principal amount (being US$206,875,000) plus the accrued and unpaid interests. For further details, please refer to the announcement of the Company dated 15 October 2014.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

Audit Committee

The Company has established an Audit Committee for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls pursuant to the requirements under Rule 3.21 of the Listing Rules. The Audit Committee comprises 3 independent non-executive Directors.

The Audit Committee has reviewed the Group's interim results for the 6 months ended 30 June 2014 and the annual results for the year ended 31 December 2014 with the Company's management and it considered that such results have been prepared in accordance with applicable accounting standards and requirements with sufficient disclosure.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2014 and up to the date of this annual report, the Company has maintained a sufficient public float of more than 25% of the Company's total number of issued shares as required under the Listing Rules.

Auditor

The consolidated financial statements for the year ended 31 December 2014 have been audited by PricewaterhouseCoopers who shall retire at the forthcoming Annual General Meeting. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board

Hoi Kin Hong
Chairman

Hong Kong, 17 March 2015

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF POWERLONG REAL ESTATE HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Powerlong Real Estate Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 66 to 154, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2015

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Consolidated Balance Sheet

	Note	31 December 2014 RMB'000	31 December 2013 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	**1,898,666**	1,694,201
Land use rights	7	**797,138**	569,862
Investment properties	8	**24,381,596**	19,590,330
Investments accounted for using the equity method	15	**1,548,554**	1,148,972
Deferred income tax assets	23	**380,313**	203,065
Derivative financial instruments	22	**–**	11,406
		29,006,267	23,217,836
Current assets			
Properties under development	9	**13,668,618**	11,371,010
Completed properties held for sale	10	**6,162,421**	3,521,049
Trade and other receivables	11	**2,196,727**	1,989,387
Prepayments	12	**852,374**	3,304,061
Prepaid taxes		**300,334**	241,216
Available-for-sale financial assets	13	**16,042**	30,801
Financial assets at fair value through profit or loss		**1,500**	14,600
Restricted cash	16	**603,687**	378,508
Cash and cash equivalents	17	**4,345,757**	4,434,449
		28,147,460	25,285,081
Total assets		**57,153,727**	48,502,917
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	18	**2,979,696**	3,035,471
Other reserves	19	**664,827**	512,464
Retained earnings		**14,965,316**	13,589,210
		18,609,839	17,137,145
Perpetual Capital Instruments	20	**1,302,139**	–
Non-controlling interests		**697,504**	508,988
Total equity		**20,609,482**	17,646,133

	Note	31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	**14,294,043**	11,854,736
Deferred income tax liabilities	23	**3,314,613**	3,187,587
Derivative financial instruments	22	**81,178**	–
		17,689,834	15,042,323
Current liabilities			
Trade and other payables	24	**7,727,082**	4,869,464
Advances from customers		**4,641,997**	4,186,307
Current income tax liabilities	25	**2,194,391**	2,183,267
Borrowings	21	**4,290,941**	4,575,423
		18,854,411	15,814,461
Total liabilities		**36,544,245**	30,856,784
Total equity and liabilities		**57,153,727**	48,502,917
Net current assets		**9,293,049**	9,470,620
Total assets less current liabilities		**38,299,316**	32,688,456

Hoi Kin Hong
Director

Hoi Wa Fong
Director

The notes on pages 73 to 154 are an integral part of these consolidated financial statements.

Balance Sheet

	Note	31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	14	**6,298,433**	6,289,912
Derivative financial instruments	22	**–**	11,406
		6,298,433	6,301,318
Current assets			
Amounts due from subsidiaries	14	**5,173,948**	3,664,512
Financial assets at fair value through profit or loss		**–**	13,100
Restricted cash		**1,827**	–
Cash and cash equivalents	17	**17,287**	39,193
		5,193,062	3,716,805
Total assets		**11,491,495**	10,018,123
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	18	**2,979,696**	3,035,471
Other reserves	19	**54,824**	51,707
Retained earnings	32	**300,200**	182,468
Total equity		**3,334,720**	3,269,646
LIABILITIES			
Non-current liabilities			
Borrowings	21	**5,511,803**	4,034,527
Derivative financial instruments	22	**81,178**	–
		5,592,981	4,034,527
Current liabilities			
Other payables and accruals	24	**55,000**	42,562
Amounts due to subsidiaries	14	**582,033**	619,479
Borrowings	21	**1,926,761**	2,051,909
		2,563,794	2,713,950
Total liabilities		**8,156,775**	6,748,477
Total equity and liabilities		**11,491,495**	10,018,123
Net current assets		**2,629,268**	1,002,855
Total assets less current liabilities		**8,927,701**	7,304,173

Hoi Kin Hong
Director

Hoi Wa Fong
Director

The notes on pages 73 to 154 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	5	**9,662,995**	7,256,938
Cost of sales	26	**(6,880,023)**	(5,201,756)
Gross profit		**2,782,972**	2,055,182
Fair value gains on investment properties – net	8	**599,325**	530,672
Selling and marketing costs	26	**(395,666)**	(240,509)
Administrative expenses	26	**(676,140)**	(583,970)
Other (losses)/gains – net	28	**(124,963)**	95,370
Exchange gains/(losses) – net	29	**4,721**	(22,543)
Operating profit		**2,190,249**	1,834,202
Finance (costs)/income – net	30	**(30,606)**	121,023
Share of (loss)/profit of investments accounted for using the equity method	15	**(709)**	108,365
Profit before income tax		**2,158,934**	2,063,590
Income tax expense	31	**(651,340)**	(663,414)
Profit for the year		**1,507,594**	1,400,176
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gains on property and equipment and land use rights transferred to investment properties, net of tax	19	**149,379**	–
Items that may be reclassified to profit or loss:			
Change in value of available-for-sale financial assets, net of tax	19	**(259)**	344
Total other comprehensive income for the year, net of tax		**149,120**	344
Total comprehensive income for the year		**1,656,714**	1,400,520
Profit/(loss) attributable to:			
Owners of the Company		**1,370,828**	1,403,536
Holders of Perpetual Capital Instruments		**36,750**	–
Non-controlling interests		**100,016**	(3,360)
		1,507,594	1,400,176
Total comprehensive income attributable to:			
Owners of the Company		**1,519,948**	1,403,880
Holders of Perpetual Capital Instruments		**36,750**	–
Non-controlling interests		**100,016**	(3,360)
		1,656,714	1,400,520
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB cents per share)	33		
– Basic		**34.56**	35.00
– Diluted		**34.54**	34.98

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Dividends	34	**252,278**	–

The notes on pages 73 to 154 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						
	Share capital and premium RMB'000 (Note 18)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000	Total RMB'000	Perpetual Capital Instruments RMB'000 (Note 20)	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2014							
Balance at 1 January 2014	3,035,471	512,464	13,589,210	17,137,145	–	508,988	17,646,133
Comprehensive income:							
Profit for the year	–	–	1,370,828	1,370,828	36,750	100,016	1,507,594
Other comprehensive income for the year	–	149,120	–	149,120	–	–	149,120
Total comprehensive income for the year	–	149,120	1,370,828	1,519,948	36,750	100,016	1,656,714
Transactions with owners:							
Buy-back of shares of the Company	(48,960)	–	–	(48,960)	–	–	(48,960)
Share Award Scheme – Purchase of shares by the trust held for Share Award Scheme	(6,815)	–	–	(6,815)	–	–	(6,815)
– Value of employee services	–	6,975	–	6,975	–	–	6,975
Pre-IPO Share Option Scheme – Value of employee services	–	(3,858)	5,404	1,546	–	–	1,546
Issuance of Perpetual Capital Instruments	–	–	–	–	1,300,000	–	1,300,000
Distribution to holders of Perpetual capital Instruments	–	–	–	–	(34,611)	–	(34,611)
Capital contribution from non-controlling interests	–	–	–	–	–	88,500	88,500
Total transactions with owners	(55,775)	3,117	5,404	(47,254)	1,265,389	88,500	1,306,635
Appropriation to statutory reserves	–	126	(126)	–	–	–	–
Balance at 31 December 2014	2,979,696	664,827	14,965,316	18,609,839	1,302,139	697,504	20,609,482

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company					
	Share capital and premium RMB'000 (Note 18)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2013						
Balance at 1 January 2013	3,035,471	488,132	12,515,461	16,039,064	460,376	16,499,440
Comprehensive income:						
Profit for the year	–	–	1,403,536	1,403,536	(3,360)	1,400,176
Other comprehensive income for the year	–	344	–	344	–	344
Total comprehensive income for the year	–	344	1,403,536	1,403,880	(3,360)	1,400,520
Transactions with owners:						
Share Award Scheme						
– Value of employee services	–	2,059	–	2,059	–	2,059
Pre-IPO Share Option Scheme						
– Value of employee services	–	(13,589)	18,023	4,434	–	4,434
Transfer	–	(4,780)	4,780	–	–	–
Changes in ownership interests in subsidiaries without change of control	–	8,481	–	8,481	9,293	17,774
Dividends (Note 34)	–	–	(320,773)	(320,773)	(11,321)	(332,094)
Capital contribution from non-controlling interests	–	–	–	–	54,000	54,000
Total transactions with owners	–	(7,829)	(297,970)	(305,799)	51,972	(253,827)
Appropriation to statutory reserves	–	31,817	(31,817)	–	–	–
Balance at 31 December 2013	3,035,471	512,464	13,589,210	17,137,145	508,988	17,646,133

The notes on pages 73 to 154 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	2014 RMB'000	2013 RMB'000
		Year ended 31 December	
Cash flows from operating activities			
Cash generated from/(used in) operations	35	**1,254,688**	(381,755)
PRC corporate income tax paid		**(408,246)**	(243,407)
PRC land appreciation tax paid		**(391,104)**	(240,675)
Interest paid		**(1,606,697)**	(1,272,896)
Cash used in operating activities – net		**(1,151,359)**	(2,138,733)
Cash flows from investing activities			
Payments for addition of property and equipment		**(534,728)**	(198,414)
Payments for addition of land use rights		**(330,904)**	–
Payments for construction of investment properties		**(2,320,063)**	(962,695)
Proceeds from disposal of equipment		**825**	4,032
Proceeds from disposal of investment properties		**35,477**	132,206
Disposal of available-for-sale financial assets		**14,500**	–
Cash advances made to related parties		**(277,560)**	–
Collection of cash advances by related parties		**1,971**	2,022
Disposal of subsidiaries		**3,780**	51,450
Investments in jointly controlled entities		**(429,551)**	–
Collection of entrusted loans		**–**	270,000
Capital contribution to an associate		**–**	(37,000)
Purchase of available-for-sale financial assets		**–**	(13,995)
Interest income from loans to third parties		**–**	21,702
Income distribution from available-for-sale financial assets		**–**	3,418
Cash used in investing activities – net		**(3,836,253)**	(727,274)
Cash flows from financing activities			
Capital injection by non-controlling interests		**88,500**	54,000
Proceeds from borrowings		**9,927,951**	12,347,895
Repayments of borrowings		**(7,795,653)**	(6,949,350)
Repurchase of senior notes		**(20,766)**	(11,856)
(Increase)/decrease in guarantee deposits		**(18,090)**	110,869
Cash advances from related parties		**1,502,111**	774,951
Repayments of cash advances from related parties		**(2,000)**	(139,025)
Net proceeds from issuance of Perpetual Capital Instruments		**1,300,000**	–
Distribution to the holders of Perpetual Capital Instruments		**(34,611)**	–
Buy-back of shares of the Company		**(48,960)**	–
Dividends paid to owners of the Company		**–**	(320,773)
Dividends paid to non-controlling interests		**–**	(11,321)
Other cash used in financing activities		**–**	(2,000)
Cash generated from financing activities – net		**4,898,482**	5,853,390
Net decrease in cash and cash equivalents		**(89,130)**	2,987,383
Cash and cash equivalents at beginning of the year	17	**4,434,449**	1,452,217
Effect of foreign exchange rate changes		**438**	(5,151)
Cash and cash equivalents at end of the year	17	**4,345,757**	4,434,449

The notes on pages 73 to 154 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Powerlong Real Estate Holdings Limited (the "Company") was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") is principally engaged in property development, property investment, property management, and other property development related services in the People's Republic of China (the "PRC").

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 October 2009.

These financial statements have been approved for issue by the board of directors (the "Board") of the Company on 17 March 2015.

These financial statements are presented on Renminbi ("RMB"), unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial asset at fair value through profit or loss, investment properties and including derivative financial instruments, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

(a) *Amended standards adopted by the Group*

Amendment to HKAS 32	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
Amendment to HKFRS 10, 12 and 27	Consolidation for investment entities
Amendment to HKAS 36	Impairment of assets on recoverable amount disclosures

The adoption of the above amended standards did not have any material impact on the consolidated financial statements except for disclosure.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New and amended standards not relevant to the Group

Amendment to HKFRS 39	Financial instruments: Recognition and Measurement – Novation of derivatives and the continuation of hedge accounting
HK(IFRIC) – Int 21	Levies

(c) The following new standards and interpretations and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendment to HKAS 19 (revised 2011)	Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements 2012	2010-2012 cycle	1 July 2014
Annual improvements 2013	2011-2013 cycle	1 July 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interest in joint operation	1 January 2016
Amendment to HKAS 16 and 38	Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendment to HKAS 16 and 41	Agriculture: bearer plants	1 January 2016
Amendment to HKAS 10 and 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	2012-2014 cycle	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) New Hong Kong Companies Ordinance (Cap. 622)

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

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies (continued)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gain or losses on dilution of equity interest in associates are recognised in the statement of comprehensive income.

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

2 Summary of significant accounting policies (continued)

2.4 Joint arrangements (continued)

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

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance income/(costs) – net'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'exchange (losses)/ gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(c) Group entities

The results and financial positions of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;

- income and expenses for each consolidated statement of comprehensive income of the group entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–40 years
Motor vehicles	4–5 years
Furniture, fitting and equipment	3–25 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in the consolidated statement of comprehensive income.

2 Summary of significant accounting policies (continued)

2.7 Property and equipment (continued)

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

2.8 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, representing open market value determined at each balance sheet date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

2 Summary of significant accounting policies (continued)

2.8 Investment property (continued)

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as 'fair value gains on investment properties – net' in the consolidated statement of comprehensive income.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

Completed properties held for sale are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and changed directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation reserves, with any remaining decrease charged to the profit or loss.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of significant accounting policies (continued)

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The loans and receivables comprise 'trade and other receivables', 'amounts due from related parties', 'restricted cash' and 'cash and cash equivalents' in the balance sheets (Note 2.14 and Note 2.15).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(d) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

2.10.2 Recognition and measurement (continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income within 'Other (losses)/gains – net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument using an observable market price.

2 Summary of significant accounting policies (continued)

2.12 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.13 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of property comprises cost of land use rights, construction costs, borrowing costs on qualifying assets, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2 Summary of significant accounting policies (continued)

2.15 Cash and cash equivalents and restricted cash

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in 'restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to owners of the Company.

2.17 Perpetual capital instruments

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

2.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2 Summary of significant accounting policies (continued)

2.19 Borrowings and borrowing costs (continued)

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 Summary of significant accounting policies (continued)

2.20 Current and deferred income tax (continued)

(b) *Deferred income tax (continued)*

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2 Summary of significant accounting policies (continued)

2.21 Employee benefits (continued)

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

2.22 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(b) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2 Summary of significant accounting policies (continued)

2.23 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of properties and services income, stated net of discounts returns and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probably that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as "advances from customers" under current liabilities.

(b) Rental income

Rental income of property leasing under operating leases is recognised on a straight-line basis over the term of the lease.

2 Summary of significant accounting policies (continued)

2.24 Revenue recognition (continued)

(c) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(d) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the goods are delivered and services are rendered.

(e) Retail sales

Commission income from concessionaire sales is recognised upon sales of goods by the relevant stores.

2.25 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.26 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.27 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor), are charged to the profit or loss on a straight-line basis over the period of the lease.

The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the consolidated balance sheet based on the nature of the assets. Lease income is recognised in the profit or loss on a straight-line basis over the period of the lease.

2.28 Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the owners of the Company.

2 Summary of significant accounting policies (continued)

2.29 Financial guarantee contracts

Financial guarantee contracts in the scope of HKAS 39 Financial Instrument: Recognition and Measurement are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factor

(a) *Market risk*

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB. As at 31 December 2014, major non-RMB assets and liabilities are cash and cash equivalents, restricted cash, financial assess at fair value through profit or loss, available-for-sale financial assets, other payables and borrowings, which are dominated in Hong Kong dollar ("HK$") or US dollar ("US$"). Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Group 31 December		Company 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Financial assets				
– HK$	**23,251**	91,303	**2,077**	44,653
– US$	**53,931**	148,624	**13,933**	7,639
	77,182	239,927	**16,010**	52,292
Financial liabilities				
– HK$	**922,871**	1,225,945	**750,719**	1,148,200
– US$	**4,129,016**	3,385,295	**4,100,601**	3,367,392
	5,051,887	4,611,240	**4,851,320**	4,515,592

3 Financial risk management (continued)

3.1 Financial risk factor (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 1% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated financial items and adjusts their translation at the year-end for a 1% change in foreign currency rates. If there is a 1% strengthened/weakened in RMB against the relevant currencies, the effect in the profit for the year is as follows:

	Group Year ended 31 December		Company Year ended 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Increase/(decrease) in profit for the year:				
1% strengthened in RMB against the relevant currencies				
– HK$	**8,996**	11,346	**7,486**	11,035
– US$	**40,751**	32,367	**40,867**	33,598
	49,747	43,713	**48,353**	44,633
1% weakened in RMB against the relevant currencies				
– HK$	**(8,996)**	(11,346)	**(7,486)**	(11,035)
– US$	**(40,751)**	(32,367)	**(40,867)**	(33,598)
	(49,747)	(43,713)	**(48,353)**	(44,633)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group and the Company to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings at variable rates expose the Group to cash flows interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, for the year ended 31 December 2014, if interest rates on borrowings at variable rates had been 100 basis point higher/lower with all other variables held constant, interest charges for the year would increase/decrease by RMB89,530,000 (2013: RMB87,312,000), most of which have been capitalised in qualified assets.

3 Financial risk management (continued)

3.1 Financial risk factor (continued)

(b) *Credit risk*

The Group has no concentrations on credit risk. Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash at bank and financial institutions and trade and other receivables.

For banks and financial institutions, only those with sound credit ratings are accepted. The receivables from related parties are companies owned by the same ultimate shareholder of the Group of which the possibility of bad debt is low.

For trade receivables arisen from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in Note 36.

For trade receivables arisen from lease of properties, the Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Deposits refundable to tenants may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance, and guarantees provided to third parties. The Group's exposure to credit risk arising from trade and other receivables is set out in Note 11.

(c) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities, short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

3 Financial risk management (continued)

3.1 Financial risk factor (continued)

(c) Liquidity risk (continued)

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. Trade and other payables due within 12 months equal their carrying balances, as the impact of discounting is not significant. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
The Group					
At 31 December 2014					
Borrowings (Note a)	**5,236,596**	**7,304,651**	**6,406,500**	**2,055,889**	**21,003,636**
Trade and other payables (Note b)	**7,479,196**	**–**	**–**	**–**	**7,479,196**
Derivative financial instruments	**–**	**27,043**	**54,135**	**–**	**81,178**
Guarantees for borrowings of joint ventures	**502,531**	**1,298,673**	**92,540**	**–**	**1,893,744**
Financial guarantee contracts (Note (c))	**6,462,924**	**–**	**–**	**–**	**6,462,924**
	19,681,247	**8,630,367**	**6,553,175**	**2,055,889**	**36,920,678**
At 31 December 2013					
Borrowings (Note a)	5,895,079	6,463,430	5,129,330	2,803,932	20,291,771
Trade and other payables (Note b)	4,653,628	–	–	–	4,653,628
Guarantees for borrowings of a joint venture	76,329	76,329	1,032,471	–	1,185,129
Financial guarantee contracts (Note (c))	4,711,027	–	–	–	4,711,027
	15,336,063	6,539,759	6,161,801	2,803,932	30,841,555
The Company					
At 31 December 2014					
Borrowings (Note a)	**2,091,424**	**2,810,979**	**2,862,815**	**–**	**7,765,218**
Other payables and accruals	**55,000**	**–**	**–**	**–**	**55,000**
Derivative financial instruments	**–**	**27,043**	**54,135**	**–**	**81,178**
Amounts due to subsidiaries	**582,033**	**–**	**–**	**–**	**582,033**
Guarantees for borrowings of subsidiaries	**839,080**	**1,218,495**	**609,262**	**–**	**2,666,837**
	3,567,537	**4,056,517**	**3,526,212**	**–**	**11,150,266**
At 31 December 2013					
Borrowings (Note a)	2,650,683	3,076,154	1,650,974	–	7,377,811
Other payables and accruals	42,562	–	–	–	42,562
Amounts due to subsidiaries	619,479	–	–	–	619,479
Guarantees for borrowings of subsidiaries	916,104	868,424	724,040	–	2,508,568
	4,228,828	3,944,578	2,375,014	–	10,548,420

3 Financial risk management (continued)

3.1 Financial risk factor (continued)

(c) *Liquidity risk (continued)*

Notes:

a. Interest on borrowings is calculated on borrowings held as at 31 December 2014 and 2013. Floating-rate interest is estimated using the current interest rate as at 31 December 2014 and 2013 respectively.

b. It represents payables excluding salaries payables and other taxes payables.

c. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments (Note 36).

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (Note 17) and less guarantee deposits for bank borrowings included in restricted cash (Note 16(c)). Total borrowings comprise senior notes (Note 21), bank borrowings (Note 21), other borrowings (Note 21) and borrowings under sale and lease back agreement (Note 21). Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2014 and 2013 are as follows:

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Total borrowings (Note 21)	**18,584,984**	16,430,159
Less: cash and cash equivalents (Note 17)	**(4,345,757)**	(4,434,449)
Less: guarantee deposits for bank borrowings (Note 16(c))	**(135,023)**	(116,933)
Net debt	**14,104,204**	11,878,777
Total equity	**20,609,482**	17,646,133
Total capital	**34,713,686**	29,524,910
Gearing ratio	**40.6%**	40.2%

The slightly increase in the gearing ratio during 2014 resulted primarily from the additional bank and other borrowings.

3 Financial risk management (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2014 and 2013. See Note 8 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2014				
Financial assets:				
Financial assets at fair value through profit or loss	**1,500**	**–**	**–**	**1,500**
Available-for-sale financial assets (Note 13)	**–**	**–**	**16,042**	**16,042**
	1,500	**–**	**16,402**	**17,542**
Financial liabilities:				
Derivative financial instruments (Note 22)	**–**	**81,178**	**–**	**81,178**
At 31 December 2013				
Financial assets:				
Financial assets at fair value through profit or loss	14,600	–	–	14,600
Available-for-sale financial assets (Note 13)	–	14,500	16,301	30,801
Derivative financial instruments (Note 22)	–	11,406	–	11,406
	14,600	25,906	16,301	56,807

There were no transfers between levels during the year.

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) *Financial instruments in level 1*

The fair value of the Group's financial assets at fair value through profit or loss as at 31 December 2014 and 2013, which are listed securities in Hong Kong, is based on their quoted market prices at the balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These financial assets at fair value through profit or loss are included in level 1. The quoted market price used for financial assets held by the Group is the current bid price.

(b) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(c) *Financial instruments in level 3*

The fair value of financial instrument included in level 3 is disclosed in Note 13(a).

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing these consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 Critical accounting estimates and judgements (continued)

(b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

(c) Provisions for properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for properties under development and properties held for sale at 31 December 2014.

(d) Provision for property and equipment

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property and equipment have been determined based on value-in-use calculations, taking into account latest market information and past experience. These calculation and valuations require the use of judgements and estimates.

(e) Fair value of investment properties

The Group assesses the fair value of its completed investment properties and investment properties under construction based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of completed investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

4 Critical accounting estimates and judgements (continued)

(e) Fair value of investment properties (continued)

Investment properties under construction are carried at fair value when is considered to be reliably measurable. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers certain factors, please refer to Note 2.8.

Management, after consulting independent qualified valuer, considers that the fair value of investment properties under construction as at 31 December 2014 can be measured at a reasonable accurate level. Therefore, these investment properties under construction as at 31 December 2014 were measured at fair value.

The fair value gains from completed investment properties and investment properties under construction are disclosed in Note 8.

5 Segment information

The executive directors, as the chief operating decision-makers ("CODM") of the Group review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management services and other property development related services. As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, income of property management services and other property development related services. Revenue of the year consists of the following:

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Sales of properties	**8,265,185**	6,243,864
Rental income of investment properties	**444,772**	349,217
Income of property management services	**467,502**	351,903
Income of other property development related services	**485,536**	311,954
	9,662,995	7,256,938

5 Segment information (continued)

The segment results and other segment items included in the profit for the year ended 31 December 2014 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	8,265,185	444,772	514,931	485,536	–	9,710,424
Inter-segment revenue	–	–	(47,429)	–	–	(47,429)
Revenue	8,265,185	444,772	467,502	485,536	–	9,662,995
Segment results	1,742,932	827,010	718	30,162	–	2,600,822
Other losses – net						(124,963)
Share of loss of investments accounted for using the equity method (Note 15)						(709)
Unallocated operating costs						(285,610)
Finance costs – net (Note 30)						(30,606)
Profit before income tax						2,158,934
Income tax expense						(651,340)
Profit for the year						1,507,594
Depreciation (Note 6)	18,901	–	5,118	108,646	–	132,665
Amortisation of land use rights recognised as expenses (Note 7)	–	–	–	15,846	–	15,846
Fair value gains on investment properties – net (Note 8)	–	599,325	–	–	–	599,325

5 Segment information (continued)

The segment results and other segment items included in the profit for the year ended 31 December 2013 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	6,243,864	349,217	392,963	311,954	–	7,297,998
Inter-segment revenue	–	–	(41,060)	–	–	(41,060)
Revenue	6,243,864	349,217	351,903	311,954	–	7,256,938
Segment results	1,275,590	716,817	1,313	(60,644)	(2,633)	1,930,443
Other gains – net						95,370
Share of profit of investments accounted for using the equity method (Note 15)						108,365
Unallocated operating costs						(191,611)
Finance income – net (Note 30)						121,023
Profit before income tax						2,063,590
Income tax expense						(663,414)
Profit for the year						1,400,176
Depreciation (Note 6)	14,344	–	2,171	93,936	–	110,451
Amortisation of land use rights recognised as expenses (Note 7)	–	–	–	13,863	–	13,863
Fair value gains on investment properties – net (Note 8)	–	530,672	–	–	–	530,672

5 Segment information (continued)

Segment assets, liabilities and interests in joint ventures and an associate as at 31 December 2014 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	**28,042,279**	**25,386,731**	**784,624**	**5,319,214**	**(4,053,115)**	**55,479,733**
Other assets						**1,673,994**
Total assets						**57,153,727**
Segment liabilities	**10,489,800**	**1,267,592**	**576,018**	**1,258,796**	**(4,053,115)**	**9,539,091**
Other liabilities						**27,005,154**
Total liabilities						**36,544,245**
Capital expenditure	**241,162**	**3,526,739**	**3,514**	**826,994**	**–**	**4,598,409**
Interests in joint ventures	**1,512,375**	**–**	**–**	**–**	**–**	**1,512,375**
Interests in an associate	**36,179**	**–**	**–**	**–**	**–**	**36,179**

Segment assets, liabilities and interests in a joint venture as at 31 December 2013 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other property development related services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	26,338,637	20,587,250	398,482	2,990,797	(2,881,188)	47,433,978
Other assets						1,068,939
Total assets						48,502,917
Segment liabilities	7,815,385	389,283	366,803	2,092,924	(2,881,188)	7,783,207
Other liabilities						23,073,577
Total liabilities						30,856,784
Capital expenditure	25,539	983,888	52,982	191,395	–	1,253,804
Interest in a joint venture	1,112,150	–	–	–	–	1,112,150
Interest in an associate	36,822	–	–	–	–	36,822

5 Segment information (continued)

Segment assets are reconciled to total assets as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Segment assets	**55,479,733**	47,433,978
Other assets		
– Prepaid taxes	**300,334**	241,216
– Deferred income tax assets	**380,313**	203,065
– Unallocated cash and cash equivalents and restricted cash	**550,108**	570,208
– Other receivables from related parties (Note 38(d))	**298,936**	23,347
– Unallocated property and equipment	**81,221**	8,049
– Other corporate assets	**63,082**	23,054
Total assets	**57,153,727**	48,502,917

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Segment liabilities	**9,539,091**	7,783,207
Other liabilities		
– Current income tax liabilities	**2,194,391**	2,183,267
– Deferred income tax liabilities	**3,314,613**	3,187,587
– Current borrowings	**4,290,941**	4,575,423
– Non-current borrowings	**14,294,043**	11,854,736
– Other payables to related parties (Note 38(d))	**2,667,462**	1,167,351
– Other corporate liabilities	**243,704**	105,213
Total liabilities	**36,544,245**	30,856,784

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment (Note 6), land use rights (Note 7) and investment properties (Note 8).

6 Property and equipment – Group

	Assets under construction RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
Year ended 31 December 2014					
Opening net book amount	**152,981**	**1,421,911**	**22,809**	**96,500**	**1,694,201**
Additions	**535,560**	**25,278**	**10,537**	**95,450**	**666,825**
Revaluation reserves recognised in other comprehensive income (Note (a))	**–**	**160,334**	**–**	**–**	**160,334**
Transfers to investment properties (Note (a) and Note 8)	**–**	**(489,204)**	**–**	**–**	**(489,204)**
Disposals	**–**	**–**	**(604)**	**(221)**	**(825)**
Depreciation	**–**	**(82,873)**	**(12,481)**	**(37,311)**	**(132,665)**
Closing net book amount	**688,541**	**1,035,446**	**20,261**	**154,418**	**1,898,666**
At 31 December 2014					
Cost	**688,541**	**1,231,935**	**68,835**	**294,249**	**2,283,560**
Accumulated depreciation	**–**	**(196,489)**	**(48,574)**	**(139,831)**	**(384,894)**
Net book amount	**688,541**	**1,035,446**	**20,261**	**154,418**	**1,898,666**
Year ended 31 December 2013					
Opening net book amount	138,502	1,299,575	24,470	116,419	1,578,966
Additions	176,615	29,184	9,075	14,844	229,718
Transfer	(162,136)	162,136	–	–	–
Disposals	–	(1,720)	(621)	(1,691)	(4,032)
Depreciation	–	(67,264)	(10,115)	(33,072)	(110,451)
Closing net book amount	152,981	1,421,911	22,809	96,500	1,694,201
At 31 December 2013					
Cost	152,981	1,595,193	63,513	202,690	2,014,377
Accumulated depreciation	–	(173,282)	(40,704)	(106,190)	(320,176)
Net book amount	152,981	1,421,911	22,809	96,500	1,694,201

(a) During the year ended 31 December 2014, certain owner-occupied properties and related land use rights were transferred to investment properties due to change in use. The difference between fair value and carrying amounts of these properties and land use rights at the date of change in use is recognised on other comprehensive income or other losses, where applicable.

6 Property and equipment – Group (continued)

Depreciation charges were included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
Cost of sales	**91,504**	80,913
Selling and marketing costs	**2,215**	1,689
Administrative expenses	**38,946**	27,849
	132,665	110,451

As at 31 December 2014, properties and equipment with net book amounts totalling RMB1,360,154,000 (2013: RMB820,180,000), were pledged as collateral for the Group's borrowings (Note 21).

Certain equipment of the Group with the net book amount of RMB77,079,000 (2013: RMB81,808,000) where the Group was a lessee were held under non-cancellable finance lease agreement. The lease terms are 3 years (Note 21).

Borrowing costs of RMB121,825,000 (2013: RMB13,184,000) have been capitalised in assets under construction for the year ended 31 December 2014.

The capitalisation rate of borrowings for the year ended 31 December 2014 was 8.57% (2013: 9.25%).

7 Land use rights – Group

	Year ended 31 December	
	2014 **RMB'000**	2013 RMB'000
Opening net book amount	**569,862**	543,527
Additions	**404,845**	40,198
Revaluation reserves recognised in other comprehensive income (Note 6(a))	**38,838**	–
Transfer to investment properties (Note 6(a))	**(200,561)**	–
Amortisation charges	**(15,846)**	(13,863)
Ending net book amount	**797,138**	569,862

7 Land use rights – Group (continued)

	31 December 2014 RMB'000	31 December 2013 RMB'000
Land use rights are outside Hong Kong, held on leases of:		
Between 10 to 50 years	797,138	569,862

Land use rights comprise cost of acquiring rights to use certain land, which are all located in the PRC, mainly for hotel buildings and other self-use buildings over fixed periods.

As at 31 December 2014, land use rights of RMB274,852,000 (2013: RMB164,599,000) were pledged as collateral for the Group's borrowings (Note 21).

8 Investment properties – Group

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Year ended 31 December 2014			
At 1 January 2014	18,433,700	1,156,630	19,590,330
Additions	201,779	3,324,960	3,526,739
Fair value (loss)/gains – net	(162,254)	761,579	599,325
Transfers from property and equipment and land use rights (Note 6, 7)	689,765	–	689,765
Disposals	(24,563)	–	(24,563)
At 31 December 2014	19,138,427	5,243,169	24,381,596
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	(162,254)	761,579	599,325

8 Investment properties – Group (continued)

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Year ended 31 December 2013			
At 1 January 2013	16,196,318	1,951,526	18,147,844
Additions	191,960	791,928	983,888
Transfers	1,607,930	(1,607,930)	–
Fair value gains – net	509,566	21,106	530,672
Disposals	(72,074)	–	(72,074)
At 31 December 2013	18,433,700	1,156,630	19,590,330
Change in unrealised gains or losses for the year included in profit or loss for assets held at the end of the year	505,558	21,106	526,664

(a) The following amounts have been recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Rental income (Note 5)	**444,772**	349,217
Direct operating expenses arising from investment properties that generate rental income	**(122,908)**	(132,259)
Direct operating expenses arising from investment properties that do not generate rental income	**(26,363)**	(20,972)

Investment properties as at 31 December 2014 are held in the PRC on leases between 10 to 50 years (2013: same).

Borrowing costs of RMB234,734,000 (2013: RMB96,816,000) have been capitalised in investment properties under construction for the year ended 31 December 2014. The capitalisation rate of borrowings for the year ended 31 December 2014 was 8.57% (2013: 9.25%).

As at 31 December 2014, investment properties of RMB20,554,430,000 (2013: RMB16,753,735,000) were pledged as collateral for the Group's borrowings (Note 21).

As at 31 December 2014, investment properties of RMB132,538,000 (2013: RMB132,538,000) is affiliated by certain equipment where the Group is a lessee under non-cancellable sales and lease back agreement (Note 21).

Investment properties are shopping malls mainly located in Henan Province, Fujian Province, Shandong Province, Jiangsu Province, Anhui Province, Shanghai and Chongqing. The fair value of the investment properties are expected to be realised through rental income.

8 Investment properties – Group (continued)

(i) Fair value hierarchy

An independent valuation of the Group's completed investment properties and certain investment properties under construction was performed by the valuer, Savills Valuation and Professional Services Limited, to determine the fair value of the investment properties as at 31 December 2014. The revaluation gains or losses are included in 'Fair value gains on investment properties – net' in the statement of comprehensive income.

As at 31 December 2014, as certain of significant inputs used in the determination of fair value of investment properties are derivate from unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy (Note 2.8).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers in or out of fair value hierarchy levels during the year.

(ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2014 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2014, the fair values of the properties have been determined by Savills Valuation and Professional Services Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

(iii) Valuation techniques

The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair values of completed properties are generally derived using the term and reversion method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversion yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversion yields are derived from analysis prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

8 Investment properties – Group (continued)

(iii) Valuation techniques (continued)

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

There were no changes to the valuation techniques during the year. Information about fair value measurements using significant unobservable inputs (level 3) is as follows:

	Fair value at 31 December 2014 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	19,138,427	Term and reversionary method	Term yields	3.5%-7.5%	The higher the term yields, the lower the fair value
			Reversion yields	4.5%-8%	The higher the reversion yields, the lower the fair value
			Market rents(RMB/ square meter/month)	73-346	The higher the market rents, the higher the fair value
Investment properties under construction	5,243,169	Residual method	Market rents(RMB/ square meter/month)	69-156	The higher the market rents, the higher the fair value
			Market yields	5.0%-6.5%	The higher the market yields, the lower the fair value
			Budgeted construction costs to incurred (RMB/sq.m)	2,983-4,134	The higher the budgeted construction costs to incurred, the lower the fair value
			Developer's profit (%)	2%-10%	The higher the developer's profit, the lower the fair value

8 Investment properties – Group (continued)

(iii) Valuation techniques (continued)

	Fair value at 31 December 2013 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	18,433,700	Term and reversionary method	Term yields	3.5%–7.5%	The higher the term yields, the lower the fair value
			Reversion yields	5.5%–8%	The higher the reversion yields, the lower the fair value
			Market rents (RMB/square meter/month)	79–346	The higher the market rents, the higher the fair value
Investment properties under construction	1,156,630	Residual method	Market rents (RMB/square meter/month)	90–140	The higher the market rents, the higher the fair value
			Market yields	5.5%–6.5%	The higher the market yields, the lower the fair value
			Budgeted construction costs to incurred (RMB/sq.m)	2,559-3,071	The higher the budgeted construction costs to incurred, the lower the fair value
			Developer's profit (%)	10%-15%	The higher the developer's profit, the lower the fair value

There are inter-relationships between unobservable inputs. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

9 Properties under development – Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Properties under development include:		
– Construction costs and capitalised expenditures	**3,942,009**	2,863,981
– Interests capitalised	**2,119,465**	2,097,592
– Land use rights	**7,607,144**	6,409,437
	13,668,618	11,371,010
Land use rights:		
Outside Hong Kong, held on leases of:		
– Over 50 years	**2,102,250**	3,622,157
– Between 10 to 50 years	**5,504,894**	2,787,280
	7,607,144	6,409,437

The properties under development are all located in the PRC and expected to be completed within an operating cycle, most of which are expected to be completed within 12 months.

As at 31 December 2014, properties under development of approximately RMB5,102,438,000 (2013: RMB4,493,367,000) were pledged as collateral for the Group's borrowings (Note 21).

The capitalisation rate of borrowings for the year ended 31 December 2014 was 8.57% (2013: 9.25%).

10 Completed properties held for sale – Group

The completed properties held for sale are all located in the PRC.

As at 31 December 2014, completed properties held for sale of approximately RMB2,039,943,000 (2013: RMB1,132,059,000) were pledged as collateral for the Group's borrowings (Note 21).

11 Trade and other receivables – Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables (Note (a))	**1,214,071**	1,113,914
– Related parties (Note 38(d))	**38,395**	53,116
– Third parties	**1,175,676**	1,060,798
Less: provision for impairment of trade receivables (Note (a))	**(26,558)**	(11,735)
Trade receivables – net	**1,187,513**	1,102,179
Deposits for acquisition of land use rights	**41,600**	376,518
Other receivables from:	**967,614**	510,690
– Related parties (Note 38(d))	**298,936**	23,347
– Third parties	**668,678**	487,343
	2,196,727	1,989,387

11 Trade and other receivables – Group (continued)

(a) Trade receivables are mainly derived from sales of properties and rental income. Sales proceeds and rental fee are paid in accordance with the terms of the related sales and purchase agreements and rental contracts. As at 31 December 2014 and 2013, the ageing analysis of trade receivables of the Group based on billing date were as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Not due	**347,694**	342,009
Within 90 days	**533,945**	377,421
Over 90 days	**332,432**	394,484
	1,214,071	1,113,914

As at 31 December 2014, trade receivables of RMB37,741,000 (2013: RMB70,823,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty. The overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

	31 December	
	2014 RMB'000	2013 RMB'000
Over 90 days	**37,741**	70,823

As of 31 December 2014, trade receivables of RMB37,553,000 were impaired (2013: RMB15,531,000) and provision of RMB26,558,000 were provided (2013:RMB11,735,000). The individually impaired receivables mainly relate to certain lessees of the Group's investment properties, which are in unexpectedly difficult economic situations.

Movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At 1 January	**11,735**	19,192
Provision for receivables impairment	**15,958**	2,694
Receivables written off during the year as uncollectible	**(1,135)**	(10,151)
At 31 December	**26,558**	11,735

(b) As at 31 December 2014 and 2013, the fair value of trade and other receivables approximated their carrying amounts.

(c) Trade and other receivables are interest free. The Group's trade and other receivables are denominated in RMB. Except for those disclosed in Note 11(a), no material trade and other receivables were impaired or past due as at 31 December 2014 and 2013.

(d) The maximum exposure to credit risk at the reporting date was the carrying value of each class of receivables after deducting any impairment allowance and guarantees provided to third parties.

12 Prepayments – Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Acquisition of land use rights (Note (a))	**780,305**	3,249,109
Construction materials – third parties	**72,069**	54,952
	852,374	3,304,061

(a) Payments on land acquisitions will be made in accordance with the payment terms as stipulated in the land acquisition contracts. The relevant land use rights certificates have not been obtained as at 31 December 2014. The land acquisition costs which are contracted but not provided for are included in commitments (Note 37(a)).

13 Available-for-sale financial assets – Group

	Year ended 31 December 2014 RMB'000	Year ended 31 December 2013 RMB'000
Opening amounts as at 1 January	**30,801**	16,462
Additions	**–**	13,995
Disposals	**(14,500)**	–
Revaluation (losses)/gains – net	**(259)**	344
Closing amounts as at 31 December	**16,042**	30,801

Available-for-sale financial assets include the following:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Unlisted securities:		
– Unlisted private trust fund denominated in HK$ (Note (a))	**16,042**	16,301
– Wealth management product denominated in RMB	**–**	14,500
	16,042	30,801

(a) The fair value of unlisted private trust fund is based on cash flows discounted using a rate based on the market interest rate and the risk premium specific to the private trust fund.

The maximum exposure to credit risk at the reporting date is the carrying value of the unlisted private trust fund classified as available-for-sale financial assets. There are no commitment and contingent liabilities relating to the Group's interests in the available-for-sale financial assets.

These financial assets were not past due or impaired as of 31 December 2014 and 2013.

14 Interests in and amounts due from/(to) subsidiaries – Company

(a) Investments in and amounts due from/(to) subsidiaries

	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current portions:		
Investments at cost – unlisted shares	**410,005**	410,005
Deemed capital contributions arising from share-based compensation	**78,251**	69,730
Amounts due from subsidiaries	**5,810,177**	5,810,177
	6,298,433	6,289,912
Current portions:		
Amounts due from subsidiaries	**5,173,948**	3,664,512
Amounts due to subsidiaries	**(582,033)**	(619,479)
	4,591,915	3,045,033

Investments in Group undertakings are recorded at cost, which are the fair value of the consideration paid.

The deemed capital contribution relating to share based payment relates to certain shares and share options granted by the Company to employees of subsidiary undertakings in the Group. Refer to Note 19 for further details on the Group's share-based compensation plans.

The amounts due from subsidiaries included in non-current portions are unsecured, interest-free and the Company does not expect repayment in the foreseeable future.

The amounts due from/(to) subsidiaries included under current portions are unsecured, interest-free and repayable on demand.

(b) The non-controlling interests in respect of each subsidiary are not material to the Group.

15 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Non-current portion:		
Investments in joint ventures	**1,512,375**	1,112,150
Investments in associate	**36,179**	36,822
	1,548,554	1,148,972
Current portion (Note 38(d)):		
Amounts due to an associate	**(40,000)**	(42,000)
Amounts due to joint ventures	**(2,192,759)**	(1,014,706)
Amounts due from a joint venture	**277,560**	–
	(1,955,199)	(1,056,706)

Amounts due to an associate and joint ventures are unsecured, interest-free and repayable on demand.

The (loss)/profit recognised in the statement of comprehensive income are as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Joint venture (Note (a))	**(66)**	108,583
Associate (Note (b))	**(643)**	(218)
	(709)	108,365

(a) Joint ventures

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At 1 January	**1,112,150**	1,012,423
Addition	**429,551**	–
Share of (loss)/profit – net	**(66)**	108,583
Elimination of unrealised profits	**(29,260)**	(8,856)
At 31 December	**1,512,375**	1,112,150

15 Investments accounted for using the equity method (continued)

(a) Joint ventures (continued)

(i) Nature of investment in the joint ventures 2014 and 2013

Name of entity	Place of business/ country of incorporation	% of ownership interest	Measurement method
2014:			
Tianjin Powerlong Jinjun Real Estate Co., Ltd. ("Tianjin Jinjun") 天津寶龍金駿房地產開發有限責任公司	PRC	65%	Equity
Powerlong Golden Wheel Coral Company Limited* 寶龍金輪珊瑚有限公司	BVI	51%	Equity
Xiamen Powerlong Industry Co., Ltd. 廈門寶龍實業有限公司	PRC	51%	Equity
Baohui Property (Hong Kong) Holdings Co., Ltd.* 寶匯地產(香港)控股有限公司	Hong Kong	60%	Equity
Shanghai Powerlong Zhanyao Enterprises Development Limited* 上海寶龍展耀企業發展有限公司	PRC	45.9%	Equity
2013:			
Tianjin Jinjun	PRC	65%	Equity

* These joint ventures are small private groups, which comprise several subsidiaries.

The joint ventures listed above are private companies and there is no quoted market price available for its shares and has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

(ii) Commitments and contingent liabilities in respect of the joint ventures

	31 December 2014 RMB'000	31 December 2013 RMB'000
Proportionate interest of commitments	**748,320**	368,776
Proportionate interest of financial guarantee contracts	**43,569**	38,230

There are no other contingent liabilities relating to the Group's interest in the joint ventures, and no other contingent liabilities of the joint ventures themselves.

15 Investments accounted for using the equity method (continued)

(a) Joint ventures (continued)

(iii) Summarised financial information for the joint ventures

Set out below are the summarised financial information for the joint ventures which are accounted for using the equity method.

Summarised balance sheet:

	31 December			
	2014			2013
	Tianjin Jinjun RMB'000	Others RMB'000	Total RMB'000	Total RMB'000
Assets				
Current assets	3,302,056	2,298,279	5,600,335	2,999,311
Non-current assets	973,568	826,165	1,799,733	1,081,521
Total assets	4,275,624	3,124,444	7,400,068	4,080,832
Liabilities				
Current liabilities	(1,442,659)	(981,138)	(2,423,797)	(1,273,034)
Non-current liabilities	(1,155,282)	(1,373,000)	(2,528,282)	(1,147,902)
Total liabilities	(2,597,941)	(2,354,138)	(4,952,079)	(2,420,936)
Net assets	1,677,683	770,306	2,447,989	1,659,896

As at 31 December 2014, Tianjin Jinjun has cash and cash equivalents amounting to RMB77,667,000 (2013: RMB84,956,000). The total financial liabilities excluding trade payables in Tianjin Jinjun is RMB2,116,946,000 (2013: RMB1,273,034,000).

Summarised statement of comprehensive income:

	Year ended 31 December			
	2014			2013
	Tianjin Jinjun RMB'000	Others RMB'000	Total RMB'000	Total RMB'000
Revenue	384,127	–	384,127	313,870
Cost of goods sold	(313,737)	–	(313,737)	(222,164)
Fair value gains from investment properties	24,198	–	24,198	102,276
Interest income	343	5	348	1,082
Interest expense	(112)	(730)	(842)	(40)
Profit/(loss) from continuing operations before tax	72,277	(44,521)	27,756	175,838
Income tax expense	(54,490)	–	(54,490)	(72,018)
Post-tax profit/(loss) from continuing operations	17,787	(44,521)	(26,734)	103,820
Other comprehensive income	–	–	–	–
Total comprehensive income	17,787	(44,521)	(26,734)	103,820
Dividends received from joint ventures	–	–	–	–

There are no material differences in accounting policies between the Group and joint ventures.

15 Investments accounted for using the equity method (continued)

(a) Joint ventures (continued)

(iv) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amounts of the Group interests in joint ventures.

	Year ended 31 December			
	2014			2013
	Tianjin Jinjun RMB'000	Others RMB'000	Total RMB'000	Total RMB'000
Opening net assets as at 1 January	1,659,896	–	1,659,896	1,556,076
Addition	–	814,827	814,819	–
Profit/(loss) for the year	17,787	(44,521)	(26,734)	103,820
Other comprehensive income	–	–	–	–
Closing net assets as at 31 December	1,677,683	770,306	2,447,989	1,659,896
Less: – Joint venture partners' interests	(533,033)	(364,465)	(897,498)	(538,890)
– Elimination of unrealised profits	(22,675)	(15,441)	(38,116)	(8,856)
Interests in joint ventures (carrying value)	1,121,975	390,400	1,512,375	1,112,150

(b) The associate of the Group as at 31 December 2014, which, in the opinion of the directors, is not material to the Group.

16 Restricted cash – Group

	31 December	
	2014 RMB'000	2013 RMB'000
Guarantee deposit for construction projects (Note (a))	104,600	99,284
Guarantee deposit for bank acceptance notes (Note (b))	353,145	152,215
Guarantee deposits for bank borrowings (Note (c))	135,023	116,933
Others	10,919	10,076
	603,687	378,508
Denominated in:		
– RMB	601,627	371,461
– HK$	2,060	7,047
	603,687	378,508

16 Restricted cash – Group (continued)

(a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of pre-sale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

(b) As at 31 December 2014, the Group placed cash deposits of approximately RMB353,145,000 (2013: RMB152,215,000) with designated banks as guarantee for the issuance of bank acceptance notes.

(c) As at 31 December 2014, the Group has placed cash deposits of approximately RMB135,023,000 (2013: RMB116,933,000) with designated banks as security for bank borrowings.

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

17 Cash and cash equivalents

	Group 31 December		Company 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Cash at bank and in hand:				
– Denominated in RMB	**4,286,677**	4,250,744	**1,277**	–
– Denominated in HK$	**5,149**	35,081	**2,077**	31,554
– Denominated in US$	**53,931**	148,624	**13,933**	7,639
	4,345,757	4,434,449	**17,287**	39,193

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

18 Share capital and premium – Group and Company

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000	Shares held for Share Award Scheme RMB'000	Total RMB'000
Authorised:						
As at 1 January 2013, 31 December 2013 and 31 December 2014	30,000,000,000	300,000,000				
Issued and fully paid:						
As at 1 January 2014	**4,048,013,000**	**40,480,130**	**35,936**	**3,084,256**	**(84,721)**	**3,035,471**
Buy-back of shares of the Company (Note (b))	**(50,710,000)**	**(507,100)**	**(450)**	**(48,510)**	**–**	**(48,960)**
Purchase of shares by the trust held for Share Award Scheme	**–**	**–**	**–**	**–**	**(6,815)**	**(6,815)**
At 31 December 2014	**3,997,303,000**	**39,973,030**	**35,486**	**3,035,746**	**(91,536)**	**2,979,696**
As at 1 January 2013 and 31 December 2013	4,048,013,000	40,480,130	35,936	3,084,256	(84,721)	3,035,471

(a) Shares held for Share Award Scheme

On 2 December 2010 (the "Adoption Date"), the Board approved and adopted a share award scheme in which a number of selected employees and directors of the Group are entitled to participate (the "Share Award Scheme"). The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administrating the Share Award Scheme. Under the sole discretion of the Board, the Share Award Scheme Trust will acquire the Company's shares from the Stock Exchange, with a maximum number determined by the Board, and hold the shares granted to the employees but not vested for the employees and directors until they are vested. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of six years commencing on the Adoption Date.

Employees and directors are not entitled to dividends on any awarded shares that are not yet transferred to them.

The Board will implement the Share Award Scheme in accordance with the terms of the Share Award Scheme rules including providing necessary funds to the Share Award Scheme Trust for the purchase of shares up to 2% of the issued share capital of the Company as of the Adoption Date.

As at 31 December 2014, the Share Award Scheme Trust holds 45,380,000 shares of the Company (2013: 38,353,000) (Note 19(d)).

(b) The Company acquired 50,710,000 of its own shares through purchases on the Stock Exchange during the year ended 31 December 2014. The total amount paid to acquire the shares was RMB48,960,000. All the buy-back shares have been cancelled before 31 December 2014.

19 Other reserves

	Group						Company
	Merger reserve RMB'000 (Note (a))	Statutory reserves RMB'000 (Note (b))	Share-based compensation reserve RMB'000 (Note (c) and Note (d))	Revaluation reserves RMB'000 (Note (e))	Transaction with non-controlling interests RMB'000	Total RMB'000	Share-based compensation reserve RMB'000 (Note (c) and Note (d))
Balance at 1 January 2014	**337,203**	**36,448**	**51,707**	**78,625**	**8,481**	**512,464**	**51,707**
Pre-IPO Share Option Scheme (Note (c))	**–**	**–**	**(3,858)**	**–**	**–**	**(3,858)**	**(3,858)**
Share Award Scheme (Note (d))	**–**	**–**	**6,975**	**–**	**–**	**6,975**	**6,975**
Revaluation – net of tax	**–**	**–**	**–**	**149,120**	**–**	**149,120**	**–**
Appropriation to statutory reserves	**–**	**126**	**–**	**–**	**–**	**126**	**–**
Balance at 31 December 2014	**337,203**	**36,574**	**54,824**	**227,745**	**8,481**	**664,827**	**54,824**
Balance at 1 January 2013	337,203	9,411	63,237	78,281	–	488,132	63,237
Revaluation – net of tax	–	–	–	344	–	344	–
Transfer	–	(4,780)	–	–	–	(4,780)	–
Acquisition of additional interest of a subsidiary	–	–	–	–	8,481	8,481	–
Pre-IPO Share Option Scheme (Note (c))	–	–	(13,589)	–	–	(13,589)	(13,589)
Share Award Scheme (Note (d))	–	–	2,059	–	–	2,059	2,059
Appropriation to statutory reserves	–	31,817	–	–	–	31,817	–
Balance at 31 December 2013	337,203	36,448	51,707	78,625	8,481	512,464	51,707

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

(b) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the natures, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.

(c) Pre-IPO Share Option Scheme

On 16 September 2009, the Company granted share options to the certain employees of the Group under a share option scheme (the "Pre-IPO Share Option Scheme"), under which the option holders are entitled to acquire aggregate of 40,000,000 shares of the Company at 10% discount to the offer price of HK$2.75 per share upon the listing date.

19 Other reserves (continued)

(c) Pre-IPO Share Option Scheme (continued)

Particulars of share options as at 31 December 2014 and 2013 are as follows:

			Number of outstanding shares as at 31 December	
Vesting period	Expiry dates	Exercise price	2014	2013
2 years from 16 September 2009	15 September 2013	HK$2.475	–	–
3 years from 16 September 2009	15 September 2014	HK$2.475	–	5,156,000
4 years from 16 September 2009	15 September 2015	HK$2.475	**4,468,000**	5,156,000
5 years from 16 September 2009	15 September 2016	HK$2.475	**4,468,000**	5,156,000
			8,936,000	15,468,000

Movements in the number of share options outstanding are as follows:

	Year ended 31 December	
	2014	2013
At 1 January	**15,468,000**	22,176,000
Forfeited	**(1,984,000)**	(1,224,000)
Expired	**(4,548,000)**	(5,484,000)
At 31 December	**8,936,000**	15,468,000

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of options granted is HK$2.16 per option, which was determined using the Binomial Model by an independent valuer.

The total expense recognised for employee services received in respect of the Pre-IPO Share Option Scheme for the year ended 31 December 2014 was RMB1,546,000 (2013: RMB4,434,000).

(d) Share Award Scheme

Movements in the number of shares held for the Share Award Scheme for the years ended 31 December 2014 are as follows:

	Shares held for the Share Award Scheme	Awarded shares held by the Share Award Scheme Trust
At 1 January 2014	**31,295,000**	**7,058,000**
Purchase of shares by the trust held for Share Award Scheme	**7,027,000**	**–**
Granted to employees	**(8,958,000)**	**8,958,000**
Forfeited	**3,645,300**	**(3,645,300)**
At 31 December 2014	**33,009,300**	**12,370,700**
At 1 January 2013	38,353,000	–
Granted to employees	(7,502,000)	7,502,000
Forfeited	444,000	(444,000)
At 31 December 2013	31,295,000	7,058,000

19 Other reserves (continued)

(d) Share Award Scheme (continued)

For the shares granted under the Share Award Scheme, the fair value of the employee services received in exchange for the grant of the awarded shares is recognised as an expense and credited to equity over the period in which the vesting conditions are fulfilled. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

The fair value of the awarded shares was calculated based on market prices of the Company's shares as at the respective grant dates. The expected dividends during the vesting periods have been taken into account when assessing the fair value of the awarded shares.

On 29 May 2014, the Company granted an aggregate of 8,958,000 shares to 84 eligible employees and directors pursuant to the Share Award Scheme. During the year ended 31 December 2014, an aggregate of 3,645,300 shares granted were forfeited due to the resignation of certain eligible employees. The outstanding awarded shares as at 31 December 2014 were 12,370,700 (2013: 7,058,000) shares.

Particulars of awarded shares as at 31 December 2014 and 2013 are as follows:

			Number of outstanding shares as at 31 December	
Vesting period	Dates of grant	Market price at grant dates HK$/share	2014	2013
3 years	6 June 2013	1.60	**2,859,350**	3,529,000
4 years	6 June 2013	1.60	**2,859,350**	3,529,000
2 years	29 May 2014	1.11	**3,326,000**	–
3 years	29 May 2014	1.11	**3,326,000**	–
			12,370,700	7,058,000

The total expense recognised for employee and directors services received in respect of the Share Award Scheme for the year ended 31 December 2014 was RMB6,975,000 (2013:RMB2,059,000).

19 Other reserves (continued)

(e) Other comprehensive income

Year ended 31 December 2014

	Revaluation reserves RMB'000	Non-controlling interests RMB'000	Total other comprehensive income RMB'000
Items that will not be reclassified to profit or loss:			
Revaluation reserves of property and equipment and land use rights transferred to investment properties – gross (Note 6, 7)	199,172	–	199,172
Tax charge	(49,793)	–	(49,793)
	149,379	–	149,379
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets – gross (Note 13)	(259)	–	(259)
Tax charge	–	–	–
	(259)	–	(259)
Total other comprehensive income – net of tax	149,120	–	149,120
Total tax charge – deferred income tax			(49,793)

Year ended 31 December 2013

	Revaluation reserves RMB'000	Non-controlling interests RMB'000	Total other comprehensive income RMB'000
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on available-for-sale financial assets – gross (Note 13)	344	–	344
Tax charge	–	–	–
Total other comprehensive income – net of tax	344	–	344
Total tax charge – deferred income tax			–

20 Perpetual Capital Instruments

In 2014, two wholly owned subsidiaries of the Company issued perpetual capital instruments (the "Perpetual Capital Instruments") with the aggregated principal amount of RMB1,300,000,000. The Perpetual Capital Instruments do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded as part of equity in the consolidated balance sheet. The amount as at 31 December 2014 included the accrued distribution payments of RMB2,139,000.

21 Borrowings

	Group 31 December		Company 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Borrowings included in non-current liabilities:				
Senior notes	**3,871,221**	5,188,866	**3,871,221**	5,188,866
– senior notes due September 2017 ("2017 Notes") (Note (a)(i))	**1,514,307**	–	**1,514,307**	–
– senior notes due January 2018 ("2018 Notes") (Note (a)(ii))	**1,558,977**	1,561,245	**1,558,977**	1,561,245
– senior notes due May 2016 ("2016 Notes") (Note (a)(iii))	**797,937**	797,644	**797,937**	797,644
– senior notes due September 2015 ("2015 Notes") (Note (a)(iv))	**–**	1,242,366	**–**	1,242,366
– senior notes due March 2014 ("2014 Notes (I)") (Note (a)(v))	**–**	773,200	**–**	773,200
– senior notes due September 2014 ("2014 Notes (II)") (Note (a)(vi))	**–**	814,411	**–**	814,411
Bank borrowings – secured (Note (b))	**9,904,974**	9,511,021	**1,768,615**	563,780
Other borrowings – secured (Note (c))	**2,245,880**	455,000	**–**	–
Borrowings under sale and lease back agreement – secured (Note (d))	**36,569**	105,678	**–**	–
Less: amounts due within one year	**(1,764,601)**	(3,405,829)	**(128,033)**	(1,718,119)
	14,294,043	11,854,736	**5,511,803**	4,034,527
Borrowings included in current liabilities:				
Bank borrowings	**2,267,443**	1,094,221	**1,798,728**	333,790
– secured (Note (b))	**2,194,093**	1,043,721	**1,798,728**	333,790
– unsecured	**73,350**	50,500	**–**	–
Other borrowings – secured (Note (c))	**258,897**	75,373	**–**	–
Current portion of long-term borrowings	**1,764,601**	3,405,829	**128,033**	1,718,119
	4,290,941	4,575,423	**1,926,761**	2,051,909
Total borrowings	**18,584,984**	16,430,159	**7,438,564**	6,086,436

21 Borrowings (continued)

(a) Senior notes

(i) 2017 Notes and derivative financial instruments

On 18 September 2014, the Company issued 10.75%, 3 years senior notes, with an aggregated nominal value of RMB1,500,000,000 at face value ("2017 RMB Notional Amounts"). The net proceeds, after deducting the issuance costs, amounted to RMB1,465,536,000. The 2017 Notes is denominated in RMB.

The 2017 Notes recognised in the balance sheet are calculated as follows:

	Year ended 31 December 2014 RMB'000
Fair value at the date of issuance	**1,465,536**
Interest expenses and amortisation of issuance costs	**48,771**
At 31 December	**1,514,307**

On the issuance date of 2017 Notes, the Company entered into certain cross currency swaps ("2017 CCS") with a bank. According to the 2017 CCS, the Company exchanged RMB1,500,000,000 with the bank for equivalent US$244,409,000 ("2017 US$ Notional Amounts"). The Company need to pay interest at 9.5% per annum based on the 2017 US$ Notional Amounts at each interest payment date of 2017 Notes. On maturity of 2017 Notes, the Company need to deliver the 2017 US$ Notional Amounts to the bank in exchange with the 2017 RMB Notional Amounts.

2017 CCS is not designated as a hedging instrument but a derivative financial instrument and valued at fair value (Note 22).

(ii) 2018 Notes

On 25 January 2013, the Company issued 11.25%, 5 years senior notes, with an aggregated nominal value of US$250,000,000 at 98.608% discount to face value. The net proceeds, after deducting the issuance costs, amounted to US$241,670,000 (equivalent to approximately RMB1,524,717,000). The 2018 Notes is denominated in the US$.

The 2018 Notes recognised in the balance sheet are calculated as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At 1 January/at issuance date	**1,561,245**	1,524,717
Interest expenses and amortisation of issuance costs	**184,606**	170,653
Repayment of interest	**(172,416)**	(86,769)
Repurchase	**(15,690)**	–
Foreign exchange losses/(gains) – net	**1,232**	(47,356)
At 31 December	**1,558,977**	1,561,245

21 Borrowings (continued)

(a) Senior notes (continued)

(iii) 2016 Notes and derivative financial instruments

On 27 May 2013, the Company issued 9.50%, 3 years senior notes, with an aggregated nominal value of RMB800,000,000 at face value ("2016 RMB Notional Amounts"). The net proceeds, after deducting the issuance costs, amounted to RMB787,522,000. The 2016 Notes is denominated in RMB.

The 2016 Notes recognised in the balance sheet are calculated as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At 1 January/at issuance date	**797,644**	787,522
Interest expenses and amortisation of issuance costs	**81,369**	48,122
Repayment of interest	**(76,000)**	(38,000)
Repurchase	**(5,076)**	–
At 31 December	**797,937**	797,644

On the issuance date of 2016 Notes, the Company entered into certain cross currency swaps ("2016 CCS") with a bank. According to the 2016 CCS, the Company exchanged RMB800,000,000 with the bank for equivalent US$130,399,000 ("2016 US$ Notional Amounts"). The Company need to pay interest at 8.4% per annum based on the 2016 US$ Notional Amounts at each interest payment date of 2016 Notes. On maturity of 2016 Notes, the Company need to deliver the 2016 US$ Notional Amounts to the bank in exchange with the 2016 RMB Notional Amounts.

2016 CCS is not designated as a hedging instrument but a derivative financial instrument and valued at fair value (Note 22).

(iv) 2015 Notes

On 16 September 2010, the Company issued 13.75%, 5 years senior notes, with an aggregated nominal value of US$200,000,000 at face value. The net proceeds, after deducting the issuance costs, amounted to US$194,800,000 (equivalent to approximately RMB1,308,511,000). The 2015 Notes was denominated in US$.

On 11 October 2014 (the "Redemption Date"), the Company redeemed the outstanding 2015 Notes in full at a redemption price equal to 103.4% of the principal amount of the 2015 Notes outstanding thereof which was US$200,000,000 (equivalent to approximately RMB1,343,440,000), plus the applicable premium and the accrued and unpaid interest as of the Redemption Date. Such premium and interest of approximately RMB49,762,000 was recognised as "Other (losses)/gains – net" in the consolidated statement of comprehensive income (Note 28).

21 Borrowings (continued)

(a) Senior notes (continued)

(v) 2014 Notes (I)

On 17 March 2011, the Company issued 11.5%, 3 years senior notes, with an aggregated nominal value of RMB750,000,000 at face value. The net proceeds, after deducting the issuance costs, amounted to approximately RMB722,193,000. The 2014 Notes (I) was denominated in RMB. The 2014 Notes (I) matured on 17 March 2014 and were repaid by the Group on same date.

(vi) 2014 Notes (II)

On 8 September 2011, the Company issued 13.8%, 3 years senior notes, with an aggregated nominal value of HK$1,000,000,000 at face value to a financial institution. The net proceeds, after deducting the issuance costs, amounted to HK$973,124,000 (equivalent to approximately RMB797,680,000). The 2014 Notes (II) was additionally guaranteed by certain related parties(Note 38(b)(ii)). The 2014 Notes (II) are denominated in HK$. The 2014 Notes (II) matured on 8 September 2014 and were repaid by the Group on same date.

(b) Bank borrowings – secured

As at 31 December 2014, bank borrowings of RMB12,099,067,000 (2013: RMB10,554,742,000) were secured by property and equipment (Note 6), land use rights (Note 7), investment properties (Note 8), properties under development (Note 9), completed properties held for sale (Note 10) and restricted cash (Note 16); the secured bank borrowings of RMB3,682,220,000 (2013: RMB2,600,570,000) were additionally guaranteed by certain related parties (Note 38(b)(ii)).

(c) Other borrowings – secured

As at 31 December 2014, borrowings from other financial institutions of RMB2,504,777,000 (2013: RMB530,373,000) were secured by land use rights (Note 7), investment properties (Note 8), properties under development (Note 9) and completed properties held for sale (Note 10).

(d) Borrowings under sale and lease back agreement – secured

In 2012, the Group has entered into a sale and lease back agreement with an independent third party for certain machinery and equipment installed in the Group's property and equipment and investment properties. The lease period is three years and the Group has an option to take up the machinery and equipment at the end of the lease period at nil consideration. This transaction was treated as a finance lease and thus, the machinery and equipment has not been derecognised, the present value of total lease payments was recognised as borrowings under sale and lease back agreement of the Group and the finance charges of the borrowings are calculated under the effective interest method and recognised as finance costs of the Group.

The present value of borrowings under sale and lease back agreement is as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
No later than 1 year	**36,569**	69,109
Later than 1 year and not later than 3 years	**–**	36,569
	36,569	105,678

21 Borrowings (continued)

(e) The exposure of the Group's and the Company's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier at the end of the year are as follows:

The Group

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
At 31 December 2014	2,248,415	6,185,060	5,616,068	244,500	14,294,043
At 31 December 2013	2,212,349	5,032,140	4,470,247	140,000	11,854,736
Borrowings included in current liabilities:					
At 31 December 2014	2,932,611	1,358,330	–	–	4,290,941
At 31 December 2013	1,876,116	2,699,307	–	–	4,575,423

The Company

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
At 31 December 2014	1,768,615	–	3,743,188	–	5,511,803
At 31 December 2013	563,780	–	3,470,747	–	4,034,527
Borrowings included in current liabilities:					
At 31 December 2014	1,798,728	128,033	–	–	1,926,761
At 31 December 2013	1,106,989	944,920	–	–	2,051,909

21 Borrowings (continued)

(f) The carrying amounts and fair value of the non-current borrowings are as follows:

The Group	31 December 2014		31 December 2013	
	Carrying amount RMB'000	Fair Value RMB'000	Carrying amount RMB'000	Fair Value RMB'000
2017 Notes (Note (i))	1,468,362	1,479,135	–	–
2018 Notes (Note (ii))	1,484,009	1,478,964	1,486,548	1,547,858
2016 Notes (Note (ii))	790,817	787,363	790,524	793,701
2015 Notes (Note (i))	–	–	1,193,675	1,292,825
Bank borrowings (Note (iii))	8,559,975	8,615,356	8,347,420	8,366,838
Other borrowings (Note (iii))	1,990,880	1,990,880	–	–
Borrowings under sale and lease back agreement (Note (iii))	–	–	36,569	36,569
	14,294,043	14,351,698	11,854,736	12,037,791

The Company	31 December 2014		31 December 2013	
	Carrying amount RMB'000	Fair Value RMB'000	Carrying amount RMB'000	Fair Value RMB'000
2017 Notes (Note (i))	1,468,362	1,479,135	–	–
2018 Notes (Note (ii))	1,484,009	1,478,964	1,486,548	1,547,858
2016 Notes (Note (ii))	790,817	787,363	790,524	793,701
2015 Notes (Note (i))	–	–	1,193,675	1,292,825
Bank Borrowings (Note (iii))	1,768,615	1,768,615	563,780	563,780
	5,511,803	5,514,077	4,034,527	4,198,164

Notes:

(i) The fair values are determined directly by references to the price quotations published by Singapore Exchange Limited on 31 December 2014 and 2013, using the pricing of dealing date and are within level 1 of the fair value hierarchy.

(ii) The fair values are determined directly by references to the price quotations published by the Stock Exchange on 31 December 2014 and 2013, using the pricing of dealing date and are within level 1 of the fair value hierarchy.

(iii) The fair values are estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the balance sheet date and are within level 2 of the fair value hierarchy.

21 Borrowings (continued)

(g) The Group's and the Company's non-current borrowings are repayable as follows:

	Senior notes RMB'000	Bank borrowings RMB'000	Other borrowings RMB'000	Borrowings under sale and lease back agreement RMB'000	Total RMB'000
The Group					
As at 31 December 2014					
1–2 years	**1,129,632**	**4,400,846**	**1,282,500**	**–**	**6,812,978**
2–5 years	**2,613,556**	**2,514,879**	**708,380**	**–**	**5,836,815**
Over 5 years	**–**	**1,644,250**	**–**	**–**	**1,644,250**
	3,743,188	**8,559,975**	**1,990,880**	**–**	**14,294,043**
As at 31 December 2013					
1–2 years	2,160,838	3,444,421	–	36,569	5,641,828
2–5 years	1,309,909	2,759,500	–	–	4,069,409
Over 5 years	–	2,143,499	–	–	2,143,499
	3,470,747	8,347,420	–	36,569	11,854,736
The Company					
As at 31 December 2014					
1–2 years	**1,129,632**	**1,579,286**	**–**	**–**	**2,708,918**
2–5 years	**2,613,556**	**189,329**	**–**	**–**	**2,802,885**
	3,743,188	**1,768,615**	**–**	**–**	**5,511,803**
As at 31 December 2013					
1–2 years	2,160,838	563,780	–	–	2,724,618
2–5 years	1,309,909	–	–	–	1,309,909
	3,470,747	563,780	–	–	4,034,527

21 Borrowings (continued)

(h) The maturity of the borrowings is as follows:

	Senior notes RMB'000	Bank borrowings RMB'000	Other borrowings RMB'000	Borrowings under sale and lease back agreement RMB'000	Total RMB'000
The Group					
As at 31 December 2014					
Wholly repayable within 5 years	**3,871,221**	**8,722,917**	**2,504,777**	**36,569**	**15,135,484**
Wholly repayable after 5 years	**–**	**3,449,500**	**–**	**–**	**3,449,500**
	3,871,221	**12,172,417**	**2,504,777**	**36,569**	**18,584,984**
As at 31 December 2013					
Wholly repayable within 5 years	5,188,866	6,984,242	530,373	105,678	12,809,159
Wholly repayable after 5 years	–	3,621,000	–	–	3,621,000
	5,188,866	10,605,242	530,373	105,678	16,430,159
The Company					
As at 31 December 2014					
Wholly repayable within 5 years	**3,871,221**	**3,567,343**	**–**	**–**	**7,438,564**
Wholly repayable after 5 years	**–**	**–**	**–**	**–**	**–**
	3,871,221	**3,567,343**	**–**	**–**	**7,438,564**
As at 31 December 2013					
Wholly repayable within 5 years	5,188,866	897,570	–	–	6,086,436
Wholly repayable after 5 years	–	–	–	–	–
	5,188,866	897,570	–	–	6,086,436

(i) The effective interest rates of borrowings are as follows:

	Group 31 December		Company 31 December	
	2014	2013	**2014**	2013
Senior notes	**11.88%**	13.40%	**11.88%**	13.40%
Bank and other borrowings	**7.04%**	7.31%	**3.09%**	3.41%
Borrowings under sale and lease back agreement	**7.65%**	7.65%	**–**	–

21 Borrowings (continued)

(j) The carrying amounts of borrowings are denominated in the following currencies:

	Group 31 December		Company 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
RMB	**13,705,249**	11,896,664	**2,587,244**	1,570,844
HK$	**750,719**	1,148,200	**750,719**	1,148,200
US$	**4,129,016**	3,385,295	**4,100,601**	3,367,392
	18,584,984	16,430,159	**7,438,564**	6,086,436

(k) As at 31 December 2014 and 2013, the Group had the following undrawn borrowing facilities:

	Group 31 December	
	2014 RMB'000	2013 RMB'000
Floating rate:		
– expiring within 1 year	**75,581**	–
– expiring beyond 1 year	**757,710**	201,000
Fixed rate:		
– expiring within 1 year	**–**	12,500
	833,291	213,500

22 Derivative financial instruments

As at 31 December 2014 and 2013, the Group had the following derivative financial instruments:

	31 December	
	2014 RMB'000	2013 RMB'000
Non-current portion:		
– 2017 CCS as a liability (Note 21(a)(i))	**54,135**	–
– 2016 CCS as a liability/(asset) (Note 21(a)(iii))	**27,043**	(11,406)
	81,178	(11,406)

The derivative financial instruments are classified as non-current assets or liabilities as they will be settled more than 12 months.

23 Deferred income tax – Group

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Deferred income tax assets:		
To be realised after more than 12 months	**249,578**	133,260
To be realised within 12 months	**130,735**	69,805
	380,313	203,065
Deferred income tax liabilities to be settled after more than 12 months	**(3,314,613)**	(3,187,587)
Deferred income tax liabilities – net	**(2,934,300)**	(2,984,522)

The gross movement on the deferred income tax is as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At 1 January	**(2,984,522)**	(2,842,869)
Tax credited to/(charged in) consolidated income statement (Note 31)	**100,015**	(141,653)
Tax charge relating to components of other comprehensive income (Note 19)	**(49,793)**	–
At 31 December	**(2,934,300)**	(2,984,522)

Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2014	**149,089**	**96,661**	**245,750**
Tax credited to consolidated income statement	**101,595**	**94,532**	**196,127**
At 31 December 2014	**250,684**	**191,193**	**441,877**
At 1 January 2013	125,088	93,049	218,137
Tax credited to consolidated income statement	24,001	3,612	27,613
At 31 December 2013	149,089	96,661	245,750

23 Deferred income tax – Group (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Temporary difference on unrealised profit of inter-company transactions RMB'000	Temporary difference on revaluation gains of investment properties RMB'000	Temporary difference on revaluation reserves recognised in other comprehensive income RMB'000	Total RMB'000
At 1 January 2014	**(2,776)**	**(3,199,760)**	**(27,736)**	**(3,230,272)**
Tax charged in consolidated income statement	**(325)**	**(95,787)**	**–**	**(96,112)**
Tax charge relating to components of other comprehensive income	**–**	**–**	**(49,793)**	**(49,793)**
At 31 December 2014	**(3,101)**	**(3,295,547)**	**(77,529)**	**(3,376,177)**
At 1 January 2013	(2,317)	(3,030,953)	(27,736)	(3,061,006)
Tax charged in consolidated income statement	(459)	(168,807)	–	(169,266)
At 31 December 2013	(2,776)	(3,199,760)	(27,736)	(3,230,272)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB35,037,000 (2013: RMB45,929,000) in respect of losses amounting to RMB148,735,000 (2013: RMB179,620,000) that can be carried forward against future taxable income. The tax losses could be carried forward for a maximum of five years.

Deferred income tax liabilities of RMB1,420,903,000 (2013: RMB1,301,074,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totalled RMB16,560,097,000 at 31 December 2014 (2013: RMB14,515,648,000), as the Group does not have a plan to distribute these earnings out of the PRC.

24 Trade and other payables

	Group 31 December		Company 31 December	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade payables	**3,226,856**	2,100,340	**–**	–
– Related parties (Note 38(d))	**19,471**	18,969	**–**	–
– Third parties	**2,801,559**	1,874,378	**–**	–
– Notes payable – third parties	**405,826**	206,993	**–**	–
Other payables and accruals	**3,890,929**	2,342,782	**55,000**	42,562
– Related parties (Note 38(d))	**2,667,462**	1,167,351	**32,900**	32,900
– Third parties	**1,223,467**	1,175,431	**22,100**	9,662
Payables for retention fee	**290,554**	208,928	**–**	–
Payables for acquisition of land use rights	**127,385**	53,834	**–**	–
Other taxes payables	**191,358**	163,580	**–**	–
	7,727,082	4,869,464	**55,000**	42,562

As at 31 December 2014 and 2013, the ageing analysis of trade payables of the Group based on invoice date were as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Within 90 days	**1,276,894**	343,266
Over 90 days and within 180 days	**869,601**	160,408
Over 180 days and within 365 days	**272,872**	968,207
Over 365 days and within 3 years	**807,489**	628,459
	3,226,856	2,100,340

25 Current income tax liabilities – Group

The current income tax liabilities are analysed as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
Current income tax liabilities		
– PRC corporate income tax payable	**1,309,007**	1,063,742
– Withholding income tax for the profits to be distributed from the group companies in the PRC	**110,300**	93,300
– PRC land appreciation tax payable	**775,084**	1,026,225
	2,194,391	2,183,267

26 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Cost of properties sold (excluding staff costs)	**5,565,321**	4,200,275
Staff costs (including directors' emoluments) (Note 27)	**638,680**	472,040
Business taxes and other levies (Note (a))	**576,474**	427,800
Advertising costs	**272,958**	167,183
Cost of hotel operations (excluding staff costs)	**170,989**	149,585
Depreciation (Note 6)	**132,665**	110,451
Cost of property management service (excluding staff costs)	**99,955**	75,592
Office lease payments	**16,131**	12,248
Amortisation of land use rights (Note 7)	**15,846**	13,863
Donations to governmental charity	**10,641**	10,709
Auditor's remuneration	**4,280**	4,280

(a) Business taxes

The group entities established in the PRC are subject to business taxes on their revenue at the following rates:

Category	Rate
Sales of properties	5%
Property construction and decoration	3%
Rental income	5%
Property management	5%
Hotel service	5%

27 Staff costs

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Wages and salaries	**521,067**	383,053
Pension costs – statutory pension (Note (c))	**76,773**	58,528
Other staff welfare and benefits	**32,319**	23,966
Value of employee services under:		
– Pre-IPO Share Option Scheme	**1,546**	4,434
– Share Award Scheme	**6,975**	2,059
	638,680	472,040

27 Staff costs(continued)

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2014 are set out below:

	Wages and salaries RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Pre-IPO Share Option Scheme RMB'000	Share Award Scheme RMB'000	Total RMB'000
Executive directors						
Mr. Hoi Kin Hong	600	–	240	421	407	1,668
Mr. Hoi Wa Fong	360	–	240	132	330	1,062
Mr. Xiao Qing Ping	476	20	240	108	351	1,195
Ms. Shih Sze Ni	240	–	240	72	213	765
Mr. Guo Jun (Note (a))	558	75	180	–	234	1,047
Non-executive directors						
Ms. Liu Xiao Lan (Note (b))	–	–	36	18	–	54
Ms. Hoi Wa Fan	–	–	144	–	–	144
Independent non-executive directors						
Mr. Ngai Wai Fung	–	–	192	–	–	192
Mr. Mei Jian Ping	–	–	192	–	–	192
Ms. Nie Mei Sheng (Note (c))	–	–	160	–	–	160
Mr. Ding Zu Yu (Note (d))	–	–	16	–	–	16
	2,234	95	1,880	751	1,535	6,495

The remuneration of each director of the Company for the year ended 31 December 2013 is set out below:

	Wages and salaries RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Pre-IPO Share Option Scheme RMB'000	Share Award Scheme RMB'000	Total RMB'000
Executive directors						
Mr. Hoi Kin Hong	480	–	240	1,090	89	1,899
Mr. Hoi Wa Fong	240	–	240	342	89	911
Mr. Xiao Qing Ping	326	18	240	280	122	986
Ms. Shih Sze Ni	90	–	240	187	63	580
Non-executive directors						
Ms. Liu Xiao Lan (Note (b))	–	–	142	187	–	329
Ms. Hoi Wa Fan	–	–	142	–	–	142
Independent non-executive directors						
Mr. Ngai Wai Fung	–	–	189	–	–	189
Mr. Mei Jian Ping	–	–	189	–	–	189
Ms. Nie Mei Sheng (Note (c))	–	–	189	–	–	189
	1,136	18	1,811	2,086	363	5,414

27 Staff costs (continued)

(a) Directors' emoluments (continued)

Note:

a. Mr. Guo Jun has been appointed as an executive director of the Company with effect from 1 April 2014.

b. Ms. Liu Xiao Lan re-designated as an non-executive director from 1 April 2012. She has retired as a non-executive director of the Company upon the expiry of her service contract with effect from 31 March 2014.

c. Ms. Nie Mei Sheng has tendered her resignation as an independent non-executive director of the Company with effect from 10 October 2014.

d. Mr. Ding Zu Yu has been appointed as an independent non-executive director of the Company with effect from 11 December 2014.

During the year ended 31 December 2014, none of the directors of the Company waived his/her emoluments nor has agreed to waive his/her emoluments for the year (2013: same).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year including four (2013: three) directors whose emoluments are reflected in the analysis presented above. The aggregate amounts of emoluments of the remaining one (2013: two) individuals during the year are set out below:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Wages and salaries	**678**	1,176
Retirement scheme contributions	**61**	110
Pre-IPO Share Option Scheme	**96**	498
Share Award Scheme	**335**	143
	1,170	1,927

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands (in HK$)		
HK$1,000,000 – HK$1,500,000	**1**	2

(c) Pensions – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, with a maximum cap per employee per month.

28 Other losses/(gains) – net

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Gain on disposal of investment properties	**(10,914)**	(54,878)
Investment income from financial instruments	**(6,469)**	(7,384)
Fair value losses/(gains) on derivative financial instruments (Note 22)	**92,584**	(11,406)
Early redemption cost of 2015 Notes (Note21(a)(iv))	**49,762**	–
Interest income on entrusted loans	**–**	(21,702)
	124,963	(95,370)

29 Exchange gains/(losses) – net

Amount mainly represents the gain or loss of translation of financial assets and liabilities, which are denominated in foreign currency, into RMB at the prevailing year-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the "Finance (costs)/income – net" (Note 30).

30 Finance costs/(income) – net

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Interest expenses:		
Bank borrowings, other borrowings and borrowings under sale and lease back agreement	**1,053,566**	768,625
Senior notes	**570,569**	627,626
Less: interest capitalised	**(1,597,915)**	(1,361,369)
	26,220	34,882
Foreign exchange losses/(gains) on financing activities – net	**4,386**	(155,905)
	30,606	(121,023)

31 Income tax expense

	Year ended 31 December 2014 RMB'000	2013 RMB'000
Current income tax:		
PRC corporate income tax	**643,865**	343,281
PRC land appreciation tax	**90,490**	192,891
Provision of/(reversal of) withholding income tax for profits to be distributed from the group companies in the PRC	**17,000**	(14,411)
Deferred income tax:		
PRC corporate income tax	**(100,015)**	141,653
	651,340	663,414

The tax charge on other comprehensive income has been disclosed in Note 19(e).

The income tax on the profit before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December 2014 RMB'000	2013 RMB'000
Profit before income tax	**2,158,934**	2,063,590
Calculated at applicable corporate income tax rate	**524,937**	506,524
Effect of expenses not deductible for income tax	**18,801**	12,264
Effect of income not subject to income tax	**(8,295)**	(4,469)
Share of loss/(profit) of investments accounted for using the equity method	**177**	(27,091)
Tax losses for which no deferred income tax asset was recognised	**30,853**	45,929
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(22,623)**	(48,223)
	543,850	484,934
Provision of/(reversal) of withholding income tax for profits to be distributed by certain group companies in the PRC	**17,000**	(14,411)
PRC land appreciation tax	**90,490**	192,891
	651,340	663,414

31 Income tax expense (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), which is effective from 1 January 2008. Under the CIT Law, the corporate income tax rate applicable to the group entities located in Mainland China is 25%.

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

32 Retained earnings of the Company

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
As at 1 January	182,468	339,246
Profit for the year	112,328	149,040
Transfer from reserves of Pre-IPO Share Option Scheme	5,404	18,023
Dividends	–	(323,841)
As at 31 December	300,200	182,468

33 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Group and held for Share Award Scheme (Note 19 (d)).

	Year ended 31 December	
	2014	2013
Profit attributable to owners of the Company (RMB'000)	1,370,828	1,403,536
Weighted average number of ordinary shares in issue (thousand shares)	3,966,152	4,009,660
Basic earnings per share (RMB cents per share)	34.56	35.00

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: Pre-IPO Share Option Scheme and Share Award Scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options under the two schemes. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the two schemes.

	Year ended 31 December	
	2014	2013
Profit attributable to owners of the Company (RMB'000)	1,370,368	1,403,536
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	3,968,511	4,012,102
– Weighted average number of ordinary shares for basic earnings per share (thousand shares)	3,966,152	4,009,660
– Adjustment for share options and awarded shares (thousand shares)	2,359	2,442
Diluted earnings per share (RMB cents per share)	34.54	34.98

34 Dividends

The Board recommended the payment of a final dividend of HK$8.0 cents (equivalent to RMB6.3 cents) per ordinary share. The totalling amount of HK$319,784,000 (equivalent to RMB252,278,000) is based on the ordinary shares in issue as of 31 December 2014. Such dividend is subject to approval by the shareholders at the Annual General Meeting on 9 June 2015. These consolidated financial statements do not reflect this dividend payable. No final dividend in respect of the year ended 31 December 2013 was proposed by the Board.

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Proposed final dividends	**252,278**	–

35 Cash generated from/(used in) operations – Group

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Profit before taxation	**2,158,934**	2,063,590
Adjustments for:		
Depreciation (Note 6)	**132,665**	110,451
Amortisation of land use rights recognised as expense (Note 7)	**15,846**	13,863
Fair value gains on investment properties – net (Note 8)	**(599,325)**	(530,672)
Share of loss/(profit) of investments accounted for using the equity method (Note 15)	**709**	(108,365)
Elimination of unrealised profits (Note 15)	**29,260**	8,856
Amortisation of Pre-IPO Share Option Scheme and Share Award Scheme (Note 19)	**8,521**	6,493
Other losses/(gains) – net	**124,963**	(95,884)
Finance costs/(income) – net (Note 30)	**30,606**	(121,023)
Effect of foreign exchange rate changes	**(4,721)**	22,543
Changes in operating capital:		
Properties under construction and completed properties held for sale	**(3,697,627)**	(217,636)
Restricted cash	**(213,904)**	68,602
Trade and other receivables	**64,469**	(568,130)
Prepayments	**1,685,694**	(1,888,521)
Financial assets at fair value through profit or loss	**13,100**	(12,850)
Trade and other payables	**1,049,808**	314,447
Advances from customers	**455,690**	552,481
Cash generated from/(used in) operation	**1,254,688**	(381,755)

36 Financial guarantee contracts

The face value of the financial guarantees issued by the Group and the Company is analysed as below:

The Group

	31 December	
	2014	2013
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**6,462,924**	4,711,027
Guarantees for borrowings of joint ventures (Note (b))	**1,670,730**	993,880
	8,133,654	5,704,907

The Company

	31 December	
	2014	2013
	RMB'000	RMB'000
Guarantees for borrowings of subsidiaries (Note (b))	**2,411,900**	2,242,100

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors of the Company are of the view that the fair value of financial guarantees is not significant.

(b) It represents guarantees provided to joint ventures and subsidiaries of the Group to obtain borrowings. The Directors consider that the fair value of these contracts at the date of inception was minimal and understand the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

37 Commitments – Group

(a) Commitments for property development expenditures

	31 December	
	2014 RMB'000	2013 RMB'000
Contracted but not provided for:		
Properties development activities	**6,261,982**	4,471,549
Acquisition of land use rights	**41,461**	3,031,035
	6,303,443	7,502,584

(b) Operating leases commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December	
	2014 RMB'000	2013 RMB'000
– Not later than one year	**15,887**	11,957
– Later than one year and not later than two years	**1,862**	10,719
– Later than two years and not later than three years	**191**	–
	17,940	22,676

38 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Skylong Holdings Limited	The ultimate holding company of the Group (incorporated in Cayman Islands)
The Controlling Shareholders, including Mr. Hoi Kin Hong, Ms. Wang Lai Jan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	Ultimate controlling shareholders of the Company and their close family member, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan are also directors of the Company
Sky Infinity Holdings Limited	Shareholder of the Company and fully owned subsidiary of Mr. Hoi Wa Fong
Powerlong Group Development Co., Ltd. 寶龍集團發展有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Macau Powerlong Group 澳門寶龍集團發展有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Xiamen Powerlong Information Industry Co., Ltd. 廈門寶龍信息產業發展有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Fuzhou Powerlong Amusement Management Company Limited 福州寶龍樂園遊樂有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Qingdao Powerlong Amusement Management Company Limited 青島寶龍樂園旅遊發展有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Qingdao BaoZhan New World Industry Co., Ltd. 青島寶展世新實業有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Fujian Ping An Security Devices and Network Limited 福建平安報警網絡有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Zhengzhou Cannes Outlets Commercial Company Limited 鄭州康城奧特萊斯商業有限公司	Ultimately controlled by Mr. Hoi Kin Hong
Great Merchant Limited 弘商有限責任公司	Ultimately controlled by Mr. Hoi Kin Hong
Tianjin Powerlong Jinjun Real Estate Co., Ltd. ("Tianjin Jinjun") 天津寶龍金駿房地產開發有限公司	Joint venture
Hangzhou Xiaoshan Powerlong Property Co., Ltd. ("Hangzhou Xiaoshan") 杭州蕭山寶龍置業有限公司	Joint venture
Xiamen Powerlong Industry Co., Ltd. ("Xiamen Ludao") 廈門寶龍實業有限公司	Joint venture
Baohui Property (Hong Kong) Holdings Co., Ltd. ("Baohui Limited") 寶匯地產(香港)控股有限公司	Joint venture
Shanghai Powerlong Zhanyao Enterprises Development Limited ("Shanghai Zhanyao") 上海寶龍展耀企業發展有限公司	Joint venture
Powerlong Golden Wheel Coral Company Limited ("Golden Wheel") 寶龍金輪珊瑚有限公司	Joint venture
Quanzhou Shangquan Indrstrial Development Co., Ltd. 泉州市上泉實業發展有限公司	Associate

38 Related party transactions (continued)

(b) Transactions with related parties

(i) During the year ended 31 December 2014 and 2013, the Group had the following significant transactions with related parties:

	Year ended 31 December 2014 RMB'000	2013 RMB'000
Sales of properties:		
– Mr. Hoi Wa Fong	**33,346**	–
Rental income from fellow subsidiaries		
– Fuzhou Powerlong Amusement Management Company Limited	**2,308**	2,308
Property management fee income		
– Fellow subsidiaries ultimately controlled by Mr. Hoi Kin Hong	**883**	797
Purchase of office equipment and security intelligentisation system services from fellow subsidiaries		
– Fujian Ping An Security Devices and Network Limited	**23,582**	41,538
– Xiamen Powerlong Information Industry Co., Ltd.	**5,424**	769
	29,006	42,307
Hotel accommodation service fee charged by a fellow subsidiary		
– Macau Powerlong Group	**1,143**	812
Office lease expense charged by a fellow subsidiary		
– Xiamen Powerlong Information Industry Co., Ltd.	**–**	1,485
Sales of construction materials to joint ventures		
– Tianjin Jinjun	**44,335**	20,534
– Xiamen Ludao	**38,701**	–
– Golden Wheel	**7,209**	–
– Hangzhou Xiaoshan	**21,254**	–
	111,499	20,534
Consultation services provided to joint ventures		
– Tianjin Jinjun	**17,985**	14,614
– Xiamen Ludao	**9,384**	–
– Hangzhou Xiaoshan	**4,369**	–
	31,738	14,614
Guarantees for borrowings to joint ventures:		
– Tianjin Jinjun	**1,020,730**	993,880
– Hangzhou Xiaoshan	**650,000**	–
	1,670,730	993,880

The above transactions were charged in accordance with the terms of the underlying agreements.

38 Related party transactions (continued)

(b) Transactions with related parties (continued)

(ii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB3,682,220,000 at 31 December 2014 (2013: bank borrowings of RMB2,600,570,000 and senior notes of RMB814,411,000)(Note 21).

(iii) In the opinion of the directors of the Company, the related party transactions were conducted in the ordinary course of business.

(c) Key management compensation

Key management compensation is set out below:

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
Key management compensation		
– Salaries and other employee benefits	**13,434**	12,166
– Pension costs	**709**	763
	14,143	12,929

(d) Balances with related parties

As at 31 December 2014, the Group had the following material balances with related parties:

	31 December	
	2014 RMB'000	2013 RMB'000
Amounts due from related parties included in trade receivables (Note (i)):		
Amounts due from other related parties		
– Fuzhou Powerlong Amusement Management Company Limited	**42**	174
– Qingdao Powerlong Amusement Management Company Limited	**–**	35,754
– Zhengzhou Cannes Outlets Commercial Company Limited	**–**	15,713
Amounts due from joint ventures		
– Xiamen Ludao	**30,538**	–
– Tianjin Jinjun	**7,815**	1,475
Total amounts due from related parties included in trade receivables	**38,395**	53,116

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38 Related party transactions (continued)

(d) Balances with related parties (continued)

	31 December 2014 RMB'000	31 December 2013 RMB'000
Amounts due from related parties included in other receivables (Note (ii)):		
Amounts due from other related parties		
– Powerlong Group Development Co., Ltd.	**21,376**	21,376
– Qingdao Powerlong Amusement Management Company Limited	**–**	1,461
– Zhengzhou Cannes Outlets Commercial Company Limited	**–**	495
– Other related entities ultimately controlled by Mr. Hoi Kin Hong	**–**	15
Amounts due from joint ventures		
– Shanghai Zhanyao	**10,285**	–
– Baohui Limited	**267,275**	–
Total amounts due from related parties included in other receivables	**298,936**	23,347
Amounts due to related parties included in trade payables (Note (i)):		
Amounts due to other related parties		
– Fujian Ping An Security Devices and Network Limited	**16,357**	17,296
– Other related entities ultimately controlled by Mr. Hoi Kin Hong	**614**	1,673
Amounts due from a joint venture		
– Xiamen Ludao	**2,500**	–
Total amounts due to related parties included in trade payables	**19,471**	18,969
Amounts due to related parties included in other payables (Note (ii)):		
Amounts due to other related parties and ultimate controlling shareholder		
– Powerlong Group Development Co., Ltd.	**229,651**	–
– Great Merchant Limited	**172,152**	77,745
– Mr. Hoi Kin Hong	**32,900**	32,900
Amounts due to joint ventures		
– Tianjin Jinjun	**1,354,145**	1,014,706
– Golden Wheel	**13,500**	–
– Hangzhou Xiaoshan	**638,789**	–
– Xiamen Ludao	**186,325**	–
Amounts due to an associate		
– Quanzhou Shangquan Industrial Development Co., Ltd. (Note 15)	**40,000**	42,000
	2,667,462	1,167,351
Senior notes held by a shareholder of the:		
– Sky Infinity Holdings Limited	**–**	35,128

38 Related party transactions (continued)

(d) Balances with related parties (continued)

(i) Amounts due from/to related parties included in trade receivables/payables are mainly derived from rental income and purchase of construction materials, which are unsecured, interest-free and to be settled according to contract terms.

(ii) Amounts due from/to related parties included in other receivables/payables are unsecured, interest-free and repayable on demand, which are cash advances in nature.

(e) Amounts due from a director and entities ultimately controlled by the director

Particulars of amounts due from a director of the Company and entities ultimately controlled by the director are as follows:

	31 December		Maximum amount outstanding for the year ended 31 December	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Related entities ultimately controlled by Mr. Hoi Kin Hong (Note (d))	**21,418**	74,988	**74,988**	90,349

39 Principal subsidiaries of the Company

Details of the principal subsidiaries of the Company at 31 December 2014 are set out below.

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
Powerlong Real Estate (BVI) Holdings Limited	British Virgin Islands 20 July 2007	HK$100	100%	–	Investment holding in British Virgin Islands
Powerlong Real Estate (Hong Kong) Holdings Limited	Hong Kong 5 July 2007	HK$1	100%	–	Investment holding in Hong Kong
Wide Evolution Limited	Hong Kong 11 February 2008	HK$1	100%	–	Investment holding in Hong Kong
福州寶龍房地產發展有限公司 Fuzhou Powerlong Real Estate Development Co., Ltd.	the PRC 21 October 2003	US$8,000,000	100%	–	Property development and property investment in the PRC
蘇州寶龍房地產發展有限公司 Suzhou Powerlong Real Estate Development Co., Ltd.	the PRC 5 August 2004	US$10,000,000	100%	–	Property development and property investment in the PRC
鄭州寶龍置業發展有限公司 Zhengzhou Pou Long Real Estate Development Co., Ltd.	the PRC 7 April 2005	RMB700,000,000	100%	–	Property development and property investment in the PRC
山東寶龍實業發展有限公司 Shandong Powerlong Industrial Development Co., Ltd.	the PRC 7 June 2005	RMB100,000,000	100%	–	Property development and property investment in the PRC

39 Principal subsidiaries of the Company (continued)

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
蚌埠寶龍置業有限公司 Bengbu Powerlong Real Estate Co., Ltd.	the PRC 21 February 2006	RMB20,000,000	100%	–	Property development and property investment in the PRC
洛陽寶龍置業發展有限公司 Luoyang Powerlong Property Development Company Limited	the PRC 3 March 2006	RMB80,000,000	100%	–	Property development and property investment in the PRC
寶龍集團(青島)置業發展有限公司 Powerlong Group (Qingdao) Property Development Co., Ltd.	the PRC 13 July 2006	RMB660,000,000	100%	–	Property development and property investment in the PRC
蘇州太倉寶龍大酒店有限公司 Suzhou Taicang Powerlong Hotel Co., Ltd.	the PRC 29 August 2006	RMB80,000,000	100%	–	Hotel operation in the PRC
無錫寶龍房地產發展有限公司 Wuxi Powerlong Real Estate Development Co., Ltd.	the PRC 1 November 2006	US$15,000,000	80%	20%	Property development and property investment in the PRC
無錫玉祁寶龍置業有限公司 Wuxi Yuqi Powerlong Property Co., Ltd.	the PRC 27 February 2007	US$15,000,000	100%	–	Property development and property investment in the PRC
青島寶龍房地產發展有限公司 Qingdao Powerlong Real Estate Development Co., Ltd.	the PRC 21 November 2007	US$60,000,000	100%	–	Property development and property investment in the PRC
宿遷寶龍置業發展有限公司 Suqian Powerlong Property Development Company Limited	the PRC 10 December 2007	RMB100,000,000	100%	–	Property development and property investment in the PRC
煙台寶龍體育置業有限公司 Yantai Powerlong Real Estate Co., Ltd.	the PRC 19 December 2007	US$54,950,000	100%	–	Property development and property investment in the PRC
新鄉寶龍置業發展有限公司 Xinxiang Powerlong Real Estate Development Co., Ltd.	the PRC 25 December 2007	US$80,000,000	100%	–	Property development and property investment in the PRC
鹽城寶龍置業發展有限公司 Yancheng Powerlong Real Estate Development Co., Ltd.	the PRC 13 May 2008	US$75,000,000	100%	–	Property development and property investment in the PRC
常州寶龍置業發展有限公司 Changzhou Powerlong Real Estate Development Co., Ltd.	the PRC 30 June 2008	US$199,600,000	100%	–	Property development and property investment in the PRC

39 Principal subsidiaries of the Company (continued)

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
青島寶龍置業發展有限公司 Qingdao Powerlong Property Development Company Limited	the PRC 24 November 2009	US$56,000,000	100%	–	Property development and property investment in the PRC
安溪寶龍置業發展有限公司 Anxi Powerlong Property Development Co., Ltd.	the PRC 27 January 2010	RMB52,500,000	85%	15%	Property development and property investment in the PRC
重慶寶龍長潤置業發展有限公司 Chongqing Powerlong Real Estate Co., Ltd.	the PRC 28 October 2010	US$30,000,000	100%	–	Property development and property investment in the PRC
杭州寶龍房地產開發有限公司 Hangzhou Powerlong Real Estate Development Co., Ltd.	the PRC 14 December 2010	US$199,900,000	100%	–	Property development and property investment in the PRC
晉江市晉龍實業發展有限公司 Jinjiang Jinlong Industrial Development Co., Ltd.	the PRC 20 December 2010	RMB100,000,000	100%	–	Property development and property investment in the PRC
天津寶龍城房地產開發有限公司 Tianjin Powerlong City Real Estate Development Co., Ltd.	the PRC 9 March 2011	RMB300,000,000	100%	–	Property development and property investment in the PRC
上海寶龍華睿房地產開發有限公司 Shanghai Powerlong Huarui Real Estate Development Co., Ltd.	the PRC 23 March 2011	RMB100,000,000	100%	–	Property development and property investment in the PRC
天津寶龍園房地產開發有限公司 Tianjin Powerlong Garden Real Estate Development Co., Ltd.	the PRC 11 April 2011	RMB100,000,000	100%	–	Property development and property investment in the PRC
上海寶龍康晟房地產發展有限公司 Shanghai Powerlong Kangsheng Real Estate Development Co., Ltd.	the PRC 11 August 2011	RMB100,000,000	100%	–	Property development and property investment in the PRC
鎮江寶龍置業發展有限公司 Zhenjiang Powerlong Property Development Co., Ltd.	the PRC 9 November 2011	US$40,000,000	100%	–	Property development and property investment in the PRC
煙台寶龍置業發展有限公司 Yantai Powerlong Property Development Co., Ltd.	the PRC 6 June 2012	US$15,000,000	100%	–	Property development and property investment in the PRC
青島寶龍英聚置地發展有限公司 Qingdao Powerlong Yingju Real Estate Development Co., Ltd	the PRC 5 June 2013	US$20,000,000	75%	25%	Property development and property investment in the PRC

39 Principal subsidiaries of the Company (continued)

Name	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
青島寶龍英聚文化旅遊開發有限公司 Qingdao Powerlong Yingju Cultural Tourism Development Co., Ltd	the PRC 7 June 2013	US$15,000,000	75%	25%	Property development and property investment in the PRC
上海寶龍康駿房地產開發有限公司 Shanghai Powerlong Kangjun Real Estate Development Co., Ltd	the PRC 30 July 2013	RMB100,000,000	100%	–	Property development and property investment in the PRC
淮安寶龍建設發展有限公司 Huaian Powerlong Construction Development Co. Ltd.	the PRC 3 September 2013	US$30,000,000	100%	–	Property development and property investment in the PRC
煙台寶龍房地產開發有限公司 Yantai Powerlong Real Estate Development Co., Ltd.	the PRC 8 November 2013	US$15,000,000	100%	–	Property development and property investment in the PRC
富陽寶龍房地產開發有限公司 Fuyang Powerlong Real Estate Development Co., Ltd.	the PRC 30 October 2013	US$57,000,000	100%	–	Property development and property investment in the PRC
上海康睿房地產發展有限公司 Shanghai Kangrui Real Estate Development Co., Ltd	the PRC 27 January 2014	RMB10,000,000	100%	–	Property development and property investment in PRC
永春寶龍房地產開發有限公司 Yongchun Powerlong Real Estate Development Co., Ltd	the PRC 15 January 2014	RMB150,000,000	51%	49%	Property development and property investment in PRC
東營寶龍房地產開發有限公司 Dongying Powerlong Real Estate Development Co., Ltd	the PRC 14 February 2014	RMB338,000,000	100%	–	Property development and property investment in PRC
上海寶龍瑞勝房地產開發有限公司 Shanghai Powerlong Ruisheng Real Estate Development Co., Ltd	the PRC 7 March 2014	RMB180,000,000	100%	–	Property development and property investment in PRC
上海寶龍富嘉房地產開發有限公司 Shanghai Powerlong Fujia Real Estate Development Co., Ltd	the PRC 9 July 2014	RMB50,000,000	100%	–	Property development and property investment in PRC

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available. The subsidiaries established in the PRC in the above list are limited liability companies.

Five-year Financial Summary

CONSOLIDATED BALANCE SHEET

	31 December				
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Assets					
Non-current assets	**29,006,267**	23,217,836	21,719,854	18,384,052	11,176,238
Current assets	**28,147,460**	25,285,081	18,487,751	15,620,340	13,290,068
Total assets	**57,153,727**	48,502,917	40,207,605	34,004,392	24,466,306
EQUITY AND LIABILITIES					
Total equity	**20,609,482**	17,646,133	16,499,440	14,405,330	11,146,578
Liabilities					
Non-current liabilities	**17,689,834**	15,042,323	10,741,739	9,340,184	5,869,449
Current liabilities	**18,854,411**	15,814,461	12,966,426	10,258,878	7,450,279
Total liabilities	**36,544,245**	30,856,784	23,708,165	19,599,062	13,319,728
Total equity and liabilities	**57,153,727**	48,502,917	40,207,605	34,004,392	24,466,306

Five-year Financial Summary

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Revenue	**9,662,995**	7,256,938	5,871,763	5,254,027	4,432,657
Cost of sales	**(6,880,023)**	(5,201,756)	(3,540,058)	(2,951,046)	(2,030,297)
Gross profit	**2,782,972**	2,055,182	2,331,705	2,302,981	2,402,360
Fair value gains on investment properties – net	**599,325**	530,672	1,743,684	3,559,072	2,562,730
Selling and marketing costs	**(395,666)**	(240,509)	(208,258)	(207,902)	(118,933)
Administrative expenses	**(676,140)**	(583,970)	(505,331)	(503,620)	(395,413)
Other (losses)/gains – net	**(124,963)**	95,370	(56,440)	60,242	14,467
Exchange gains/(losses) – net	**4,721**	(22,543)	248	(10,454)	(5,386)
Operating profit	**2,190,249**	1,834,202	3,305,608	5,200,319	4,459,825
Finance (costs)/income – net	**(30,606)**	121,023	(29,389)	86,562	30,128
Share of (loss)/profit of investments accounted for using the equity method	**(709)**	108,365	134,079	–	–
Profit before income tax	**2,158,934**	2,063,590	3,410,298	5,286,881	4,489,953
Income tax expense	**(651,340)**	(663,414)	(1,197,312)	(1,736,424)	(1,304,512)
Profit for the year	**1,507,594**	1,400,176	2,212,986	3,550,457	3,185,441
Other comprehensive income					
Revaluation gains on property and equipment and land use rights transferred to investment properties	**149,379**	–	83,129	–	–
Change in value of available-for-sale financial assets	**(259)**	344	132	–	–
Other comprehensive income for the year, net of tax	**149,120**	344	83,261	–	–
Total comprehensive income for the year	**1,656,714**	1,400,520	2,296,247	3,550,457	3,185,441
Profit/(loss) attributable to:					
Owners of the Company	**1,370,828**	1,403,536	2,193,852	3,415,230	2,955,645
Holders of Perpetual Capital Instruments	**36,750**	–	–	–	–
Non-controlling interests	**100,016**	(3,360)	19,134	135,227	229,796
	1,507,594	1,400,176	2,212,986	3,550,457	3,185,441
Total comprehensive income attributable to:					
Owners of the Company	**1,519,948**	1,403,880	2,272,133	3,415,230	2,955,645
Holders of Perpetual Capital Instruments	**36,750**	–	–	–	–
Non-controlling interests	**100,016**	(3,360)	24,114	135,227	229,796
	1,656,714	1,400,520	2,296,247	3,550,457	3,185,441
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB cents per share)					
– Basic	**34.56**	35.00	54.71	84.73	72.53
– Diluted	**34.54**	34.98	54.71	84.73	72.53

	Year ended 31 December				
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Dividends	**252,278**	–	320,773	243,065	244,107

* Certain figures have been reclassified to conform to the current presentation.

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