



禹洲地產股份有限公司

YUZHOU PROPERTIES COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 01628.HK



尊府
Palace
Country

TIANJIN
天津

中央
海岸
Central
Coast

LONGYAN 龍岩

雲頂
國際
Cloud
Top International
盧卡小鎮

Lucca
Town
Riverside
City Town
溪堤
尚城

XIAMEN
廈門

禹洲
廣場
Yuzhou
Plaza

SHANGHAI
上海

NANJING
南京

QUANZHOU
泉州

City Plaza
Skyline
天境

HONG KONG
香港

翡翠湖郡

20

中央廣場

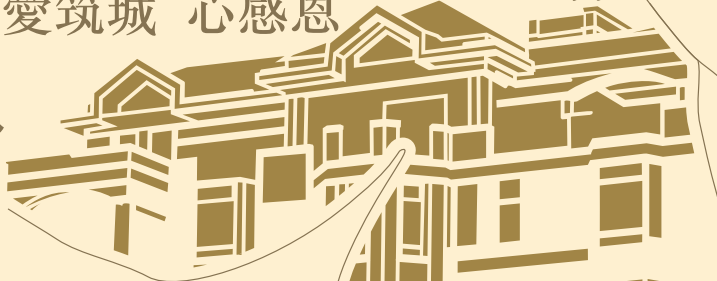
Central
Plaza

BENGBU
蚌埠

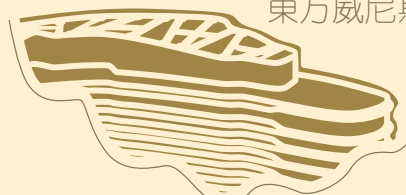
1994-2014

愛筑城 心感恩

HEFEI
合肥



FUZHOU
福州
Oriental Venice
東方威尼斯



Annual Report

2014

Contents

2	Yuzhou Property's 20th Anniversary Milestone
4	Major Events of 2014
8	Income Statement Highlights
9	Statement of Financial Position Highlights
10	Chairman's Statement
22	Management Discussion and Analysis
52	Environment, Social and Governance
66	Business and Landbank Summary
86	Directors' Biographies
90	Senior Management's Biographies
91	Reports of the Directors
99	Corporate Governance Report
129	Investor Relations
133	Independent Auditors' Report
135	Financial Statements
213	Five Years Financial Summary
214	Schedule of Major Properties
216	Corporate Information

禹
洲

2010

Yuzhou Properties entered the Quanzhou market and developed large-scaled city complex project – Yuzhou City Plaza

Yuzhou Properties entered the Tianjin market and established a foothold in Bohai Rim Region

Yuzhou Properties successfully issued senior notes of US\$200 million, laying a solid foundation for the Group to increase its land reserves

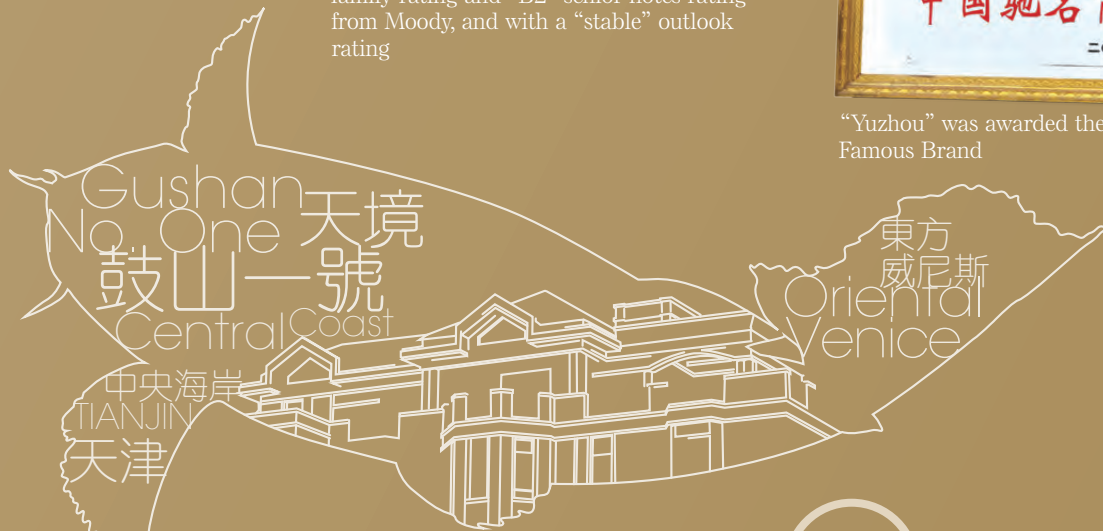


Yuzhou Properties issued bonds of HK\$1 billion directly to China Life to further enhance the Group's financial strength

For the first time, Yuzhou Properties received the "B+" corporate family rating and "B" senior notes rating from Standard & Poor's and also its first "B1" corporate family rating and "B2" senior notes rating from Moody, and with a "stable" outlook rating



"Yuzhou" was awarded the title of China Famous Brand



2011

Yuzhou Properties set up its headquarter to unify the management and control of its property and professional companies

Yuzhou Properties became the nation's top fifty enterprises

2012

Yuzhou Properties successfully issued senior notes of US\$250 million and was warmly welcomed by international capital markets, with more than 35 times over-subscription

2013

Yuzhou Properties successively entered the Bengbu and Zhangzhou markets

For the first time, sales of Yuzhou Properties had surpassed the RMB10 billion mark, making a historical record in contracted sales

Yuzhou Properties once again issued bonds of HK\$1.5 billion to China Life to further enhance the Group's financial strength



For the first time, Yuzhou Properties obtained the rating report from Macquarie with an outperforming rating over its peers, target price is HK\$2.76

Yuzhou Properties successfully issued senior notes of US\$300 million and optimized its debt structure

2014

The Company successfully issued 5 year senior notes in the amount of US\$300 million and US\$250 million, with coupon rates of 8.625% and 9% respectively

Yuzhou Properties successfully expanded into Hong Kong and Nanjing markets



Yuzhou Real Estate Service Co., Ltd. (禹洲物業服務有限公司) was successfully promoted as a property service enterprise of grade one capital qualifications

Xiamen Yuzhou Group Realty Invest Co., Ltd. under Yuzhou Properties was promoted as "a nationwide real estate enterprise of grade one development capital qualifications"

Major Events of 2014

JANUARY

On January 19, the Company successfully issued US\$300 million senior notes due 2019, with the coupon rate of 8.625%. The notes are particularly preferred by international investors, achieving 6.5 times over-subscription.

On January 24, through open tender, Yuzhou Properties acquired the third parcel of quality commercial and residential land at Huian New City District, Quanzhou, with RMB85.15 million. The land has a site area of 61,481 sq.m, adjacent to Yuzhou City Plaza Project, a top urban complex in West Strait Economic Zone, and is expected to be used as the land for subsequent development for Yuzhou City Plaza.

FEBRUARY



Yuzhou Properties was granted 5 major awards at 2013 West Strait Economic Zone Property Annual Conference for its high-level sense of responsibility as a social citizen, sound product quality and innovative design. The honors include 2013 benchmarking property enterprise of West Strait brand value (Yuzhou Properties), 2013 benchmarking building with the most marketing innovation (Yuzhou Cloud Top International), 2013 benchmarking building of villa (Yuzhou Shoreline Villa) and 2013 benchmarking building with the most living value (Yuzhou Riverside City Town), etc.

MARCH

On March 26, the Company announced its 2013 annual results, with the turnover and gross profits setting historic highs, up 91.9% and 50.3% year-on-year respectively, reaching RMB7,470.61 million and RMB2,319.08 million. The contracted sales was RMB10.96 billion, reaching a new record by breaking ten billions.



Yuzhou Properties was listed as No.36 among "China Top 100 Real Estate Developers", and No.5 among "The Star Developers of Top 100 China Real Estate". The ranking set a new historic high, and it is the consecutive 9th year for Yuzhou Properties to be honored among "China Top 100 Real Estate Enterprises" since 2006.

APRIL

Yuzhou Properties has received a B1 corporate family rating and a “Stable” rating outlook from Moody’s Investors Service, outperforming peers.

MAY

On May 23, through public tender, Yuzhou Properties acquired a parcel of quality commercial and residential land in Hefei with RMB426 million, with the site area of 36,387 sq.m., and average land costs in terms of GFA of RMB3,900/sq.m. The land is located within 2nd Ring in Shushan District, where is the mature central part of the old city district in Hefei and is expected to be benefited from the open of Southward Metroline 2 in future.



On May 26, Yuzhou Properties held its 2014 Annual General Meeting, presented by Chairman of the Board of Yuzhou Properties Mr. Lam Lung On, together with several Board members and the Company’s management.



JUNE

The Hong Kong Volunteers Federation Launching Ceremony & Community Service Day was held on June 15. Mr. Lam Lung On, Chairman of the Board of Yuzhou Properties, was invited to attend the event as the Executive Vice Chairman of the Federation, and donated HK\$5 million to the Federation as the initial funds.



Yuzhou Central Plaza, located in the Eastern City Area of Hefei, was hot selling on June 21 of opening day. Among a total of the first-launch 1,100 units with 83-114 sq.m. luxury-view apartments, over 800 were sold within 4 hours right after the opening, accounting for 80% of the total units, with the average selling price at approximately RMB6,000/sq.m.

JULY

“Yuzhou Club” Breakfast Project was initiated on July 8. Owners from 4 communities- Yuzhou Huaqiao City, Yuzhou University City, Yuzhou Overseas City and Yuzhou Castle Above City – provided the freshest, most delicious nutritious breakfast from 6:30 to 8:30 in the morning.



Major Events of 2014

AUGUST

Yuzhou Properties released its 2014 interim results announcement on August 28. According to the announcement, the turnover rose by 280% year-on-year, reaching RMB3,924.00 million, with the gross profit of RMB1,415.51 million, up 328% year-on-year; the gross profit margin is 36.1%. Core profit attributable to shareholders increased significantly by 412% year-on-year, reaching RMB486.05 million.



Yuzhou Properties announced on August 29 that it has acquired a property in Hong Kong with HK\$370 million as the first step to enter overseas market. The property is located in Caine Road, Central, Hong Kong, a high-class residential area with numerous properties. The Group plans to rebuild the property into a high-class residence.

SEPTEMBER

On September 20, in the celebration activity for 20th Anniversary of Yuzhou Group Establishment and 5th Anniversary of Yuzhou Group Listing, Mr. Lam Lung On, Chairman of the Board of Yuzhou Group, announced that the Group will set up scholarship of RMB1 million for students from low-income families at Xiamen University and Jimei University respectively, to help those poor students to pursue their dreams.

Yuzhou Properties' 2013 Annual Report winning the "Chairman's Letter" bronze award in the U.S. 28th International ARC Awards Competition, which is the most honorable award in the property development category of the award in the year.



OCTOBER



The 2015 Yuzhou Properties campus recruitment plan – “Yuzhou Young Talents Activity” – started on October 21. The Company hosted recruitment lectures at 10 well-known universities in China, and arranged job interviews on the spot, with an aim to select potentially excellent graduates for talent pool construction.

NOVEMBER

On November 21, through public tender, the Company successfully acquired a parcel of commercial and residential land in Hefei with RMB1,462 million, with the site area of 97,467 sq.m., and the average land cost in terms of GFA at just RMB4,286/sq.m. The land is located in Hefei Xinzhan District, adjacent to No.1 Subway line with large appreciation potential.

NOVEMBER

Yuzhou Properties signed a “Headquarters to Headquarters” Bank-Corporation Strategic Cooperation Agreement with PingAn Bank on November 25. In the agreement, PingAn Bank will grant an credit of RMB3 billion to Yuzhou Properties’ to further raise the overall cooperation of both, expand the cooperative scope, enhance cooperative level and establish long-term and constructive strategic partnership.



On November 28, through open tender, the Company successfully acquired a parcel of commercial and residential land in Nanjing with RMB1.88 billion, with the site area of 41,494 sq.m., and the average land costs in terms of GFA at RMB16,657/sq.m. The land is located in Nanjing Yuhuatai District, only 1.3 k.m. away from Zhonghuamen Station on Subway line 1.

DECEMBER

On December 2, Yuzhou Properties successfully issued US\$250 million senior notes due 2019, with the coupon rate of 9%. The notes are particularly preferred by international investors, achieving 3.5 times over-subscription.



2014 Yuzhou Properties Investors & Media Reverse Roadshow was held from December 8 to 12. A total of 33 investors attended the activity, representing famous financial institutions. The investors and media conducted site visits at multiple projects of the Company in Xiamen and Hefei. The Chairman of the Board of Yuzhou Properties Mr. Lam Lung On presented and answered the questions from the investment communities and media, together with other senior management.

On December 10, through open tender, the Company acquired a parcel of commercial and residential land in Fuzhou with RMB580 million, with the site area of 54,507 sq.m., and average land costs in terms of GFA at just RMB4,256/sq.m. The land is located in the downtown of Lian Jiang County, Fuzhou, where is approximately 2.6 k.m. away from the county government with abundant educational resources and complete transport-supporting facilities.

In order to better greet the era of Fujian Free Trade Zone, “Ceremony for Establishing Fujian Free Trade Zone, Forum on Development Opportunities for Enterprises & Yuzhou Public Welfare Foundation” was held at Xiamen Yuzhou Plaza on December 23. Well-



known entrepreneurs and scholars from the Mainland, Hong Kong and Taiwan were invited to discuss about the potential models adopted for Fujian Free Trade Zone; meanwhile, the Group announced the establishment of Yuzhou Public Welfare Foundation. Chairman of the Board of Yuzhou Properties Mr. Lam Lung On, representing the Foundation, donated RMB5 million to All-China Federation of Returned Overseas Chinese as its development funds, and RMB1 million to Xiamen University and Jimei University respectively as the grant for poor students.

Income Statement Highlights

For the year ended 31 December 2014

Recognized Revenue*: RMB7,836.63 million

Contracted Sales: RMB12,001.29 million

Gross Profit: RMB2,844.77 million

Core Profit: RMB1,025.34 million

Core Earnings per Share: RMB0.30

Dividend per Share: HK16 cents

Compared with 2013

(+RMB366.02 million or +4.9%)

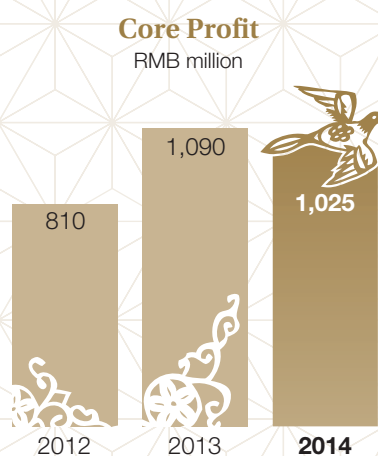
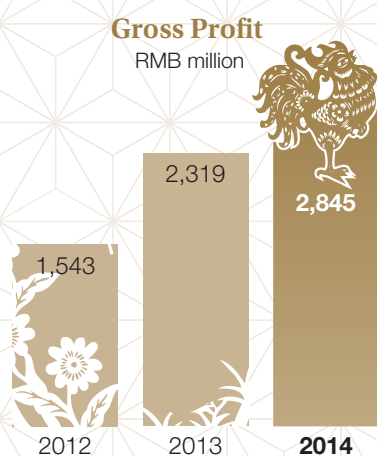
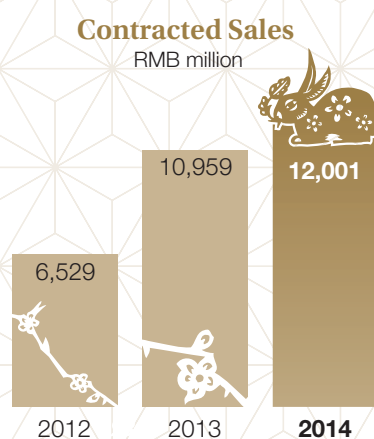
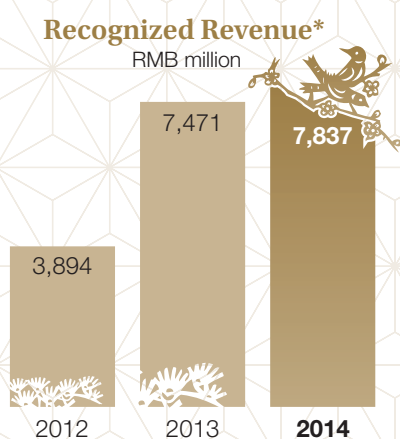
(+RMB1,042.32 million or +9.5%)

(+RMB525.69 million or +22.7%)

(-RMB64.58 million or -5.9%)

(-RMB0.02 or -6.3%)

(+HK1 cent or +6.7%)



* After 5.55% Business Taxes and Surcharges

Statement of Financial Position Highlights

As at 31 December 2014

Total Assets: RMB39,075.01 million

Total Liabilities: RMB29,685.21 million

Total Equity: RMB9,389.80 million

Cash position*: RMB9,784.74 million

Total debt: RMB15,404.41 million

Compared with the end of 2013

(+RMB11,712.69 million or +42.8%)

(+RMB9,794.79 million or +49.2%)

(+RMB1,917.89 million or +25.7%)

(+RMB5,901.11 million or +151.9%)

(+RMB5,694.13 million or +58.6%)

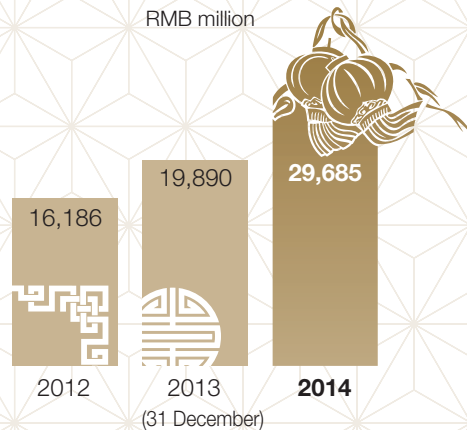
Total Assets

RMB million



Total Liabilities

RMB million



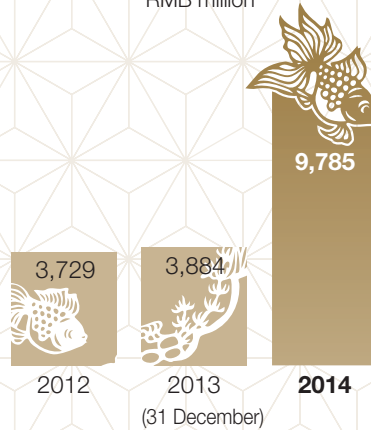
Total Equity

RMB million



Cash Position*

RMB million



* Including restricted cash

Chairman's Statement

To Shareholders,

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

FINANCIAL RESULTS

During the period under review, turnover of the Group was RMB7,836.63 million, representing a significant increase of 4.9% as compared to RMB7,470.61 million of the corresponding period of 2013, reaching a historic high. Gross profit was RMB2,844.77 million, representing an increase of 22.7% as compared to RMB2,319.08 million of the corresponding period of 2013, and gross profit margin was approximately 36.3%, representing a year-on-year increase of 5.26 percentage points. Profit attributable to owners of parent was RMB1,254.38



million, representing a decrease of 14.7% as compared to RMB1,471.22 million of the corresponding period of 2013. Basic earnings per share were RMB36 cents, representing a year-on-year decrease of 16.3%. Excluding the changes in the valuation of investment properties, core profit attributable to owners of parent was RMB1,025.34 million, representing an decrease of 5.9% as compared to RMB1,089.92 million of the corresponding period of 2013. Basic core earnings per share was RMB30 cents, representing a year-on-year decrease of 6.3%. The full year dividend was HK16 cents per share (2013: HK15 cents), an increase of 6.7% compared with last year, representing a payout ratio of approximately 43.2% of core net profit for year 2014.



BUSINESS REVIEW

During the period, the world economy saw profound adjustments and the geopolitical situation remained complicated and volatile while the growth of China's macro economy slowed down. In 2014, China's GDP growth rate was 7.4%, with the growth rate of property investment as low as 10%, which means that both China's overall economy and the property market entered a period of adjustment, which is the "New Normal". When China's low labour cost and demographic dividend vanishes, China will have to face the challenges brought about by the "middle income trap". To get out of the "trap", the national economy shall be upgraded and transformed into an innovation-driven and technology-driven economy. Such a tough process of transformation is exactly the "New Normal" that we have to face.

The first quarter of 2014 witnessed a overall downturn in the property market and obvious discrepancy between the property markets of different cities due to the impact of macro economy as well as the influence of insufficient demand, high inventory level, credit crunch and the prevailing wait-and-see attitude in the market. Since the beginning of the second quarter of 2014, the central government has launched a range of "mini-stimulus" measures to stabilise growth and facilitate reform. Many cities of mainland China have taken various measures, to relax property market regulations, such as lowering the reserve requirement ratio in a targeted and comprehensive way, relaxing the inspection on the qualification of residents with household register of other cities, increasing the maximum amount of the provident fund loans available, offering tax deduction and exemption and loosening the housing mortgage loan and lowering the interest rate. The ministry-level joint conference led by the Ministry of Land and Resources of the People's Republic of China issued the "Timetable for the Completion of Real Estate Registration" (不動產登記完成時間表). Also, the central government facilitated the urban revitalisation and advanced the launch of pilots for shared ownership housing. All these measures indicated that the central government is attempting to solve the problems arisen from the downturn in the property market through a



market-oriented way, and to let local governments have more discretion in making regulatory policies, in an effort to release the rigid demand and guide the market to move towards a reasonable balance. As various stimulus measures were adopted and implemented, from the third quarter of 2014, the property market has been stabilising and the rigid demand was released in an orderly manner. Therefore, the sentiments in the property market began to improve, and the pace of purchasing power recovery also accelerated with the decrease in the interest rate of housing mortgage loan and the market gradually recovered from the bottom.

The *Report on the Work of the Government 2015* does not contain stricter property control measures, but points out that "market-oriented" measures should be taken to adjust the property market and more efforts should be made to explore and establish a "long-term mechanism" for property market adjustment. The market expected that after the "long-term mechanism" is established, the central government will reduce its administrative intervention measures, which will benefit the long-term and healthy development of the property market. Under the measures targeted at different tiers cities, the property market in China is no longer a unitary one. Rather, mixed developments will be found among different cities. As the household registration system is gradually abandoned, the family planning policy is relaxed, and more people flow into tier 1 and 2 cities with rich urban public resources such as infrastructures, job opportunities, medical facilities and education, which will help boost the competitiveness of major cities. Meanwhile, due to the outflow of human and other resources, supply will exceed demand in tier 3 and 4 cities, further intensifying the polarization between cities and cause Matthew Effect. For instance, Xiamen (a coastal city which is the economic center of Fujian and the Group's headquarter), Hefei (the capital of Anhui province that serves as a political and economic center

Chairman's Statement

and the second most important city to the Group) and Nanjing (the capital of Jiangsu province and the strategic city that the Group entered in 2014) are best performing cities in the property market in 2014. These cities enjoyed relatively high GDP growth rate, relatively high disposable income and stable increase in average property price as well as low inventory, surplus net population inflow which caused supply and demand balance even short supply in the property markets. As mentioned in the *Report on the Work of the Government 2015*, China (Shanghai) Pilot Free Trade Zone was expanded and similar zones were newly established in Guangdong, Tianjin and Fujian. Progress was made in developing infrastructure and promoting coordinated development among regions. Significant progress was also made in coordinated development in the Beijing-Tianjin-Hebei region and in building the Yangtze Economic Belt. Considering the approval of China (Fujian) Pilot Free Trade Zone and China (Tianjin) Pilot Free Trade Zone, as well as the expansion of China (Shanghai) Pilot Free Trade Zone, the integration of the building of "One Belt and One Road" (一帶一路) and the synergetic development in the Beijing-Tianjin-Hebei region, and the State Council's plan to develop the Yangtze Economic Belt into an economic belt with global influence in 2014, the Group will be well positioned to capture the opportunities for further development in the key cities in these regions such as Xiamen, Hefei, Nanjing, Fuzhou, Shanghai and Tianjin.



In the long run, the urbanization in mainland China will continue. In March 2014, the state issued the *China Urbanization Plan for 2014-2020* (《國家新型城鎮化規劃(2014-2020)》), in which it raised a goal of increasing the urbanization rate of permanent population to 60.0% from the current rate of 53.7%, which will give a boost to industrialisation, encourage non-agricultural industries and rural population to gather towards cities and towns, and facilitate the overall economic development of the nation. Premier Li Keqiang also pointed out in the *Report on the Work of the Government 2015* that urbanization is the fundamental solution to narrow the rural-urban disparity and the largest source of domestic demand. The state will make efforts to promote urbanization and urban revitalisation, implement reforms to the household registration system and relax controls over the transfer of household registration, give targeted guidance, implement policies based on local conditions, give support to first-time homebuyers and upgraders. It is expected that the goal of enabling 100 million people to gain urban residency will be realized prior to 2020. To improve the planning and construction of cities and towns, the state need to formulate and implement plans for building city clusters, and work systematically to develop integrated infrastructure and basic public services within clusters. Efforts should be made to bring population growth in megacities under control and develop smart cities. The progress of urbanization plus the continuous growth of income will eventually drive the long-term demand in the property market and the property development industry now enters a silver age. Demand from upgraders will also be huge in core cities in the future.

Against the periodic fluctuation of the property market, year-on-year decrease in the turnover and floor areas sold in the property market, and intensified concentration of the market share of real estate enterprises in 2014, the Group adhered to the development principle of "quality growth" according to the market demand, keep enhancing its management, enhancing its brand influence, increasing its land reserves appropriately and reinforcing its financial structure while maintaining rapid and sound development. Therefore, the Group had been listed as one of the Top 100 Real Estate Enterprises for 9

consecutive years and firmly maintained its position as the market leader with the largest market share in Xiamen and as one of Hefei's top five real estate developers in 2014. The Group has maintained a relatively high gross profit margin of 36.3%, five to ten percentage points higher than the average level of the industry. Such achievements are really outstanding.

DEVELOPMENT STRATEGIES

During the period, the Group, actively coping with market changes, has carried out a series of development strategies as follows:

SEEKING FOR HIGH-QUALITY GROWTH OF PROPERTY PROJECTS ON THE BASIS OF HIGH TURNOVER

The Group have been focusing on profitability strategies, but not aggressive expansion, which is the key to the Group's success. Although the period of high growth has gone in the industry, we kept striving for more and continued to maintain the Group's competitiveness. Steady development, instead of rapid expansion, is what Yuzhou emphasizes. Benefiting from the development of Fujian Free Trade Zone and policies thereof, Yuzhou is predicted to benefit from land appreciated in value and enjoy the opportunities brought by better cooperation with Taiwan in such sectors as goods shipping, financial service, trading service and cultural industry in the future. The Group held quality lands with a total area of 4.25

million sq.m. land reserve in Fujian Province and sales in Xiamen accounted for 51.5% of that of the Group in 2014. Moreover, Hefei, the second most important city with regard to development of the Group, has realized rapid development and is predicted to benefit from development of Yangtze Economic Zone. The central government plans to promote the development of Yangtze Economic Belt and lay a new foundation for China's economic development, exploiting the great potential for domestic demand in the vast hinterland in up-and-midstream of the river and thus expanding the area of economic growth into inland area along the river. The Group held quality land reserves with a total area of 2.60 million sq.m. in Hefei. The contribution of sales in Hefei in 2014 to the whole Group has climbed to 29.3%. Entering cities with healthy demand such as Xiamen, Hefei, Nanjing and Shanghai helps manage and control financial and operational risk, maximise profit and achieve the goals of reducing risks and lowering financing cost. On the other hand, the key to profit maximization of Yuzhou lied in lowering land cost and reducing financial expenses. With regard to lowering land cost, the Group acquired quality lands at low prices at public auctions and acquired lands by buying out small developers during land market depression or credit crunch. With regard to reducing financial expenses, the Group successfully captured the opportunities to carry out financing activities such as bond issue, which lower the total financing cost. Consequently, during the period the Group managed to maintain a gross profit margin of 36.3% that's rather high in the industry while keeping a healthy net gearing ratio of 60.0%.



Yuzhou • Jade Lakeshire in Hefei

CONTINUING INVENTORY REDUCTION

As homogenization of real estate products intensifies, the property development industry has entered an era of excessive inventory and tier 3 and 4 cities encountered net outflow of population and capital; and previous large-scale property development has led to high inventory, resulting in increasingly severe competition for inventory reduction in the market in recent years. Fortunately, the Group has focused on tier 1 and 2 cities with healthier inventory level. Still,



Yuzhou • Shoreline in Xiamen fully taps into the lake view and seascape of the land parcel to achieve a maximum landscape value

destocking remains to be key strategic direction of the Group and regarded as the most significant issue to enhance sales, accelerate development turnover and promote inventory sales. In terms of product positioning, the Company has conducted market research on features of different cities, regions and zones, and has performed analysis of target customer groups and existing elaborate product system of the Company, to ensure that new products would better meet consumption demand of local markets. In addition, the Company introduced newly-developed products to regions experiencing serious homogenization, realising differentiated operation and emphasising its advantages in product innovation. During the period, the Group has utilized information technology covering all management procedures of material supply departments including planning, purchasing, stocking and consuming. The Group

will be supported by remote management, and then achieve standardization project development, effectively reduce the inventory to build the security service platform from strategy to control, then to execution. Core competitiveness of the Company was thus enhanced.

In 2014, the Group's projects under development covered an area of nearly 4.22 million sq.m. increased by 22.3%, compared to 3.45 million sq.m. in 2013; while total area of completed projects reached 5.15 million sq.m., a year on year increase of 29.8%. The average sale through rate of contracted sales reached at 63% in 2014. Continuing inventory reduction will remain the strategic focus in 2015.

IMPROVING CUSTOMER SERVICE AND CUSTOMER SATISFACTION

The Group adhered to the "Customer-Oriented" (「以客為尊」) service philosophy and strived to provide safe and comfortable living conditions or highly efficient business environment to all residents and commercial tenants. The Group extended its quality service to the post-delivery period, covering comprehensive after-sales service.

Property management company of the Group continued to innovate to provide quality customer service and improve service standard. In 2014, property management company has recorded management fees up to RMB88.25 million, a year on year increase of 23.9%. By the end of 2014, total floor area of properties managed by Yuzhou has reached 4.02 million sq.m., and it has provided thoughtful service for proprietors.



DIVERSIFIED BUSINESSES DIVERGE RISKS SUCCESSFULLY

Listed on the Stock Exchange 5 years ago, the proportion of the Group's self-owned properties such as commercial properties, hotels and office buildings has continued to rise. The Group believes that a diversified commercial property portfolio, including hotels, shopping malls and office buildings, may diverge operational risks and ensure stable. At the same time, benefited from the synergy effect from hotel and commercial property development of our projects, the values of property projects themselves also improved. During the period, JLL, a world-renowned assessment institution, has conducted valuation of the investment properties self-owned by the Group and concluded that the fair value of the properties reached RMB5,960.49 million, among which the valuation of the completed properties was RMB4,958.70 million while that of the properties under development was RMB1,001.79 million. The gross rental income reached RMB51.54 million, representing a year on year increase of 4.84%.

In the future, the Group will continue to nurture commercial real estate talents, prudently and steadily conduct the businesses in this aspect and gradually increase its investment property portfolio in next few years. The Group targets to hold self-owned commercial properties located at core locations in tier 1 and 2 cities. It is expected that the net profit from investment properties will gradually increase to 10% of the core profit of the Company.

PROPER ACQUISITION OF NEW LAND LOTS TO CATER FOR FUTURE DEVELOPMENT

The Group adhered to its strategic guideline of "Based in West Strait and Expand Nationwide Coverage in China" (「立足海西·建樹中國」) in replenishing strategically its land reserves by taking into account comprehensively various factors i.e. land market environment, property market development trend and its own financial conditions. Adhering to the principle of "Cultivate Every City We Enter", we focused on the West Strait Economic Zone, the Yangtze River Delta Region and the Bohai Rim Region, in particular, the core cities. Meanwhile, we will exploit in peripheral cities with economic potential and net inflows of population, so that a regional strong scale can be formed, our executive competence strengthened and development risks reduced within the peripheral area. Our selection of projects is based on three assessment indicators: profit margin, sell-through rate and execution. Profit margin guarantees corporate sustainable development; sell-through rate guarantees corporate safe cash flow and development speed; execution guarantees corporate governance level and stable operation. In addition, we also focused on 5 dimensions including maintaining low land cost, emphasizing strategic positioning, keeping the most appropriate scale, determining the best opportunity and ensuring rapid asset turnover.



Yuzhou • Camelion Hotel Apartment in Xiamen



Yuzhou • Central Coast in Xiamen

During the period, the Group added about 1 million sq.m. in total to its land reserves in Quanzhou, Fuzhou, Hefei, Hong Kong and Nanjing at an average land premium price of RMB2,232/sq.m., accumulating resources for its future development. At present, the Group has in total 48 projects in different development phases in Xiamen, Hefei, Shanghai, Fuzhou, Nanjing, Quanzhou, Longyan, Bengbu, Tianjin, Zhangzhou and Hong Kong, with land reserve of 8.70 million sq.m. The quality land resources and relatively low land costs will continue to support Yuzhou Properties' performance in the nation's major markets in the next few years. Currently, the Group's landbank is able to satisfy the development needs for the next 3 to 5 years. The Group will still increase its land reserves appropriately at low costs according to its strategic guideline.

STRENGTHENING COOPERATION WITH INVESTMENT FUNDS AND REAL ESTATE ENTERPRISES

In recent years, Yuzhou Properties has created a land purchase model by collaborating with investment funds and real estate enterprises. For example, the project of Xiamen Haicang Dream Town with Vanke contributed the contracted sales amount of RMB1.42 billion in 2014. While in cooperation with investment funds enterprises, we have project equity interests cooperation with PING AN and CITIC-CP Asset Management Company. The model of equity interests cooperation, bonds cooperation or incorporation not only enhanced the financial flexibility

of land acquisition and reduced the investment risks at the preliminary stage of development, but also substantially shortened the input-output cycle, relieved the capital liquidity stress on the premise of keeping the reasonable expansion speed, and accelerated the realization of size effect.

STABLE OPERATION WITH SUSTAINABLE GROWTH

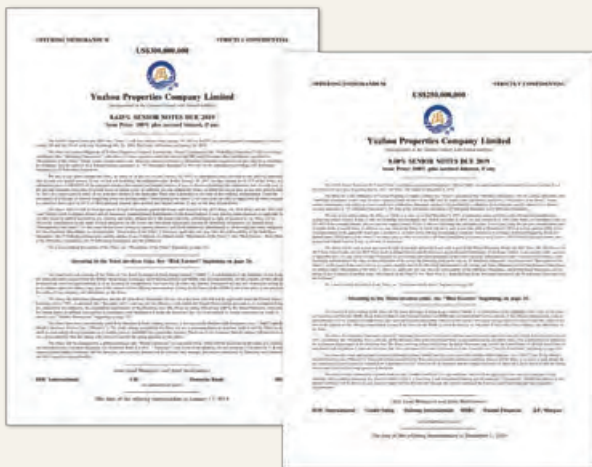
While Yuzhou Properties was adhering to its stable operating strategy, it optimized capital structure to reduce funding costs with its overall finance costs decreased to 8.49% by the end of 2014 from 8.69% in the end of 2013. The Company now pursues quality development instead of scale expansion without any purpose, controlling its debt ratio at a reasonable level. The net gearing ratio decreased by 18.1 percentage points to 59.9% at the end of 2014 from 78.0% at the end of 2013.

To achieve sustainable development, the Group actively engage in various financing channels to further optimize its financial structure to maintain a steady and sufficient cash flow. Whilst improving our own financial position continuously, we always maintain our awareness and sensitivity on overseas capital market and firmly capture the best financing channel. Our bonds are popular among investors.

The successful implementation of financing in 2014, that is on one hand, improved the Company's debt structure. The Company's cash balance of RMB9,784.74 million is sufficient to cover its debts which are due within one year of RMB3,805.45 million. As at the end of 2014, the Group's short-term debts is accounted for 24.7% of total interest bearing debt. The rate of short-term debt coverage by cash reached 2.57 times. Domestic RMB debts accounted for 40.6% of total interest bearing debt and the rest were overseas US\$ debts and HK\$ debts. On the other hand, the lower coupon interest rate will reduce the future finance expenses and is beneficial to control finance costs, striving for better profitability for the Group. The Group has stuck to its financial principles and prudent expansion strategy as it has not borrowed any trust loans since 2013.

COMPLYING WITH A HIGH STANDARD OF CORPORATE GOVERNANCE

The Group is always committed to maintaining a high standard of corporate governance. Under the full support of our outstanding management team, an efficient board of directors has been established with an internal control system soundly implemented. The board of directors has



Yuzhou successfully issued two 5-year US\$ senior notes in 2014

all along directed and monitored effectively the business strategies operated by the Group. The board of directors has established the Audit Committee, Nomination Committee and Remuneration Committee in assisting the performance of its duties. The Group's internal control system is sound and effective to safeguard the

assets of the Group and protect shareholders' interests. Under the assistance of the Audit Committee, the management team, internal and external auditors, the Company reviews regularly the internal control system of the Group. The Group will continue to maintain a high level of transparency and via different channels including press releases, website of the Group, financial reports, site visits, roadshows and investor conferences, press briefings, official WeChat and official microblog, to release the latest updates and information of the Group.

ACTIVELY COMMITTED TO SOCIAL RESPONSIBILITY

By pursuing its mission of "Serve the community and reward the community" (服務社會, 回報社會), the Group has been actively committed to its social responsibility. Alongside the Company's development, we always keep this in our mind and the Group actively participated in public welfare activities and was involved in education, environmental protection, culture and other charity activities.

In the past 20 years, the Group raised donations amounting to RMB100 million, and has been honoured with "The Great Wall of China Advertising Awards 2009 – The Best Charity" (「2009中國廣告主長城獎—最熱心公益獎」), "The Social Value Model of China's Real Estate Listed Companies in 2011" (「2011中國房地產上市公司社會價值典範」), "2012 China Charity – Group Award" (「2012中國公益獎—集體獎」), "2013 China's Top 50 Responsible Real Estate Enterprises" (「2013中國責任地產TOP50」) successively.



Yuzhou organized International Working Women's Day celebration activities on 8 March

PROMOTING ENVIRONMENTAL PROTECTION AND ENCOURAGING STAFF TO LIVE A LOW CARBON LIFE

Environmental protection is a key factor in the Group's corporate sustainable development. Therefore, it promotes environmental protection and encourages its staff to live a low-carbon life. The residential projects of Yuzhou have rich greenish facilities and landscape gardens which constitute an ecological residential community, enabling proprietors to experience Yuzhou Properties' efforts in environmental protection. Making much efforts in the past few years, we have made inspiring achievement in sustainable development.

We aware that the philosophy of sustainable development should go beyond our own projects and reach out to the general public. Therefore, we took the initiative to share our experience with the industry and the general public and sponsored a variety of activities and campaigns for environmental protection, aiming to increase environmental awareness among the public and drive social progress.

FUTURE DEVELOPMENT AND PROSPECT

The *Report on the Work of the Government 2015* points out that the main targets that China has set out for economic development in 2015 are: to maintain the GDP growth at around 7%, keep the CPI at around 3%, create over ten million jobs in urban areas, ensure that the registered urban unemployment rate 4.5%, and ensure that personal incomes in pace with economic

development. The central government will improve urban planning, formulate and implement plans for building city clusters, and develop integrated infrastructure and basic public services within clusters gradually. The central government will also make efforts to urban revitalisation and renovate dilapidated urban and rural housing, give targeted guidance, implement policies according to local conditions, support people's demand for housing for personal use and second homes, and promote the stable and sound development of the property market. In addition, the central government will integrate the development of the Silk Road Economic Belt and the 21st Century Maritime Silk Road with the development and opening up of related regions, promote development of the new Eurasian Continental Bridge as well as major coastal and border ports which serve as hubs for the Belt and the Road. The central government will step up coordinated development for the Beijing-Tianjin-Hebei region and ensure that the region has breakthroughs in areas such as integrated transportation, ecological conservation, environmental protection, and industry upgrading and relocation. The central government will facilitate the development of the Yangtze Economic Belt, working step by step to launch major projects including upgrading the area's major waterways and building docks and quays along the Yangtze River to create an integrated, multidimensional transport corridor. Industrial relocation demonstration zones will be built along the belt to guide the orderly relocation of industries from the east to the west. We believe that these policies and measures will sustain the development of the property market in the



"Yuzhou Young Talents" scheme laid a foundation for developing talent pools and injected fresh vitality into the Group.

long run. Based in cities along the Yangtze Economic Belt and within the Fujian Free Trade Zone, we believe there are more development opportunities unfold.

In the future, consolidation of the property market will continue and push industrial integration to a higher level and a wider divergence of development among different regions. Therefore, real estate companies adopt a diversified development approach and seek strategic transformation by adopting the "Internet Thinking".

By combining the macro-economic and market outlook in 2015, with the analysis conducted by the Group's management of the trend of the property industry, the Group will continue to implement its unswervingly grand strategy of "Based in West Strait and Expand Nationwide Coverage in China" (立足海西·建樹中國) in the upcoming 5 to 10 years. "Based in West Strait" implies that we need to cultivate and root in the West Strait Economic Zone market. All cities that we entered should take into account the "sell-through rate, profit margin and execution", and form the synergy effect through radiating among city agglomeration. "Expand Nationwide Coverage in China" means the need to realize our middle to long term strategic layout. The Group will maintain moderate scale expansion, consolidate current nationwide regional

layout, and form the synergetic development layout of focusing on the West Strait Economic Zone, and taking tier 1 and 2 core cities in the Yangtze River Delta Region and the Bohai Rim Region with great development potentials as regional centers, and, on top of that, attempt to extend our operations to cities overseas, like Hong Kong, to realize a prudent strategic expansion "from the core cities to the regions and the whole country."

As the current land reserve will be able to meet the needs for next 3 to 5 years, the Group will not acquire any land without any purpose. Apart from acquiring land parcel through public auction, we will also increase our land reserve through acquisitions of equity interests of companies. We will strictly follow the investment disciplines and pay greater attention on execution, sell-through rate and profit margin. It is envisaged that the West Strait Economic Zone, with Xiamen as its center, will remain the key region for our future development with the proportion in land reserves of no less than 50%. For areas outside the West Strait Economic Zone that we have already had a foothold, we will also allocate resources appropriately to increase land reserve at reasonable prices. We will also target at the West Strait Economic Zone, Yangtze River Delta Region and the Bohai Rim Region, continue to raise the level of our land reserve in



Xiamen Yuzhou Plaza

Chairman's Statement

Shanghai, Xiamen and Hefei, tap into Nanjing market, cultivate Xiamen, Hefei, Shanghai, Fuzhou and Nanjing with the goal to grow our business in these five 5 billion worth of core cities and exploit in peripheral cities that hold economic potential and population inflow, so that a regional strong scale can be formed and excessive expansion avoided.



Yuzhou • Cloud Top International in Xiamen

In terms of products, the Group will conduct researches on regions, customers and products and will continue to actively develop mid-end products to meet the rigid demand for the first time home buyers and middle- and high-income groups strive for better housing. With reasonable price and high quality, Yuzhou's residential properties would be the first choice for first time home buyer young couples who want to settle in a city and purchase a house satisfying basic living requirements. We believe they will choose Yuzhou again when they are capable of purchasing a better house to pursue better education and living conditions for their child and parents. Furthermore, for people who want to rent a house, Yuzhou's properties would be the first choice as they provide pleasing types, with fully-equipped facilities and with excellent property service, which is exactly what we are striving for. Such features demonstrate Yuzhou's social responsibility as well as its mission and will help Yuzhou with its residential products develop into a famous long-standing brand.

The Group will continue to balance the weight of income from property sales and investment property, focusing on property sales and selectively holding investment properties including mall, hotels and office building

situated at prime locations in tier 1 and 2 cities. Rental income will continuously bring cash flow, enabling the Group to seize suitable business development opportunities while keeping a reasonable net gearing ratio. In 2015, the Group will set its headquarter of commercial property in Shanghai so as to be sufficiently engaged to the large resource platform in Shanghai and to build a strong team and operation pattern of Yuzhou's commercial property segment. The Group will also get involved in product positioning and project design earlier, improve the soft power of our commercial properties on the basis of ensuring the project quality, and inventively build the commercial projects in Shanghai and Hefei. As time changes, residential product is now not only serves for housing purposes which we're familiar. The completion and delivery of every project are parts of building a dynamic community. Residence, the core of a residential district, together with auxiliary commercial



Interior design of Yuzhou's project in Xiamen

properties, schools, hotels and even Wi-Fi connection in public space, etc... makes up a well-functioned community. That is why the Company seeks to build community instead of simple concrete houses. People of different ages have various needs for housing, therefore Yuzhou offers a good option to them. Focusing on the target market, we should identify our target customers before starting project design. Besides, we must have the ability to manage commercial properties, provide high quality property management service, upgrade our products by keeping up with changes, so as to construct satisfying residential districts. With the development of the industry and the continued market adjustment, the Company will transform from single-oriented to multi-oriented business in response to the circumstances. We

will take advantage of our existing resources to maintain a leading position in the property development sector, as well as shoulder the functions as an operator and service provider, and go from off-line to on-line and build an on-line platform for community service, seeking new business growth and breakthroughs in property management, community service, and other relevant perspectives. On the other hand, we will continue to innovate and actively probe into different types of products, such as endowment real estate and commercial complexes, to build diversified, industry-leading products. In general, the Group is on its way to "diversified group, professional real estate company".

While ensuring growth, Yuzhou Properties will also actively maintain an efficient two-way communication with various institutes in international capital market to establish long-term and stable relationships. This will facilitate the Group in expanding its financing channels as well as reducing financing costs, optimizing financial structure, accelerating cash collection, improving the financial risk monitoring system and increasing efforts to ensure fund security. The Group will continue to make breakthroughs in resources integration, engage itself in diversified methods of cooperation in terms of introduction of funds or cooperation with peer companies, and develop projects with open mind and flexibility. In addition, the Group will enhance its cooperation with financial institutions and other strategic partners in every link of business, and seek the opportunities of acquisition and merger in the industry, thus achieving the goal of "quality growth". Moreover, we will always abide by the strict financial systems and guidelines, control the Group's gearing ratio and maintain cash flow at a reasonable level. We believe that such operational strategies would enable the Group to maintain our competitiveness and lower risks in the changing market environment, which in turn would ensure the Group's sustainable development.

On the other hand, the Group will consistently include the philosophy of "Sustainable Development" in our core values and merge it into our business operations. We will introduce environment-friendly design and healthy lifestyle in our projects and uphold local humanity spirit to create a living space of happiness for our customers. Starting from 2015, our annual report will include sections disclosing our performances in Environment Social and Governance (ESG) for our sustainable development, in order to sufficiently communicate about our policies and efforts in ESG to all stakeholders, including customers, employees, investors and the press. By doing so we hope that the operational performance of the Group will meet social requirements and that we will live up to the expectation from the public of sustainable development.

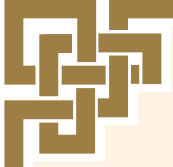
APPRECIATION

2014 was the 20th anniversary since the establishment and the fifth anniversary since the listing of the Group. During the past two decades, the Group had experienced challenges and opportunities and developed in a steady and rapid manner, with the support of all circles and every staff, the Group had achieved its current success and goals. On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all shareholders, investors, partners and customers for their trust and support. We will continue to draw on better corporate governance and management structure as well as the prudent financial strategies and adhere to our spirit of "Building Cities with Heart, Building Homes with Love" and dedicate to maximize the value for our shareholders and investors in creating the best returns.

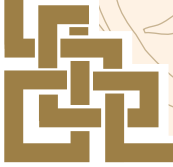
Lam Lung On
Chairman

Hong Kong, 25 March 2015





Management Discussion
and Analysis





Management Discussion and Analysis

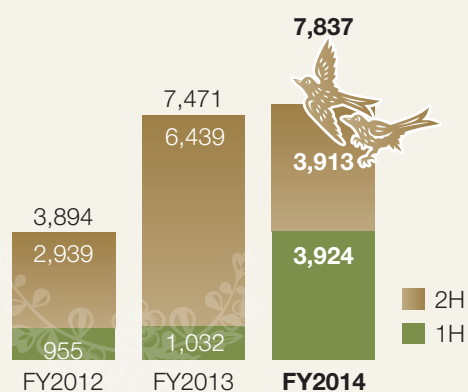
OVERALL PERFORMANCE

During the year, turnover of the Group was record high of RMB7,836.63 million, representing an increase of 4.90% year-on-year. Gross profit increased 22.67% to RMB2,844.77 million and gross profit margin climbed 5.26 percentage points to 36.30% year-on-year. Profit attributable to owners of parent dropped 14.74% to RMB1,254.38 million, with basic earnings per share down 14.74% to RMB36.30 cents and net profit margin down 3.68 percentage points to 16.01%. Core profit attributable to owners of parent decreased by 5.93% to RMB1,025.34 million, with core basic earnings per share down 5.93% to RMB29.67 cents. Core net profit margin was 13.08%. Dividend of the year increased by 6.67% from that of 2013 to HK16 cents per share, representing a payout ratio of 43.17% of core net profit for year 2014.

Through two decades' development, Yuzhou Properties has achieved its property portfolio size growing continuously. The Group believes that investment properties and property management help it mitigate the impact of real estate market fluctuations and policy risks on group performance, and achieve diversified sources of income and a balance of risks. During the year, revenue from property sales, rental income from investment properties and income from hotel operations, as well as income from property management accounted for 98.0%, 0.7%, 0.2% and 1.1% respectively of the Group's total revenue. With the completion of Xiamen Yuzhou Plaza, Shanghai Yuzhou Plaza and other commercial properties which are expected to generate a stable rental income, it is expected that the rental income from investment properties and the income from property management will increase year by year, while property sales will remain the main source of income for the Group.

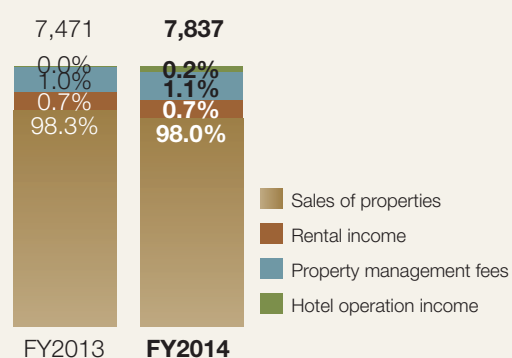
OVERVIEW OF REVENUES OVER THE YEARS

RMB million



ANALYSIS OF REVENUES BY CATEGORY OVER THE YEARS

RMB million



* After 5.55% Business Taxes

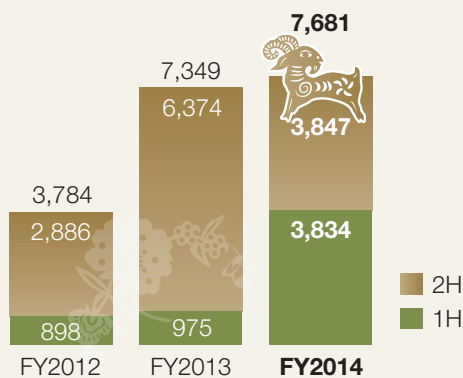
SALE OF PROPERTIES

In 2014, the revenue of property sales by the Group rose by 4.52% year-over-year to RMB7,680.66 million, accounting for 98.01% of the total revenue. For the year ended 31 December 2014, the Group delivered an aggregate gross floor area (GFA) of approximately 735,881 sq.m., dipping by 7.40% as compared with the corresponding period of 2013. The average selling price of the properties delivered and recognised as property sales was RMB10,437/sq.m. in 2014, representing a growth of 12.87% as compared with 2013. The revenue of property sales in 2014 mainly came from the properties presold over the second half of 2012 and from early 2013, during which periods the contract selling price recovered from the impact of the sluggish market of 2011, and different projects recorded remarkable growths in selling price.

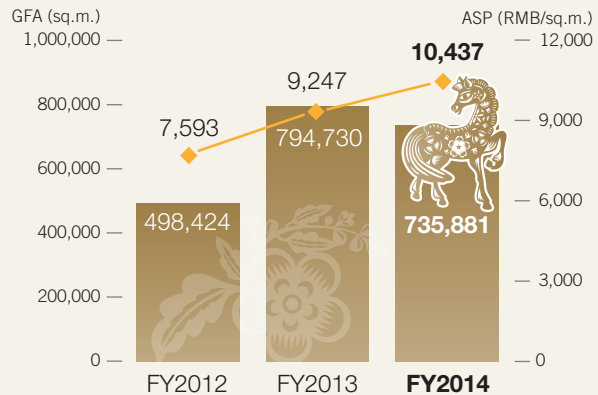
Xiamen is expected to maintain as a key driver in property sales for the Group, with its multiple quality properties helping to enhance the brand and strengthen advantages. Property sales in Xiamen accounted for 71.11% of the Group's revenue of property sales during the year. During the year, the revenue of property sales in Hefei accounted for 18.02%. In recent years, the Group has remarkable development in the city, growing from the sole Skyline Project (Skyline Phase I also known as Yuzhou Huaqiao City) when the Group first expanded into Hefei to five projects on sale at present. In the meantime, the sales of various Yuzhou projects ranked among top ten in Hefei that the Group enjoyed top five largest market share in the city. The Group's market share in Hefei is expected to grow, owing to the established brand recognition among Hefei citizens with a growing contribution to the the Group's overall property sales.

PROPERTY SALES OVER THE YEARS

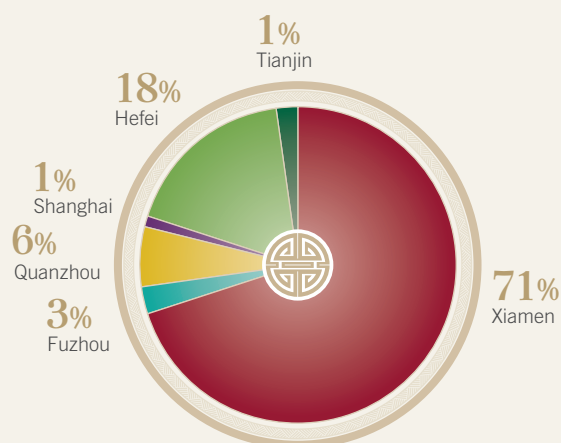
RMB million



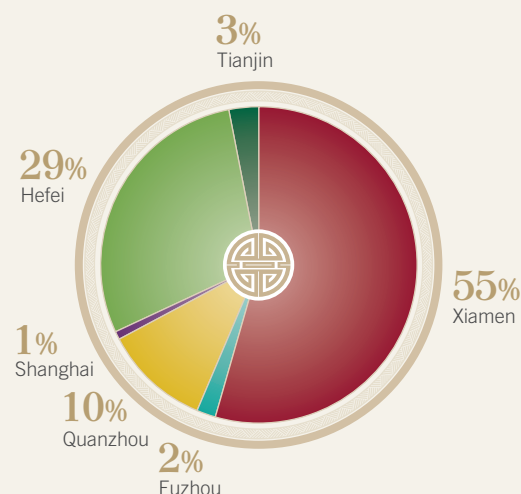
RECOGNIZED GROSS FLOOR AREA SOLD AND AVERAGE SELLING PRICE OVER THE YEARS



ANALYSIS OF RECOGNISED PROPERTY SALES BY CITIES IN 2014



ANALYSIS OF GROSS FLOOR AREA OF DELIVERED PROPERTIES BY CITIES IN 2014



The recognised GFA sold and the recognised sales of each project in 2014 are set out in the following table:

Name of Project	City	Amount (RMB'000)	Saleable GFA (sq.m.)	Average Selling Price (after tax) (RMB/sq.m.)
West Strait Economic Zone				
Yuzhou University City	Xiamen	73,235	20,976	3,491
Yuzhou Castle above City	Xiamen	87,703	12,215	7,180
Yuzhou Golf	Xiamen	191,251	14,888	12,846
Yuzhou Shoreline	Xiamen	1,022,716	65,105	15,709
Yuzhou Central Coast Phase I	Xiamen	337,728	32,846	10,282
Yuzhou Central Coast Phase II	Xiamen	2,450,237	192,279	12,743
Yuzhou Riverside City Town	Xiamen	314,979	30,446	10,345
Yuzhou Cloud Top International	Xiamen	929,898	28,348	32,803
Yuzhou Gushan No. One	Fuzhou	199,500	12,447	16,028
Yuzhou Oriental Venice Phase II	Fuzhou	12,993	658	19,746
Yuzhou City Plaza Phase I and II	Quanzhou	453,262	83,878	5,404
Others	Xiamen	54,094	6,294	8,595
Sub-total		6,127,596	500,380	12,246
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	41,430	3,885	10,664
Yuzhou Skyline Phase I	Hefei	39,696	4,361	9,102
Yuzhou Skyline Phase II	Hefei	59,766	5,990	9,978
Yuzhou Skyline Phase III	Hefei	1,284,967	201,213	6,386
Sub-total		1,425,859	215,449	6,618
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	127,206	20,052	6,344
Sub-total		127,206	20,052	6,344
Total		7,680,661	735,881	10,437

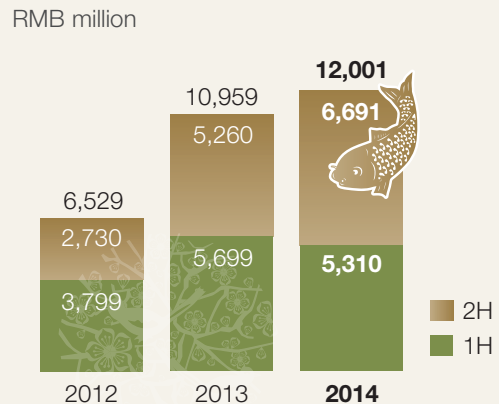
CONTRACTED SALES IN 2014

The Group’s contracted sales totaled a record high of RMB12,001.29 million in 2014, representing an increase of 9.51% year-on-year, recording a mid-to-upper level in the industry. The area of contracted sales area amounted to 1,203,561 sq.m., representing an increase of 15.30% year-on-year. The average selling price dropped slightly from RMB10,499/sq.m. in 2013 to RMB9,971/sq.m. in 2014, mainly because Hefei contributed a growing share to the overall sales of the Group and the average selling price of the city was lower than that of Xiamen. In addition, the sales of properties subscribed for but not contracted totaled approximately RMB684 million.

Xiamen is the cradle for the Group’s development. Yuzhou Properties ranked first in the real estate market in Xiamen for nine consecutive years, in terms of sales amount, sales area and land reserves. In 2014, contracted sales valued at RMB6.18 billion were achieved in Xiamen, accounting for 51.5% of the total contracted sales of the Group. Yuzhou Shoreline has been well-received by buyers. Its average selling price was RMB19,764 in 2014, an increase of 14.6% from RMB17,240 in 2013, and an increase of nearly 60% from that in 2012. The Project contributed a total of RMB1,151 million in contracted sales in 2014. Yuzhou Central Coast contributed a total of RMB1,709 million in contracted sales in 2014. Looking into 2015, the Group will launch multiple phases of Yuzhou Central Coast in Jimei District and Yuzhou Riverside City Town in Tong’an District, Xiamen. These properties, together with the new project Yuzhou Lucca Town (盧卡小鎮) in Xiang’an District, to be launched in the second half of 2015 will be drivers of the Group’s sales in Xiamen.

Having established a presence in Hefei for years, Yuzhou Properties ranked among the city’s top five property developers in 2014, with its contracted sales amounting to RMB3.518 billion. Yuzhou Central Plaza located at Dongcheng District of Hefei was the most popular project of the Group in 2014 and enjoyed a great sales record at its launch day on 21 June 2014, with a steady and slightly growing average price of RMB6,116. The project contributed a total of RMB1.083 billion in contracted sales, its stellar sales performance proving the accurate judgment by Yuzhou Properties on Hefei’s development. Having following the good sales performance of the flagship projects – Skyline Phases I and II, the hot sale of its Skyline Phase III was also impressive, which showed the recognition of and confidence in Yuzhou properties by Hefei citizens. Yuzhou Skyline and Yuzhou Jade Lakeshire achieved excellent sales records, contributing RMB1.215 billion and RMB854 million in contracted sales respectively. Yuzhou Royal Seal (禹洲•天璽) in British architectural style has been launched by the end of 2014, with a series of promotion campaigns in place. We believe multiple properties launched can secure more sales in Hefei in 2015.

COMPARISON OF CONTRACTED SALES OVER THE YEARS



Management Discussion and Analysis

The contracted sales and GFA sold of each project in 2014 are set out in the following table:

Name of Project	City	Amount (RMB'000)	GFA of Sales (sq.m.)	Average Selling Price (RMB/sq.m.)
West Strait Economic Zone				
Yuzhou Golf	Xiamen	196,268	12,744	15,401
Yuzhou Shoreline	Xiamen	1,150,988	58,236	19,764
Yuzhou Central Coast Phase I (with car parks)	Xiamen	208,152	22,300	9,334
Yuzhou Central Coast Phase II	Xiamen	200,789	19,022	10,556
Yuzhou Central Coast Phase III	Xiamen	1,300,306	68,211	19,063
Yuzhou Riverside City Town	Xiamen	806,184	71,628	11,255
Yuzhou Cloud Top International	Xiamen	815,319	22,710	35,901
Haicang Dream Town	Xiamen	1,416,409	94,282	15,023
Yuzhou Gushan No. One	Fuzhou	207,188	10,328	20,061
Yuzhou Oriental Venice Phase II	Fuzhou	22,970	1,252	18,347
Yuzhou Oriental Venice Phase III	Fuzhou	300,601	30,436	9,877
Yuzhou City Plaza Phase I	Quanzhou	587,122	86,822	6,762
Yuzhou Castle above City	Longyan	398,653	73,215	5,445
Others	Xiamen	91,801	18,551	4,949
Sub-total		7,702,750	589,737	13,061
Yangtze River Delta Region				
Yuzhou Land Dream	Shanghai	61,780	7,074	8,733
Yuzhou City Plaza	Shanghai	58,457	5,303	11,023
Yuzhou Commercial Plaza	Shanghai	86,597	4,407	19,650
Yuzhou Skyline Phases I and II (including shops)	Hefei	71,623	6,152	11,642
Yuzhou Skyline Phases III	Hefei	1,142,912	155,404	7,354
Yuzhou Jade Lakeshire	Hefei	854,372	116,642	7,325
Yuzhou Central Plaza	Hefei	1,082,592	177,009	6,116
Yuzhou Town	Hefei	205,619	23,406	8,785
Yuzhou Royal Seal	Hefei	160,520	25,485	6,299
Yuzhou Prince Lakeshire	Bengbu	222,345	45,078	4,932
Sub-total		3,946,817	565,960	6,974
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	274,620	39,083	7,027
Yuzhou Royal Lakeshire	Tianjin	77,106	8,781	8,781
Sub-total		351,726	47,864	7,348
Total		12,001,293	1,203,561	9,971

INVESTMENT PROPERTIES

The Group's continuously growing investment property portfolio has generated rental income and capital gains for the Group. In 2014, the gross revenue from investment properties totaled RMB51.54 million, an increase of 4.84% year-on-year, which are mainly derived from Yuzhou World Trade Center. With the completion of Xiamen Yuzhou Plaza and Shanghai Yuzhou Plaza and other commercial properties, the GFA of completed investment properties held by the Group for lease in 2014 is about 318,000 sq.m.

Jones Lang LaSalle, an internationally renowned valuer, has appraised the investment properties held by the Group. In 2014, the net gains in fair value of investment properties was RMB487.13 million, compared with RMB617.46 million of last year. Specifically, the appraised value of completed investment properties was RMB4,958.70 million, the appraised value of investment properties under development, excluding several hotel properties under development, was RMB1,001.79 million.

The Group believes that a diversified commercial property portfolio comprising shopping malls and office properties will help it effectively diversify operating risks and generate stable income. In the meantime, the synergy effect generated by the development of commercial properties, has added to the overall value of the project. In the future, the Group will gradually expand its investment property portfolio and hold commercial properties in the core districts of tier 1 and 2 cities for generating rental income, it is expected that the percentage of net profit from investment properties will gradually rise to 10% of the Company's core profit.

Looking ahead to 2015, the Group will set its headquarter of commercial properties in Shanghai so as to be sufficiently engaged to the large platform in Shanghai and to build a strong team and operation pattern of Yuzhou's commercial property segment. The Group will also get involved in product positioning and project design earlier, improve the soft power of our commercial properties on the basis of ensuring the project quality, and inventively build the commercial projects in Shanghai and Hefei.

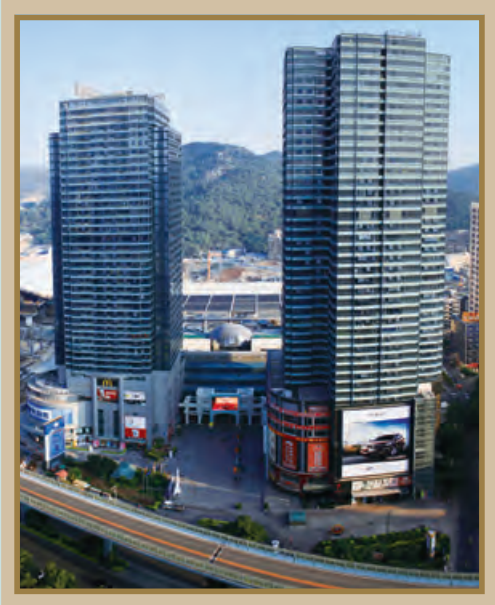
The table below shows the GFA of major investment properties and the GFA of properties held for investment in 2014:

Shopping mall and office properties	City	Gross floor area (sq.m)	Gross floor area of properties held for investment properties (sq.m.)
Yuzhou Plaza	Xiamen	60,130	57,861
Yuzhou World Trade Center	Xiamen	204,476	49,100
Yuzhou World Trade Plaza	Xiamen	245,073	31,650
Yuzhou Plaza	Shanghai	35,837	28,624
Yuzhou Jinqiao International	Shanghai	234,484	32,715
Total		780,000	199,950

YUZHOU WORLD TRADE CENTER

Yuzhou World Trade Center is located in a railway station district. The project achieved a rental income (before tax) of RMB40.98 million during the year (2013: RMB41.90 million), and it had an occupancy rate of 96% in 2014. The Group maintained a prudent operating strategy for the World Trade Center project in 2014, specifically, it implemented various decorations activities for shopping mall properties in the World Trade Center, including the reconstruction of ceilings, walls and floors, renovation of underground parking lot and upgrading of existing billing system, which were aimed at increasing rental income in the long run. In order to attract tenants for commercial properties, the World Trade Center Mall is positioned as a symbol of individuality and fashion, tenants recruited include fashion brands of individuality, and catering functions in order to diversify business portfolio.

Owing to the railway station closed transformation and Xiamen Metro Transit system construction since March, the flow of passengers decreased. The World Trade Center Mall adapted its marketing



strategy to cater to the permanent population in the vicinity of the railway station, loyal consumers and student consumers. Specifically, the World Trade Center launched marketing campaigns including “Yuzhou World Trade Center Family Show” and “World Trade Center New In-mage”, which were well-received and generated favorable word of mouth for the World Trade Center; furthermore, unique brand events such as the “First Aerospace Culture Exhibition of Xiamen” and the “X-MAS Party of Zhangxiaohe and World Trade Center” effectively enhanced the popularity and influence of World Trade Center in Xiamen.

The World Trade Center introduced a variety of advertising approaches such as Bus Rapid Transit, college media and community advertisement. It is believed that the recovery of customer traffic due to the reopening of railway station in February 2015 will increase the business turnover of commercial property tenants and the resultant rental income. The advantageous geographical location of World Trade Center will effectively attract more quality tenants. Moreover, passengers coming to Xiamen will be included in the commercial property targeting strategy of the World Trade Center in 2015.

YUZHOU WORLD TRADE PLAZA

Located in Xinggang Road, Haicang District, the World Trade Plaza comprises various community amenities and consumer facilities in order to create a destination for recreation, entertainment and delicacies. In 2014, the project achieved a rental income (before tax) of RMB9.34 million (2013: RMB9.25 million) had an occupancy rate of 97%.

In 2014, the marketing campaigns of the World Trade Plaza focused on community consumers to enhance interaction with surrounding residents, these marketing campaigns included “China film Stellar National Tour”, the “2014 Xiamen CTD Street Dance Contest” and “the X-MAS Carnival”, in the meanwhile, the World Trade Plaza’s popularity is enhanced through publicity campaigns conducted on various channels including newspapers, owned media, mobile television and road sign advertisements.



Looking ahead, the marketing activities of World Trade Plaza will remain focused on community consumers as target audience in 2015, including “lantern festival riddle contest”, with an aim to continuously enhance the Project’s influence.

SHANGHAIYUZHOU PLAZA



Shanghai Yuzhou Plaza is located at No.299 Jingang Road, Pudong New Area, which is at the center of Jinqiao segment within the inner-central ring of Shanghai and covered by the Shanghai Free Trade Zone, neighboring the offices of World’s Top 500 companies such as GE, Johnson & Johnson and Shanghai Bell. The project is adjacent to the high-end office area which accommodates the World’s Top 500 companies and Biyun Community, the largest international community of Shanghai. It is only a five-minute walk to Jinhai Road Station of Metro Line No. 9 (which will be opened in 2016). Being the Phase 6 project of Yuzhou Jinqiao International, the Yuzhou Plaza is another landmark 5A-grade office property developed by the Group. The project has total of about 35,837 sq.m., consisting of 25 floors above ground, of which, the 5-25th floors are standard office properties and the 1st-3rd floors are commercial podiums, equipped with 243 parking spaces.

According to the overall positioning and rental plans of Shanghai Yuzhou Plaza, the 22nd-25th floors (the three floors on the top) will be used as the headquarters of commercial property and Shanghai Office of the Group.

Through a series of marketing campaigns including a partner company promotion conference, information release on internet media, road flag and building banner advertisements and with the development of surrounding real estate projects, the occupancy rate of the project was satisfactory. Tenants of the project include companies from various sectors, such as international trade, logistics, machinery, investment management, IT, service, chemicals and energy, media, auto parts and advertising, etc.

XIAMEN YUZHOU PLAZA

Located in the front part of the Southern Lake Yuandang, Xiamen Yuzhou Plaza overlooks the central business district of Xiamen and is positioned as a Super-5A grade office property offering a panoramic lake-view in West Strait Economic Zone. The Project started to recruit tenants for its commercial properties from 2014 at an average rent of RMB110/sq.m. per month. Contracted tenants mainly include trade and commerce companies, financial institutions, insurance companies and investment companies. The interior decoration of the project has been completed, and the Group’s headquarters moved in there from December 2014.

The project has a total height of 163.5 meters and covers an area of 3,333 sq.m., with GFA of 60,130 sq.m.. Specifically, the project has 38 floors above ground comprising and 3 floors underground. A standard floor has a gross floor area of 1,458 sq.m. and a floor-to-floor height of 4 meters. The building is equipped with 12 Fujitec Elevators operating in a highly efficient manner, and provided with a central air-conditioning system charged-by-household. The building is also equipped with other facilities such as a conference center for tenants, a VIP elevator, helipad, a public tea room and sufficient parking spaces, all of which make the project live up to the standard of a super-5A grade office property.



HOTEL OPERATION

CAMELON HOTEL APARTMENT

Camelion Hotel Apartment represents an important step of the Group towards expansion in hotel industry. Through a whole year's operation, the hotel property's operation became mature which generates income for the Group. Located in Jinhu Road, Xiamen, the GFA of the hotel is about 12,940 sq.m. offering 152 elegantly decorated suites and apartments with a variety of options ranging from single-room to three-bedroom units (35-114 sq.m.) to address different business and traveler demands. Each apartment contains an independent living room and dining area, a kitchen with all kinds of facilities, high quality home audiovisual entertainment system, satellite TV and high-speed internet connectivity, and other amenities. The Hotel also offers multiple hotel amenities including a guest lounge, a conference room, a fitness center, a business center, a self-service laundry room and a restaurant.

In 2014, Camelion Hotel Apartment generated a pre-tax income of RMB16.18 million, representing an average occupancy rate of 62%, winning 99% user recommendation on Ctrip.com and 97% favorable comments from Elong.com.



PROPERTY MANAGEMENT

In 2014, the Group's property management subsidiary recorded a management fee of RMB88.25 million, representing an increase of 23.9% year-on-year. With an increase in the total area of properties delivered, as of 31 December 2014, the GFA managed by the Group's property management company in Mainland China reached 4.02 million sq.m.

Significant improvements are achieved in property management company service quality in 2014, the Group remains committed to providing premium property management services to our valuable property owners and occupants and successfully implemented a series of improvement measures. Specifically, the Group implemented an employee probation period system whereby an employee who delivers satisfactory service quality, is admitted as a regular employee in order to guarantee consistently high quality. The property management company implemented an owner-inspector system on a monthly basis to inspect the daily services performed by property service staff. Moreover, the property management company implemented various service competition programs such as the "Excellent Service Team of the Month" and the "Service Star of the Month Competition" in order to reward outstanding employees and enhance service quality. The property management company also implemented a one-hour "Role Model Training" program on daily basis, whereby the heads of property management teams train frontline staff on the way of dressing themselves properly, smiling at and greeting proprietor. On the other hand, in terms of internal management, various branch offices are required to set an annual operating performance target, which links the achievement of performance targets to performance-based pay in order to guarantee the achievement of annual targets.



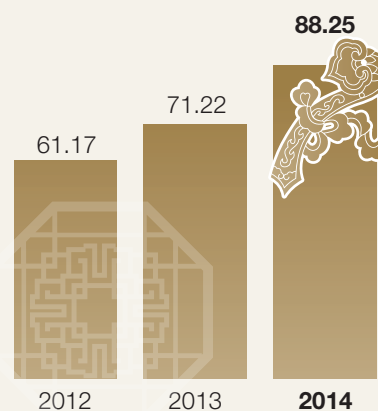
During the period, the Group provided systematic professional trainings to the entire staff of property development and property management companies in order to promote standard operating procedures and management of customer services.

Furthermore, customer complaint classification criteria and information reporting mechanism are revised according to actual situations in order to improve customer service quality. In addition, the Group refined its CRM system to enhance the management, development and application of customer resources.

In February 2014, the Group's property management subsidiary received the "Level 1 Qualification Certificate for Property Service Companies of China" from the Ministry of Housing and Urban-Rural Development. In March 2014, it was awarded the honorary title "Yuzhou Property Service Company: Important Taxpayer of the Year 2013" by the People's Government of Siming District, Xiamen, and subsequently received the award nomination from the Construction Bureau of Xiamen City and Xiamen Daily in November 2014, all of which represent a recognition of the efforts made by the Group's property management company.

2012-2014 PROPERTY MANAGEMENT FEE INCOME

RMB million



LAND RESERVES

The Group adhered consistently to its strategic guideline of “Based in West Strait and Expand Nationwide Coverage in China (立足海西·建樹中國)” in replenishing strategically its land reserves by taking into account comprehensively the various factors including land market trend, property market trend and its own financial conditions. As of 31 December 2014, the aggregate salable GFA of land reserves of the Group was 8.7 million sq.m., with a total of 48 projects located eleven cities in West Strait Economic Zone, Yangtze River Delta, Bohai Rim region and Hong Kong; the average land cost was approximately RMB2,232/sq.m.. Having gained a project with primary land development qualification, the Group believes that its land reserves currently held and managed are sufficient for its development over the next five or six years.

Salable GFA of Land Reserves (sq.m.) (As at 31 December 2014)

Region	Number of Projects	Area (sq.m.)
West Strait Economic Zone		
Xiamen	23	1,824,247
Fuzhou	3	603,244
Quanzhou	3	1,255,507
Longyan	1	312,330
Zhangzhou	1	255,000
Sub-total	31	4,250,328
Yangtze River Delta Region		
Shanghai	6	637,122
Nanjing	1	112,865
Hefei	6	2,599,467
Bengbu	1	668,333
Sub-total	14	4,017,787
Bohai Rim Region		
Tianjin	2	430,604
Sub-total	2	430,604
Offshore		
Hong Kong	1	2,214
Sub-total	1	2,214
Total	48	8,700,933

During the year, the Group acquired six new parcels of quality land and increased plot ratio of one existing parcel of land, providing an aggregate saleable GFA of 1,006,062 sq.m., at an average land cost of approximately RMB5,350/sq.m. which was below the market level. Located in Hefei, Fuzhou, Quanzhou, Nanjing and Hong Kong respectively, the newly acquired land parcels are expected to generate satisfactory returns for the Group over the next three or four years.

Land Replenishment Table in 2014

Name of Project	City	Acquisition Cost (RMB'000)	GFA (sq.m.)	Land Cost (RMB/sq.m.)
West Strait Economic Zone				
Yuzhou City Plaza Phase III	Quanzhou	85,150	110,666	769
Yuzhou Oriental Venice Plot Ratio Increase	Fuzhou	650,378	193,754	3,357
Yuzhou Lianjiang Project (禹洲連江項目)	Fuzhou	580,000	136,268	4,256
Yangtze River Delta Region				
Yuzhou Town	Hefei	425,720	109,160	3,900
Yuzhou Xinzhan Project (禹洲新站項目)	Hefei	1,462,000	341,135	4,286
Yuzhou Yuhuatai Project (禹洲雨花台項目)	Nanjing	1,880,000	112,865	16,657
Offshore				
Central-Caine Road Project (中環堅道項目)	Hong Kong	299,200	2,214	135,140
Total		5,382,448	1,006,062	5,350

TURNOVER

The income of the Group mainly came from three business categories, namely, property sales, rental of investment properties and property management. Besides these, the Group has hotels operations. For the year ended 31 December 2014, the turnover of the Group was RMB7,836.63 million, representing an increase of 4.90% over last year, mainly because of the increase in property sales income recognized. Specifically, for the year ended 31 December 2014, the property sales income was approximately RMB7,680.66 million, up 4.52% compared to the corresponding period of last year; the rental income from investment properties was around RMB51.54 million, up 4.84% compared to the corresponding period of last year; the property management income was about RMB88.25 million, up 23.90% compared to the corresponding period of last year.

COST OF SALES

The cost of sales of the Group encompassed land cost, construction cost and capitalized interest. As of 31 December 2014, the cost of sales of the Group was RMB4,991.86 million, down 3.10% from the RMB5,151.53 million in 2013. The decrease was mainly due to better control of costs and low land cost strategy of the Group.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit of the Group was RMB2,844.77 million in 2014, rising at a rate of 22.67% year-on-year. Gross profit margin was 36.30%, up 5.26 percentage points from last year, a mid-to-high level in the industry, mainly because the majority of profit was generated by the properties presold in the second half of 2012 and from early 2013 when the price of contracted sales recovered from the impact of sluggish 2011 market and different projects recorded remarkable sales growths.

OTHER INCOME AND GAINS

Other income and gains fell by 47.08% from approximately RMB142.16 million in 2013 to RMB75.23 million in 2014, mainly due to the additional gains on disposal of investment properties of RMB63.68 million recorded in 2013, however there was no such gain in 2014.

SELLING AND DISTRIBUTION EXPENSES

The Group's expenses on selling and distribution costs grew by 5.23% from around RMB182.03 million in 2013 to approximately RMB191.54 million in 2014. The 2014 figure accounted for 1.60% (2013: 1.66%) of total contracted sales, representing an decrease over the previous year and remaining at a mid-to-lower level in the industry. In addition to various traditional marketing campaigns in 2014, the Group specially focused on managing sales tactics by adding Wechat promotion and culture-oriented differentiated marketing at Xiamen Yuzhou Riverside City Town (禹洲•溪堤尚城) for target customers.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses grew by 6.15% from around RMB214.86 million in 2013 to approximately RMB228.08 million in 2014, with the proportion of administrative expenses to total contracted sales decreased to 1.90% (2013: 1.96%), mainly due to the Group's implementation of cost control measures to save unnecessary expenses, improve operational efficiency and maintain a low proportion of administrative expenses to contracted sales.

FAIR VALUE GAIN ON INVESTMENT PROPERTIES

During the year, the Group recorded a fair value gain on investment properties of RMB487.13 million (2013: RMB617.46 million), which mainly came from such gains brought by Xiamen Yuzhou Plaza and Shanghai Yuzhou Plaza.

FINANCE COSTS

The Group's finance costs for the year totaled RMB175.44 million, down 36.77% from RMB277.47 million in 2013. The decrease was mainly due to loss on redemption of senior notes of RMB107.46 million in 2013 while there was no such loss in 2014.

SHARE OF PROFITS AND LOSSES OF JOINT VENTURES

Share of profits and losses of joint ventures came from the Group's 20% interest in Xiamen Vanke Maluan Bay Properties Limited, the Group's 45% interest in Fujian Big World Huaixa Real Estate Development Co., Ltd and the Group's 72% interest in Yuzhou Properties (Hefei) Eastern Town Co., Ltd. In 2014, Fujian Big World Huaixa Real Estate Development Co., Ltd contributed a loss of RMB23.07 million (2013: nil) to the Group, Yuzhou Properties (Hefei) Eastern Town Co., Ltd contributed a loss of RMB0.66 million (2013: nil) to the Group, and Xiamen Vanke Maluan Bay Properties Limited, which commenced the delivery of properties during the year, contributed a profit of RMB24.09 million (2013: a loss of RMB2.83 million) to the Group. Xiamen Vanke Maluan Bay Properties Limited has commenced the presale of its properties since 2012. We believe that, with the delivery of numerous properties in 2015, contributions from this joint venture will significantly increase.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

As of 31 December 2014, the profit attributable to owners of the parent was approximately RMB1,254.38 million, down 14.74% from RMB1,471.22 million in 2013 mainly due to reversal of overprovision of land appreciation tax of RMB152 million recorded in 2013, compared to RMB11.33 million in 2014. The net profit margin was 16.01% in 2014. The core profit attributable to shareholders was RMB 1,025.34 million, down 5.93% from RMB1,089.92 million in 2013. The core profit margin was 13.08% in 2014.

RETURN ON EQUITY

For the year ended 31 December 2014, return on equity represented profit attributable to owners of the parent divided by the average of equity attributable to owners of the parent at beginning and end of the year. Return on equity in 2014 was 16.15%.

EARNINGS PER SHARE

Basic earnings per share and basic core earning per share is calculated by dividing the profit attributable to owners of the parent and core profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, respectively.

	2014	2013
Profit attributable to owners of the parent of the Company (RMB'000)	1,254,384	1,471,221
Less: fair value gain on investment properties, net of deferred tax (RMB'000)	365,348	463,094
Less: fair value gain on derivative financial instruments (RMB'000)	6,334	62,976
Plus: loss on financial liabilities (RMB'000)	-	107,463
Plus: realised fair value gains on investment properties disposed, net of deferred tax (RMB'000)	19,923	35,130
Plus: equity-settled share option expenses (RMB'000)	2,886	2,178
Plus: loss on deemed disposal of subsidiaries upon loss of control, net (RMB'000)	119,825	-
Core profit attributable to owners of the parent of the Company (RMB'000)	1,025,336	1,089,922
Weighted average number of ordinary shares in issue ('000)	3,456,000	3,456,000
Basic earnings per share (RMB per share)	0.36	0.43
Basic core earnings per share (RMB per share)	0.30	0.32

As the share options outstanding during the year ended 31 December 2014 had no dilutive effect on the basic earnings per share, diluted earnings per share was the same as basic earnings per share. The core profit attributable to owners of the parent of the Company is the profit attributable to owners of the parent of the Company excluding fair value gain on investment properties net of deferred tax and fair value gain on derivative financial instruments and add back loss on extinguishment of financial liabilities, realised fair value gain on investment properties disposed net of deferred tax, equity-settled share option expenses and loss on deemed disposal of subsidiaries upon loss of control, net.

FINANCIAL REVIEW

The Group adopted a prudent financial policy and continued to monitor the term of debts and the proportion of debts in different currencies to balance the financial risks. In 2014, the Group grasped the debt issuance opportunities of the overseas capital market by issuing five-year senior notes due 2019 in two batches: the first batch US\$300 million was issued on 19 January 2014 with a coupon rate of 8.625%; the second batch US\$250 million was issued on 2 December 2014 with a coupon rate of 9%. The issuance further replenished the Group's cash flow in support of business development, extended the average maturing term of the Company's debt portfolio, and improved the stability of its financing platform. In respect of domestic financing, the Group maintained good cooperative relationships with commercial banks. As of 31 December 2014, the credit facilities given by domestic and foreign commercial banks to the Group totaled RMB10,142.49 million, with unused credit facilities of RMB2,675.31 million.

BORROWINGS

As of 31 December 2014, bank and other borrowing worth RMB8,665.85 million were secured by the investment properties, properties held for sale and properties under development with an aggregate carrying value of RMB12,960.57 million. The bonds balance was RMB6,738.56 million. As of 31 December 2014, the weighted average interest rate of the Group was 8.49%, compared with 8.69% in 2013, decreased 0.2 percentage point.

In 2014, the Group's bank loans and bonds balance totaled RMB15,404.41 million, with the repayment periods set out as follows:

Maturity	2014 (RMB'000)	2013 (RMB'000)
Bank and other borrowings		
Within 1 year	3,805,451	1,984,444
1 to 2 years	1,818,074	1,516,132
2 to 5 years	2,882,673	1,507,514
Over 5 years	159,650	1,433,239
	8,665,848	6,441,329
Senior Notes		
2 to 5 years	6,738,562	3,268,953
Total	15,404,410	9,710,282

GEARING RATIO

As of 31 December 2014, the net current assets of the Group were RMB12,281.25 million, up by 18.50% from RMB10,364.09 million in 2013. As at 31 December 2014, the gearing ratio (interest-bearing bank and other loans and senior notes deducted by cash and cash equivalents and restricted cash and then divided by total equity) of the Group was 59.85%, down 18.13 percentage points from 77.98% in 2013. The decrease was mainly due to the cash receipt of capital contribution from non-controlling shareholders and joint venture partners to our projects. The Group's current ratio fell from 1.90 times in 2013 to 1.71 times in 2014.

CONTINGENT LIABILITIES

The Group provides buy-back guarantees to banks, which offered mortgages to domestic properties buyers in the Mainland China of the Group. As at 31 December 2014, outstanding buy-back guarantees amounted to RMB6,573.78 million (2013: RMB6,171.79 million).

CURRENCY RISK

The proportions of bank and other borrowings and senior notes balance and cash balance of the Group in terms of currencies were as follows:

	Bank and Other Borrowings and Senior Notes Balance <i>(RMB'000)</i>	Cash Balance <i>(RMB'000)</i>
HK\$	1,717,870	550,389
RMB	6,258,750	6,751,178
US\$	7,427,790	2,481,061
S\$	–	2,114
Total	15,404,410	9,784,742

A reasonably possible appreciation of 1% in the exchange rate between the Hong Kong dollar or United States dollars against the Renminbi would have no material impact on the Group's profit during the year and this would result in an increase in other components of the Group's equity by RMB4.63 million (2013: decrease of RMB8.62 million) in 2014.

CASH POSITION

As of 31 December 2014, the Group had RMB9,784.74 million of cash and cash equivalents and restricted cash, up by 151.95% from RMB3,883.63 million in 2013.

COMMITMENT

As at 31 December 2014, the Group had commitments in respect of development expenditure on real estate of approximately RMB3,363.41 million (approximately RMB3,181.98 million in 2013). The Group is also committed to the payment of land premium in respect of land acquisition of approximately RMB4,029.97 million (approximately RMB3,001.97 million in 2013) and in respect of acquisition of a project company of approximately RMB221.46 million (RMB237.06 million in 2013).

FINANCING STRATEGY

To achieve sustainable development, the Group actively explores various domestic and overseas financing channels, further optimizes its financial structure and maintains a stable and profuse cash flow. While adhering to a prudent and robust operating strategy, The Company seeks to optimize its capital structure and lower the cost of capital, reducing overall financing cost from the 8.69% as at the end of 2013 to 8.49% as at the end of 2014. Net debt ratio fell from the 77.98% at the end of 2013 to 59.85% at the end of 2014, representing a decrease by 18.13 percentage points.

While continuously seeking to improve its financial position, the Company keeps a close watch on and maintains sensitivity to overseas capital market, and as a result, it successfully seized the window of opportunity for financing. On 19 January 2014, the Company successfully issued senior notes in the aggregate principal amount of US\$300 million which are due in 2019 (The “Senior Notes”). The issue received about 6.5 times oversubscribed, reflecting international investors’ strong confidence in the Company’s financial position and future prospect. The senior notes have maturity of five years bearing a coupon rate of 8.625%, compared with the 8.75% of senior notes issued on September 2013 which are due in 2018; BOC International, Citigroup, Deutsche Bank and HSBC acted as the joint book-runners and joint lead managers for the offering and sale of said notes. The Senior Notes were rated at “B” by Standard and Poor’s and “B2” by Moody’s Investors Service, with “stable” outlook.

Despite that investors turned cautious and risk premium rose at the end of the year, the Group successfully issued senior notes on 2 December 2014 in the aggregate principal amount of US\$250 million due in 2019. The issue received about 3.5 times oversubscribed. The senior notes have a maturity of five years and bear a coupon rate of 9%, BOC International, Credit Suisse, Haitong International, HSBC, JP Morgan Chase and Huatai Financial Holdings acted as the joint book-runners and joint lead managers for the offering and sale of the notes.

Moody’s rating shows that the notes newly issued will further consolidate the Company’s cash flow position and supports its growth in 2014, moreover, it will also extend the maturity of the Company’s debt portfolio and enhances the stability of financing platform. Standard and Poor’s pointed out that, the Company maintains a leading position in Xiamen’s property market, enjoying low land acquisition cost and a higher-than-average profitability. The two issues of senior notes during this year further improved the Company’s debt structure, extended the average maturity of debt portfolio and consolidated its cash flow position, thus giving the Company greater sustainability in future development.

NET GEARING RATIOS OVER THE YEARS



Management Discussion and Analysis

Information about the four issued senior notes of the Group is provided below:

Maturity date	Maturity period (Years)	Principal amount issued (US\$ in 100 million)	Coupon rate (%)
October 2017	5	2.5	11.75
October 2018	5	3	8.75
January 2019	5	3	8.625
December 2019	5	2.5	9

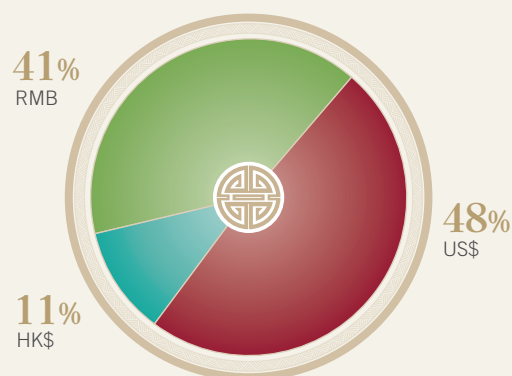
In terms of domestic financing, the Group finances its project developments mainly with project loans from commercial banks. The two interest rate cuts announced by the People's Bank of China in November 2014 and March 2015 lowered the Group's pressure on interest expenses. The Group maintains a favorable relationship with the commercial banks of China and enjoys a VIP status with the major state-owned commercial banks of China, including the Bank of China, China Construction Bank, and the Industrial and Commercial Bank of China. As of 31 December 2014, the total line of credit granted by domestic commercial banks amounted to RMB10,142.49 millions including an un-drawn credit line of about RMB2,675.31 millions.

As of 31 December 2014, US dollar debts, HK dollar debts and RMB debts accounted for 48%, 11% and 41% respectively in the Group's debt portfolio. Looking ahead, the Group will draw on the favorable relationship with domestic banks and financial institutions to increase the percentage of domestic financing in order to mitigate the impact caused to the Group's performance by the continued appreciation of the US dollar against the Yuan. Adhering strictly to financial discipline and prudent expansion, the Group did not have any trust loan from 1 May 2013 to 31 December 2014.

Owing to a strong financial position and prospect, the Group received high recognition from rating agencies, for example, Moody's upgraded the Company's senior unsecured debt rating from "B2" to "B1", affirmed the Company's "B1" corporate family rating, and the rating outlook is "stable". Standard & Poor's maintained the Group's "B+" issuer rating and "B" bond rating, with a rating outlook "Stable". The Group's financial strength laid a solid foundation for our acquisition of land reserve and the achievement of long-term strategic vision.

The Group maintains sufficient cash flow, e.g. as of 31 December 2014, the Group's cash in hand and bank deposits amounted to RMB9,784.74 million, up by 1.5 times as compared with the RMB3,883.63 million in 2013. this cash flow is sufficient to cover debts of RMB3,805.45 million due within one year, representing a cash/short-term debt ratio of 2.57 times, which is at a healthy level.

DEBT PROFILE BY CURRENCY



INVESTMENT STRATEGY

"Based in West Strait and Expand Nationwide Coverage in China represents the Group's strategic guideline. In 2014, the land market continued an investment enthusiasm which emerged in 2013, however, the Group took a cautious land purchase approach to balance risks and control cost drawing on its extensive experience in the property industry and keen insight of the real estate market, as a result, it successfully purchased six parcels at reasonable prices and increased plot ratio of one existing parcel, and consequently, it is now able to offer 1,006,062 sq.m. of salable GFA. These parcels are purchased at an average price of RMB5,350/sq.m. and will contribute to the Groups' future performance growth.

In 2014, the Group successfully tapped into the property market in Nanjing and Hong Kong, further expanding its scope of development. With extensive educational resources, mature urban infrastructures and multiple burgeoning industries, Nanjing attracted elite students from all over the country to pursue career development after graduation, thus giving rise to a strong housing demand. The Group acquired a residential plot at the average land cost of RMB16,657/sq.m., providing a gross saleable floor area of 112,865 sq.m. Yuhuatai District, is the top software industry base and the largest communication software research and development base of China, which offers unlimited scope of development considering the scarcity of land supply in the old urban districts of Nanjing.

The HK Caine Road Project is the Group's first overseas project, which was acquired by the Group from a property fund for an aggregate consideration of RMB299 million. The project is located at the center of Central, a financial and commercial hub of Hong Kong and therefore holds certain appeal for white collar elites working in Central. After removal of the existing six-floor building, the Group will cooperate with an international famous construction team to build a 27-floor high-rise commercial-residential building. Hong Kong represents the Group's first step towards overseas expansion and it is expected that the valuable experience derived from this project will facilitate its development in the Mainland.

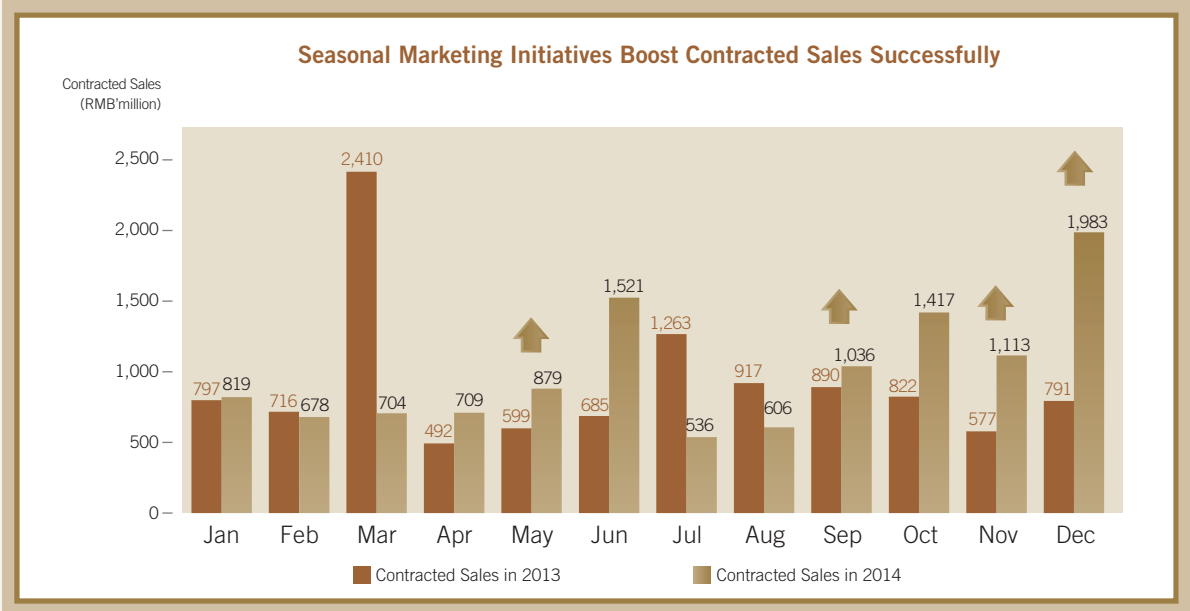
Moreover, the Group acquired the Shushan Project and Xinzhan Project of Hefei at the average land cost of RMB3,900/sq.m. and RMB4,286/sq.m. respectively in May and November 2014, with a salable GFA of 109,160 sq.m. and 341,135 sq.m. respectively. The Yuzhou Town project is located in Shushan, an old built-up neighborhood of Hefei City, enjoying convenient transport facilities, such as West Changjiang Road, a quick access to the eastern and western part of the City, and Metro Line No.2, which is scheduled for commissioning in 2017. The Xinzhan Project is located in a comprehensive development pilot zone which integrates multiple functions including logistics, commerce, trade and processing. With an extensive road network and owing to its vicinity to Metro Line No.1, the Xinzhan Project offers considerable potential and scope for appreciation in value. Owing to eight years' development history in Hefei City, the Group has built a highly qualified and efficient team and the investment projects in Hefei will further consolidate Yuzhou Properties' leadership in the local property market.

To further consolidate its leading position in West Strait Economic Zone, the Group successfully acquired a high quality commercial-residential plot, with a size of 61,481 sq.m., in Quanzhou at the price of RMB85.15 million in early January of 2014, which will offer a maximum salable GFA of about 110,666 sq.m. at the average land cost of RMB769/sq.m. The plot will be built as the Phase 3 Project of Quanzhou City Plaza, which will become a land-mark urban complex flagship in Quanzhou. In 2014, the Group acquired a commercial-residential plot through an open tender at the average land cost of RMB4,256/sq.m., which will offer a gross salable area of 136,268 sq.m. The project is located in the urban district of Lianjiang County, Fuzhou, about 2.6 km from the seat of county government, and complete with educational resources and transport facilities. During 2014, the Group increased the floor area ratio of Yuzhou Oriental Venice Phase 3, generating an additional gross floor area of 193,754 sq.m., with an average land cost of RMB3,357/sq.m. only.

In the future process of land acquisition, the Group will stick to high cost performance, sustainability and reasonable layout, and pay special attention to the execution, sell-through rate and profit margin of investment projects, furthermore, it will put in place a rigorous risk control mechanism to achieve sustainable growth.

MARKETING STRATEGY

In 2014, the Mainland’s property market bade farewell to its golden age and entered a stage of heated competition and product refinement. As a consistent practice, the Group stayed in line with national policy and actively responded to market changes, and timely adjusted its development and sales programs to address the predominant market demand for owner-occupied properties through offering properties products with high quality and reasonable prices.



To meet consumers’ increasing expectation for marketing campaign and product experience, the Group adopted different innovative marketing approaches to actively respond to market changes. At the end of April 2014, the Group launched a countrywide marketing campaign during the May 1st Golden Week for the 20th anniversary of Yuzhou Properties, which offered incentives to new and existing customers such as gold, electronic products and property-purchase cash coupon. The marketing campaign has successfully boosted the Group’s sales performance. Since late August, the Group launched three marketing initiatives including property-purchase coupon, integrated marketing and Lucky Draw Festival, which are combined with other measures such as sales performance target appraisal, sales staff reward and penalty measures to significantly improve sales performance. In November, while continuing the above-mentioned initiatives, the Group held an auto show event in Yuzhou Central Coast in Xiamen, which attracted 436 prospective buyers, of whom, 108 expressed the intent of purchase, making the event the most successful one in attracting prospective buyers. In December, the Group increased its effort in encouraging the contract-signing of those prospective buyers who have expressed intent to purchase but not yet signed a purchase contract, as a result, the Group recorded a new high in terms of single-month sales performance.



Furthermore, the Group used WeChat marketing as an innovative approach to achieve consumer interaction and incorporate entertaining elements into its products or services to attract consumer attention, in the meantime, online marketing and offline activities are combined to attract foot traffic to commercial properties. Through WeChat marketing, the Group successfully attracted continuous attention of prospective buyers from the early stage till the official launch of sales activity for various property projects including Yuzhou Central Coast, Yuzhou Riverside City Town and Yuzhou Royal Seal.

The Group firmly believes that it must adapt its marketing strategy to the need and expectation of prospective buyers in order to survive the fierce competition in the property market. For example, the Group implemented a culture-based differentiated marketing for Yuzhou Riverside City Town.

In March, the Group launched the shooting of a nine-episode micro film entitled “Tracing the Origin” for Riverside City Town, which was intended to discover the unknown beauty of Xiamen’s Tong’An District and was simultaneously broadcast on Xiamen TV. This gave rise to a Sinology-craze together with a series of other offline cultural activities, including the 2014 Minnan Cultural Festival held in May, which was followed by the Dragon Boat Festival special event for students in Xiamen, an event held to give blessing to students for their examination. In July, Tongzheng Cup First Children Sinology contest was organized, which was aimed at popularizing the Chinese culture among youngsters.

Yuzhou Riverside City Town successfully communicated relevant information and philosophy to the target audience taking full advantage of WeChat, a social networking app, to support the Group’s cultural marketing campaign and promote the cultural appeal of its property projects; A series of contents of the Wechat about culture of Xiamen received good readership and high reposting rate.



CUSTOMER SERVICES

Bearing in mind that continuously enhancing customer satisfaction helps boosting corporate image, the Group remains customer-focused and dedicated to providing a safe and comfortable residential environment to the occupants of residential properties and a highly efficient business environment to the tenants of its commercial properties. The Group's premium service extends beyond the delivery of properties and throughout the after-sales process.



In 2014, Yuzhou Properties introduced a Smart Delivery Service as a pilot program in Xiamen and Quanzhou, which was subsequently applied on a company-wide basis. The Smart Delivery Service allows temporarily storing mails and parcels in a drop-box and sending delivery information to the intended recipient by text message and other means, thus offering a 24-hour Self-Pickup service.

The Pan-Club house of Yuzhou Central Coast in Xiamen, represents a successful example of the Group's value-added service, whose functional area is distributed on the first floor of each building offering multiple functions. The Pan-Club house comes complete with a fitness center and yoga center for bodybuilders, a highly amusing children's playground and a children's swimming pool separated from an adults' swimming pool. Certain functional areas of the Pan-Club offer site rental and customization services, for example, the Club's coffee bar can be rented for holding a birthday party and BBQ, the Tea Bar can be rented to hold a board game contest, the Reading Bar and Yoga Room can be rented by property owners and businesses for an arts and literature or a dance training class.

Since 8 July, the Group's property management company have launched an innovative breakfast service program which offer property owners reasonably priced natural foods with guaranteed safety and freshness, that are produced, packed and delivered according to a uniform standard. Property management company have set up central kitchens for breakfast preparation which are equipped with multiple meal delivery vehicles in four residential communities including Yuzhou Huaqiao City, Yuzhou University City, Yuzhou Huaqiao Haijing City and Yuzhou Castle Above City, to achieve timely delivery to nearby properties.

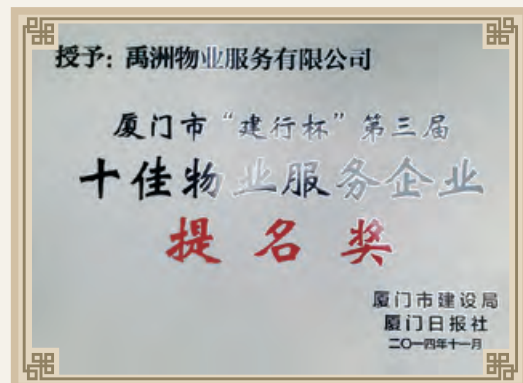
Since September 2006, the Group has been operating Yuzhou Club, a membership-based club, which has so far enrolled nearly 30,000 members in Xiamen, Fuzhou, Quanzhou, Shanghai, Hefei, Tianjin, Beijing, Hong Kong and Singapore. Yuzhou Club holds a variety of activities as a way of interaction between its members, including themed salon, forum, wine party and self-driving tours. On the other hand, members of Yuzhou Club are entitled to certain preferential treatments at the time of purchasing a property developed by Yuzhou Properties, and they have the opportunity to be invited for visiting other properties developed by Yuzhou Properties and other developers, as well as be provided with the latest information regarding the properties currently being developed by Yuzhou Properties. Yuzhou Club helps the Group enhance its brand influence and create added value for the properties developed by the Group.



The Group has set up a customer service department which helps the Group improve its performance in terms of property inspection, delivery and the construction improvement of new development projects, in particular, the customer service department provided constructive advices on correcting project design defect. In 2014, the customer service department successfully delivered seven property projects and thus supported the Group's development progress. On the other hand, to provide customers with better services and deliver them the home-like warmth, the Group launched multiple communication channels such as WeChat, a Bonus Point Scheme, a headquarter customer service hotline and an SMS platform in addition to the Group's existing Micro-Blog,

official website and 400 hotline service, which enhance communication with property occupants through processing inquiries, complaints and suggestions from them.

Excellent customer service and property management service earned the Group general recognition from society. In the first half of 2014, the Group was granted the Level 1 qualification for property management service by the Ministry of Housing and Urban-Rural Development; Yuzhou Castle Above City, was recognized as the property management demonstration project of Xiamen; Haicang Overseas City Project successfully passed the annual review for property management demonstration project of Xiamen; in the second half of the year, the Group was awarded, for the first time, the ninth place in the 2014 Service Sector Top Ten Ranking by Xiamen Association of Enterprises and Entrepreneurs, Xiamen Daily and Xiamen Media Group, furthermore, the Group has successfully passed the annual audit for ISO90001 Quality System Certification.



PRODUCT DESIGN

In 2014, the Group issued an operation guidance for planning, design and management, which covers sales office building, villa, town house, high-rise, ultra-high-rise, model units and construction materials inventory, in order to achieve the standardization of decoration process and product. The standardization of design process and product has significantly improved product quality, allowed the Group to accelerate development progress, effectively control construction costs and improve operating efficiency.



The Group is good at discovering the added-value of commercial buildings and taking advantage of the clustering effect of commercial properties, for example, it creates an outdoor commercial pedestrian area to increase the added-value of commercial properties and the utilization efficiency of commercial space, which contribute to the added-value of commercial properties developed by the Group.



Yuzhou Riverside City Town, a project located in Tong'An District, Xiamen, is the first product of the Group combining traditionalism with modernism in an innovative manner, which integrated the Southern Fujian architectural style with modern urban. The innovative villa project developed by the Group which incorporated traditional architecture elements of Southern Fujian, such as the red brick house, and blended in perfectly with brand-new architectural language. The proud owners of these villas are pampered with an ample open space and privacy offered by the independent vestibule and backyard. Moreover, the street-like layout has fully catered to Chinese people's courtyard complex and their living habit, as well as fully addressed the interpersonal need for harmony, communication and sharing between neighbors. The No. 7 neighborhood integrates a complex, a commercial center, a contemporary arts gallery and a film exhibition hall.



INTERNAL RISK CONTROL

The Group has established a clear organizational structure and the management of parent company has formulated operation and management reporting standards, which are implemented at full scale in various business units. Business units formulate operating policies and programs according to their unique operating environments, and they are required to prepare a one-year program, which forms the basis of annual budget and planning. These plans/budgets are subject to approval by the executive directors. The actual results of their implementation are compared with budgets, and are reported at the quarterly meetings of the Group and at various business levels, whereupon appropriate actions are taken and risk assessment is performed in order to identify and analyze the risks which may arise in the process of attaining business targets. The Group's internal audit department reports directly to the Audit Committee under the Group's board of directors and provides independent opinion on the Group's supervisory system and develop audit plans with an unbiased point of view.

FINANCIAL RISKS

All of the Group's turnover and most of its operating expenditures are denominated in Yuan, which is currently not a freely convertible currency. The Chinese government imposed strict control over the conversion of Yuan into foreign currencies and their repatriation outside of China (in specific situations). The scarcity of available foreign currency may restrict the ability of the Group's Mainland affiliates to remit sufficient amount of foreign currency in order to pay dividend or other sums to the Group.

Currently the Group's Mainland affiliates are able to purchase foreign currencies to settle transactions under current account (including the payment of dividend to the Group) without the approval of State Administration of Exchange Control. Mainland affiliates are also able to maintain a foreign currency balance on its current account in order to repay foreign currency debts or pay dividend. Foreign currency transactions in the capital account are subject to restriction and approval from the SAFE, this may affect the ability of the Group's mainland affiliates to obtain foreign currency through debt or equity financing(including the obtaining of loans or funding from the Group).

BUSINESS AND OPERATING RISKS

The Group has refined its various corporate systems and business processes through launching various initiatives such as product standardization, comprehensive budget and target cost control in order to improve operating efficiency and cope with the risk of rising debt level and land acquisition cost.

RISK OF TALENT DRAIN

The Group is led by an experienced professional management team. The board of directors has been orchestrating the Group's rapid development and expansion since its establishment in 1994 while maintaining the stability of main board members. Most senior executives have more than 10 years' experience on average in their respective areas of expertise. We believe that the Group's human resources, particularly its senior executives and professional teams are of great importance for maintaining the Group's strong competitive advantage. For this purpose, the Group has set up a share option scheme which is aimed at rewarding and remunerating eligible participants for their contribution to the Group's success. Said share option scheme has proved useful in helping the Group cope with the risk of talent drain.

HONORS AND AWARDS

In 2014, owing to impressive comprehensive strength, the Group received numerous honors which cover many aspects such as company size, investment value, financial robustness, property industry leaders, property management service and the production of annual reports. These awards include the “Top 5 Fastest-Growing Listed Real Estate Companies of China 2014”, “2014 Top 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths”, “Top 10 Chinese Real Estate Enterprises Listed Hong Kong with Financial Robustness 2014”, “Top 10 Chinese Real Estate Enterprises Listed in Hong Kong with Investment Values 2014”, the “Level 1 Real Estate Developer Qualification for China”, “China’s Top 100 Real Estate Enterprises 2014”, the “Top 10 Chinese Real Estate Developers With Greatest Potential 2014”, the “Level 1 Property Management Service Qualification”, the “28th ARC Annual Report Awards 2014”, and the “Outstanding Chinese Real Estate Developers” for the third consecutive year, all of which showed Yuzhou Properties’ great popularity among people from all walks of life.

LIST OF HONORS AND AWARDS RECEIVED IN 2014

Date	Company name	Name of award	Awarder	
1	Jan	Yuzhou Properties	2013 Most Influential Real Estate Company	Fujian Daily, Strait Herald Agency
2	Jan	Yuzhou Properties	Real Estate Brand of West Strait for 2013	China Index Research Institute, SouFun.com(Xiamen), SouFun.com (Zhangzhou), SouFun.com (Quanzhou)
3	Jan	Yuzhou Properties	Leading Real Estate Developer in West Strait for 2013	2013 West Strait (China) Real Estate Hall of Fame, Chinese Real Estate Mainstream Media Alliance, Xiamen Daily
4	Jan	Lam Lung On, Yuzhou Properties	Influential Figures In the Real Estate Sector of West Strait for 2013	2013 West Strait (China) Real Estate Hall of Fame, Chinese Real Estate Mainstream Media Alliance, Xiamen Daily
5	Feb	Yuzhou Properties	Real Estate Companies With Greatest Brand Value in West Strait for 2013	Fang33.com, Xiamen TV
6	Feb	Yang Bin, Yuzhou Properties	Influential Figures for Real Estate Sector of West Strait in 2013	Fang33.com, Xiamen TV
7	Feb	Yuzhou Property Management	Primary Property Management Service Company Qualification	Ministry of Housing and Urban-Rural Development of the People’s Republic of China
8	Mar	Yuzhou Properties	39th in Top 100 Chinese Real Estate Companies of 2013	Guandian.cn, Top 100 Ranking Chinese Real Estate Companies
9	Mar	Yuzhou Properties	Top Real Estate Business Model Ranking of China for 2013	Guandian.cn, Top 100 Ranking Chinese Real Estate Companies
10	Mar	Yuzhou Properties	1st in Xiamen Regional Ranking for the 2013 China Real Estate Top 100 Ranking	Guandian.cn, Top 100 Ranking Chinese Real Estate Companies
11	Mar	Yuzhou Group	40th in Top 50 Chinese Real Estate Developers for 2014, up 4 places compared with 2013	China Real Estate Research Association, China Real Estate Association, China Real Estate Assessment Center
12	Mar	Yuzhou Group	5th in Top 10 Chinese Real Estate Developers with Greatest Potential in 2014, newcomer to the ranking	China Real Estate Research Association, China Real Estate Association, China Real Estate Assessment Center
13	Mar	Yuzhou Group	36th in Top 100 Chinese Real Estate Companies 2014, listing on the ranking for ninth consecutive year	The Corporate Research Institute of the Development Research Center of State Council, China Index Research Institute, Real Estate Institute of Tsinghua University
14	Mar	Yuzhou Group	5th in Top 100 Real Estate Stars of China for 2014, listing on the ranking for ninth consecutive year	The Corporate Research Institute of the Development Research Center of State Council, China Index Research Institute, Real Estate Institute of Tsinghua University

Date	Company name	Name of award	Awarder	
15	Apr	Xiamen Yuzhou Group Realty Invest Co., Ltd. (廈門禹洲集團地產投資有限公司)	Primary Real Estate Developer Qualification of China, valid until 14 April 2017	Ministry of Housing and Urban-Rural Development of the People's Republic of China
16	May	Yuzhou Properties	8th in Top 10 Hong Kong-Listed Chinese Real Estate Companies With Greatest Investment Value in 2013, up 1 place	The Corporate Research Institute of the Development Research Center of State Council, China Index Research Institute; Real Estate Institute of Tsinghua University
17	May	Yuzhou Properties	8th in Top 10 Hong Kong-Listed Chinese Real Estate Companies with the Best Financial Robustness in 2013, up 2 places	The Corporate Research Institute of the Development Research Center of State Council, China Index Research Institute; Real Estate Institute of Tsinghua University
18	May	Xiamen Yuzhou Group Realty Invest Co., Ltd. (廈門禹洲集團地產投資有限公司)	Deputy Director General for the 7th Committee of Chinese Real Estate Industry, elected for the first time	China Real Estate Association
19	May	Yuzhou Properties	39th in Top 50 Listed Chinese Real Estate Companies with the Greatest Comprehensive Strength in 2014, up 5 places	China Real Estate Research Association, China Real Estate Association, China Real Estate Assessment Center
20	May	Yuzhou Properties	3rd in Top 5 Fastest-Growing Listed Chinese Real Estate Companies in 2014, newcomer to the ranking	China Real Estate Research Association, China Real Estate Association, China Real Estate Assessment Center
21	Jul	Xiamen Yuzhou Group Ltd. (廈門禹洲集團股份有限公司)	18th in Top 100 Ranking of Companies in Xiamen for 2014, up 12 places	Xiamen enterprises and entrepreneurs Association, Xiamen Daily, Xiamen Media Group
22	Jul	Xiamen Yuzhou Group Ltd. (廈門禹洲集團股份有限公司)	9th in Top Ten Service Companies in Xiamen for 2014, newcomer to the ranking	Xiamen enterprises and entrepreneurs Association, Xiamen Daily, Xiamen Media Group
23	Aug	Yuzhou Properties Company Limited	Most Influential Real Estate Brands in China for 2014, first-time awardee	The Organizing Committee of Boao Real Estate Forum
24	Aug	Lam Lung On	Most Innovative Real Estate Figures in China for 2014, first-time awardee	The Organizing Committee of Boao Real Estate Forum
25	Jul	Yuzhou Magazine	Best In-House Publication for Corporate Culture of Chinese Real Estate Companies in 2014	China Real Estate News Agency
26	Aug	Yuzhou Properties	Outstanding Chinese Real Estate Developer 2014	Economic Digest
27	Sep	Yuzhou Properties Company Limited	39th in Top 50 Chinese Real Estate Developers of Greatest Company Brand Value for 2014, up 2 places	China Real Estate Research Association, China Real Estate Association, China Real Estate Assessment Center
28	Sep	Yuzhou Properties	TOP10 Southern China Real Estate Companies with Greatest Brand Value for 2014, second place in South China region, first place for local companies of Fujian	The Corporate Research Institute of the Development Research Center of State Council, China Index Research Institute, Real Estate Institute of Tsinghua University
29	Sep	Lam Lung On, Yuzhou Properties	Chinese Real Estate Figures of Greatest Brand Contribution for 2014	The Corporate Research Institute of the Development Research Center of State Council, China Index Research Institute, Real Estate Institute of Tsinghua University
30	Sep	Annual Report 2013 of Yuzhou Properties	Bronze Award for Chairman's Letter in 28th ARC Annual Report Awards 2014, the highest award for real estate developers in that year	MerComm

Environment, Social *and* Governance



Since its founding in 1994, Yuzhou Properties has been sticking to its spirit of “Creating Prosperity out of Poverty” and its mission of “Building Cities with Heart, Building Homes with Love”. In the principle of “Benefiting from Society and Contributing to Society”, the Group attaches great importance to perform its corporate social responsibilities while striving to develop itself.

The Group has paid attention to and participated in public welfare in the fields of education, culture, environmental protection and disaster relief, in order to contribute its share to harmonious social development and create new value for future cities. In 2014, the Group founded the “Yuzhou Public Welfare Foundation” and the Alliance of Yuzhou Volunteers to practice its mission of spreading positive energy for public welfare in the principle of “Supporting Public Welfare and Philanthropy, Carrying out Social Responsibilities and Facilitating Harmonious Development”. The establishment of the Foundation and the Alliance served as a great milestone of the Group’s endeavor in public welfare.

In 2014, Yuzhou Properties included the Report of “Environment, Society and Governance” into its annual report for the first time. Dedicated by the Group’s different departments and branches for collecting, collating and editing in a bid to present its efforts in “Environment, Society and Governance” to the public. Due to the limited experience, the first Report cannot cover every aspect. Therefore, we promise a more detailed report on “Environment, Society and Governance” for the next year, so as to deliver greater corporate transparency and governance.



QUALITY OF WORK ENVIRONMENT

As a real estate developer, Yuzhou Properties understands that talents are an important part to a company for delivering robust growth. With years of experience and exploration, Yuzhou has established a sound system of human-resources management that provides the guidelines and methods for recruitment, belonging cultivation, training, appraising, promoting and retaining talents. The system enables the Company to grow along with its employees and share with them its achievements.

As of 31 December 2014, the Group had a total of 2,596 employees, including 2,580 in Mainland China and 16 in Hong Kong; the total employee benefit expense (including directors' and chief executive officer's remuneration) amounted to approximately RMB103.30 million whereas the expense in 2013 was around RMB88.57 million.

POLICIES ON HUMAN RESOURCES AND WELFARE

Guided by its three-year plan and human-resources development strategy, Yuzhou continued to grow a solid foundation of human-resources management and achieved certain results by enhancing and optimizing the "human-resources management system", "performance appraisal system", "human-resources enforcement information system" and "welfare policies" in 2014.

I. Human-Resources Management System

The Group optimized its 10 management systems, including the *Management System for Performance Appraisal*, *Management System for Recruitment*, etc, so as to provide enforcement guidelines and methods for the Group's human resources management.

II. Performance Appraisal System

The Group continued to optimize its performance appraisal and stage-based appraisal on real estate projects. It enhanced the appraisal and monitoring on contracted sales, payment collection and project development stage by stage to ensure contractual income and cash flow, achieving RMB12 billion in contracted sales in 2014.

III. Human-Resources Enforcement Information System

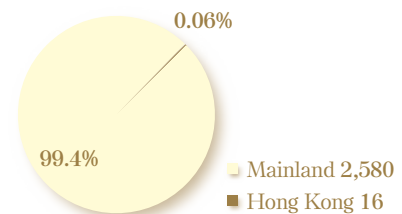
The Group intensified the application of the EHR Information System for HR staff and other employees. Furthermore, the Group's information management department developed an internal-recruitment information system as a tool for the HR department to manage recruitment information, improve work efficiency and develop the talent pool.

IV. Welfare Policies

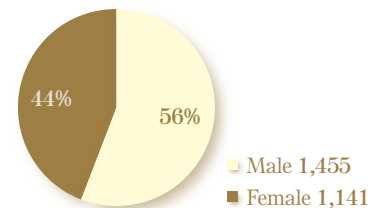
Yuzhou implemented its holiday policies based on national policy adjustments in order to ensure the rights of the employees. The Group stressed the accidental injuries prevention of staff by extending the insurance coverage to staff's families. In 2014, the Group applied for approximately RMB830,000 in the expense and compensation for the staff to treat critical diseases and work-related injuries.

Key Performance Indicators on Human Resources Number of Staff in 2014: 2,596

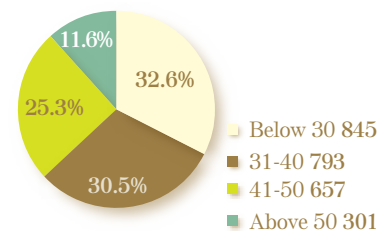
By Region



By Gender



By Age



PERSONNEL OVERVIEW

It was the 20 years since its foundation, Yuzhou Properties has witnessed its employees working hard for its development. Senior staff has grown along with the Group, accumulated plenty of experience and shared it with newcomers. On the other hand, newly recruited staff also brings fresh ideas and vitality to improve the Group's existing mechanisms and facilitate its sustainable development. The Company understands that the mobility of talents is normal in the business world. Therefore, the Group has established an effective HR system for recruiting and retaining talents.

Yuzhou launched the "Yuzhou Young Talents" recruitment and training scheme to lay a foundation for developing talent teams and injecting fresh vitality into the Company. Since October 2014, the Group started its recruitment tours across China, visiting 23 renowned universities in eight cities and recruiting a total of 58 graduates. Meanwhile, among the fresh graduates recruited under the scheme in 2013, 48 passed the appraisal and three were eligible to be promoted to junior managerial position. Additionally, the Company rolled out its "Talent Hunting" scheme, recruiting 19 top talents, mostly from the top ten firms of their respective industries, which provided manpower for Yuzhou Group to launch new projects (in places such as Nanjing).



The Group implemented the "Yuzhou Young Talents" scheme to recruit fresh graduates at 23 renowned universities in China.



To retain talents, Yuzhou implemented the following measures and strategies: 1) designing "Career Ladder Plans" for employees' career planning; 2) establishing a comprehensive performance-appraisal system: retaining good-performance employees as the key talents and providing with management training and relevant professional training to them; 3) motivating employees and encouraging them to continue studies and receiving on-job training to obtain professional qualifications or certificates; and 4) institutionalizing and clarifying remuneration system: pegging the remuneration of "core staff" to its performance or position ranking. Furthermore, in January 2013, the Company officially launched its first staff incentive scheme of share options to retain and motivate old and new staff who created core competitiveness for the Company, enabling them to share the success in corporate development and keep on contributing to the Company's development.

The Group cultivated a cohesive corporate culture that incorporated more of the common values held by the staff, which played an important role in retaining talents and reducing its brain drain. Moreover, Yuzhou created a pleasant work atmosphere. It set up a group activity fund to encourage different groups to organize social activities, and provide off-office hour activities regularly to enrich the staff's daily life. Besides, the Group hosted birthday parties for its staff every month and awarded those who worked for Yuzhou for over eight years with commemorative gold coins. On top of that, the Group encouraged the staff on self-learning by funding each staff member to purchase books for self-improvement.



Yuzhou staff staged performances at the evening party to celebrate the 20th Anniversary of Yuzhou Properties.

In respect of remuneration management, Yuzhou combined the maximization of per capita efficiency with the fairness of staff remuneration and motivation in 2014. The Group also continued to optimize its remuneration system and adjust its annual salary by considering the market trend.

In respect of remuneration incentives, Yuzhou designed its “Sales Incentive” to motivate the staff with bonus, which both clarified responsibilities and motivated the teams to create better sales records. The Group also considered to provide bonus system to the project and design team, in a bid to achieve success for both the team and the Company. In addition, employees who are unable to fulfill job requirements are given the opportunity of job rotation with relevant training. If they still unable to meet job requirements, they may be dismissed in accordance with relevant national rule. In 2014, Yuzhou employees work 39.5 hours per week on average, which is within the 40-hour national standard.



Yuzhou hosted birthday parties for its staff every month to boost working morale.

STAFF TRAINING AND TEAM BUILDING

In 2014, the Group’s HR department formulated training plans based on the needs from staff at all levels and did timely summaries and reviews on plan execution. The HR department also rolled out the internal mentor programme and the internal lecturer programme. The former paired up new staff with senior staff to form a good teacher-friend relationship, offer advices and help on problems at work and enable new staff to integrate into the corporate culture. In 2014, there were total 35 internal mentors. On 10 September, new staff seized the occasion of the Teachers’ Day to express their gratitude by delivering flowers to their mentors.

The Group also introduced the internal-lecturer training scheme for departmental leaders. Internal lecturers present lectures on different topics such as construction, project design, customer service, professional ethics and marketing. In 2014, a total of 35 internal lecturers participated in the scheme, offering 43 courses to 347 trainees. The training took place in such forms as group lectures, and internships.

Apart from internal lecturer scheme, the Group regularly invites industrial experts and scholars to present lectures for Yuzhou employees to improve their working skills, acquire a deeper understanding of the latest industrial developments and policies and better adapt to the future changes to business environment. In 2014, a total of 597 employees from the real estate segment (80% of the 610 employees from the segment) received training on finance, property sales, cost management, design management, engineering management and leadership. Every trainee employee received an average of 6.96 hours of training. Throughout the year, the Group spent RMB430,000 on staff training.



Yuzhou Group held an activity where new staff presented flowers to express their gratitude to their mentors on the Teachers’ Day.

DEVELOPMENT OF CONSTRUCTION SAFETY

In 2014, Yuzhou Group enhanced its management on construction safety by consistently implementing all safety measures on construction sites. Safety was included in a key assessment indicator of project performance.

Furthermore, Yuzhou continues to encourage its branches to learn from good examples within the Group. In 2014, Yuzhou Prince Lakeshire in Bengbu and Yuzhou Central Coast in Xiamen were promoted as the models of safe, civilized and quality construction for the Group. In May, the Group organized seminars on engineering project cases where the project managers and engineering managers shared their good practices and experience. From time to time, Yuzhou organizes the personnel of different projects of its real estate branches to travel to other places for observation and study; afterwards, the personnel documented written material for internal sharing so as to continuously improve Yuzhou's management on safe and civilized construction.

In 2014, no major safety accidents occurred to the Group's ongoing projects. Provided that safety was insured, projects were carried out in a faster, orderly, and quality-oriented manner, which improved the Group's brand image. In 2014, Yuzhou received the following awards and honors for construction safety: "Municipal Demonstration Site for Civilized Construction in Tianjin, 2014" for Yuzhou Palace Country in Tianjin; "Municipal Civilized Construction Site of the Year" for Land Parcel A1 of Yuzhou Central Coast in Xiamen; "Quanzhou Demonstration Site for the Standardization of Safe and Civilized Construction in 2014" for Yuzhou City Plaza in Quanzhou; and "Bengbu Construction Site for Quality Standardization" for Yuzhou Prince Lakeshire in Bengbu.

RECRUITMENT MEASURES TO AVOID CHILD LABOR AND FORCED LABOR

Yuzhou forbids child labor in staff recruitment. The regulations of the Company provide that staff shall be at least 18 years old. According to *Rules on Staff Recruitment*, qualified candidates shall fill in a "Form for Job Application" in which they shall provide the ID number and submit a photocopy of the ID for verification on the first day of work. The group headquarters conducts quarterly inspections on the execution of human resources rules among its real estate branches.



A bulletin board was set up at Yuzhou Prince Lakeshire project site in Bengbu to remind employees of safety issues.



A seminar on engineering project cases was held for personnel to share the construction safety experience of Yuzhou Central Coast.

ENVIRONMENTAL PROTECTION

The Group stresses environmental responsibility and seeks all-round improvement in its environmental protection performance in respect of real estate development, building construction and property management. The Group fulfils its commitment to environmental protection by promoting green design, implementing of energy saving and emission reduction measures at construction sites, and being environmentally friendly in every detail of property management and daily office work. As a real estate developer committed to its social responsibilities, The Group believes that sustainable development is the foundation for the long-term growth of businesses and society. In that light, the Group sticks to its commitment on environmental protection and shoulders its corporate social responsibilities by carrying out a series of corresponding measures in its different business categories to protect the environment.

Yuzhou Properties' Commitments to Environmental Protection:

- Abiding by the legislation, agreement articles and relevant requirements on environmental protection;
- Avoiding pollutions;
- Reducing construction waste;
- Consuming fewer natural resources;
- Seeking continuous improvement; and
- Researching and designing green buildings.

GREEN BUILDINGS AS A FUNDAMENTAL SOLUTION

The design and application of green buildings is significant in fundamentally improving buildings' environmental performance, given the long life cycle of buildings and the huge energy consumption and greenhouse gas emission in the whole process of operation. The Group has been committed to adopting well-recognized green building standards in combination with local conditions to serve as local design codes. In early 2014, the Group furthered its practice of green properties by launching a certification scheme for green building projects and specifying the projects with star certification of green building design and operation that the Group will submit for application over the next few years.

THREE CASES OF GREEN BUILDINGS

1. Xiamen – Yuzhou Plaza

Since the very beginning, the Group has integrated the design concept of environmental protection and energy saving into Xiamen Yuzhou Plaza, a flagship investment property of the Group. In May 2014, Yuzhou Plaza obtained the LEED-CS golden-grade certificate issued by the US Green Building Council (USBC).

Land is precious resource. Land in flourishing regions is particularly rare. The 163.5-meter-high, with 38 above ground and three underground, total 41 floors, is built with sufficient utilization of plot ratio and land resource. The building is installed with low-e insulating glass which possesses a good capacity of acoustic and thermal insulation. By intercepting part of sunshine from entering the room, such glass is capable of reducing energy consumption of air-conditioning. In the meantime, the glass can also prevent the discomfort caused by radiant heat and mitigate the dazzle from afterglow. LED is widely used for indoor lighting to save electricity, together with measures of saving water resource such as installing water-saving toilets.



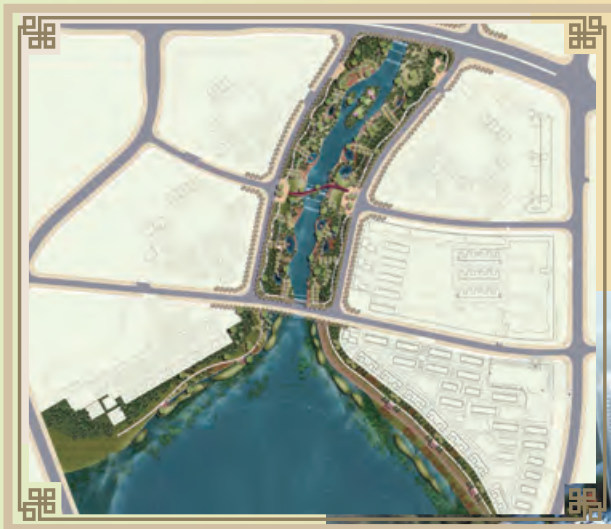
2. Quanzhou – Yuzhou City Plaza

Yuzhou City Plaza in Quanzhou is a large-scale commercial and residential project by the Group. The Plaza in plot 2#C is installed with low-e insulating glass which possesses a good capacity of acoustic and thermal insulation. Such glass is capable of reducing energy consumption for the buildings in areas where air-conditioning is needed. In the meantime, the glass can also prevent the discomfort caused by radiant heat and mitigate the dazzle from afterglow. Furthermore, the building is installed with exterior insulation and finish systems. Exterior insulation improves the wall's insulating and damp-proof performance as well as indoor temperature stability, partly stops the wall from being soaked by rain, and prevents the generation of indoor condensation and mould stains.



3. Xiamen-Yuzhou Riverside City Town plot #1, 2, 3 and Yuzhou Wetland Park

In response to the idea of “Jointly Creating a Beautiful Xiamen” in 2014, the Group cooperated with Tong’an Government to build Yuzhou Wetland Park over an area of 60,000 sq.m.. Under the prerequisite of caring for the original ecological system, respecting nature and stressing environmental protection, the Group develops such distinctive parts as green land, squares, shallow-water zone, leisure woodland, woodland floodplain and woodland islands, coupled with different varieties of trees to ensure ecological stability. The project of reclaimed water utilization is undertaken in Yuzhou Riverside City Town plot #1, 2, 3 and Yuzhou Wetland Park, where the water for landscape greening, road washing and water reserves for the dry seasons, is from the reclaimed water processed by the ‘Xiamen Tong’an Movie & TV City’ at Sewage Treatment and Reuse Station. From an economic perspective, reclaimed water generates the lowest cost. In terms of environmental protection, using reclaimed water helps improve the ecological environment and delivers a virtuous circle of aquatic ecology. In addition, projects of reclaimed water utilization receive priority support in China because of their benefits to the country and people.



EMISSION REDUCTION AND ENERGY SAVING DURING PROJECT CONSTRUCTION

Efforts should be made by the Group to conduct hardening treatment for construction sites and equip blenders with anti-dust sheds; use tarpaulins to cover the bulk material carried by vehicles; place construction materials such as cement inside temporary storage rooms; provide washing facilities at the entrances and exits of construction sites; allow vehicles to leave after getting cleaned; and prevent dust. Besides, noise barriers should be set up at construction sites, imposing stringent restriction on working hours and enforcing measures of noise reduction on loud machines such as blenders, air compressors and woodwork devices and tools. In addition, efforts should be made to build pit toilets and collect domestic sewage in a unified way, with no sewage discharged into surface water; simple sedimentation tanks should be built to process water for construction use and recycle it to water construction sites and roads. For land parcels of bare soil caused by vegetation destruction during construction periods, work should be done to timely cover such land parcels with gravel or plant fast-growing grass to reduce soil erosion and protect vegetation. The end of construction should be followed by the restoration of original vegetation and reasonable greening. In respect of processing construction wastes, such wastes shall be transported and dumped according to the time, route and location provided by the municipal authority for amenities, environment and sanitation, with no illegal dumping.

REFINED DECORATION TO REDUCE WASTES

The Group has taken steps to implement its strategy of delivering houses with refined decoration instead of blanks, in a bid to reduce the waste of materials and noise pollution caused by proprietors' own decoration. The Company has rolled out various standards of refined decoration for customers who can also raise their views on design style and material mixing proportion. Furthermore, the Group adopts centralized purchasing of wooden flooring, sanitary ware and kitchen appliance.

PROMOTING GREEN LIFE VIA PROPERTY MANAGEMENT

The Group promotes the concepts of life that emphasize green, environmental protection, sanitation and health, mobilizing its property management team to disseminate the ideas of "Environmental Protection" and "Building a Green Homeland Together" in all its communities. The Group has been consistent in promoting green office culture and putting it into practice. For instance, the Group adopted LED lights for office lighting, advocated paperless office and duplex printing, unified temperatures for air-conditioning and classified recycling for office wastes. In addition, property management companies organized activities and publicity education on environmental protection, in an attempt to raise the awareness of environmental protection among employees and customers.

GREEN PROCUREMENT FOR ENVIRONMENTAL PROTECTION

The Group continues with its policy of green procurement, requiring its suppliers to obtain "China Environmental Labeling" (中國環境標誌) for all their panels, adhesives and paints. The Group has signed or renewed its strategic cooperation agreements with its partners to ensure doors, floorings, gypsum boards and other products with "China Environmental Labeling", which to ensure indoor air quality and customers' health. The Labeling represents the most authoritative certification of environmental protection in China. Products with the certification are regarded as low poison, fewer harms and less resource consumption, compared with products of the same categories.

CHERISHING FOOD THROUGH THE “CLEAN YOUR PLATE” CAMPAIGN (光盘行动)

The Group has called on its staff to follow the spirit of environmental protection in daily life. In particular, the Group launched its “Clean Your Plate” Campaign in 2014, with posters put up in canteen to encourage staff to cherish food and waste nothing. The Group also plans to provide its staff with professional training courses so that they are better informed of environmental protection.

Posters of the “Clean Your Plate” campaign are put up in the canteen of Xiamen Yuzhou Plaza, to remind the staff to cherish food.



ENERGY EFFICIENCY AND CARBON EMISSION

The Group understands the impact of the global environment caused by greenhouse gas emission. With that in mind, the Group plans to quantify its greenhouse gas emission with the help of certification agencies in future. Based on certification results, the Group will formulate plans and measures against such emission to reduce its impact on global warming. The Group hopes that the continuous improvement in monitoring its carbon standard will reduce carbon consumption and emission which protect the global ecological environment in a better way.

TREE PLANTING

Based on its development concept of “Protecting the Environment and Saving Energy to Build a Green Homeland”, the Group hosted its annual tree-planting activity which was also participated by proprietors and staff’s family members. “Pushing the Window Open to Embrace a Green World, My Home at Yuzhou” was the campaign slogan of Yuzhou New Manor (禹洲新村), the Group’s first project in Xiamen when the Group was founded. The project spearheaded the industry with its vertical greening for slope protections, thus becoming Xiamen’s first residential community that passed the comprehensive acceptance check by the Municipal Construction Committee.

The Group also invested millions of yuan on sewage treatment for Yuzhou Golf and Yuzhou University City Phase I.

“Building Home with Love and Embracing Green” – 2014 Yuzhou Tree Planting Festival



The Group’s staff planted trees to contribute to environmental protection.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT MECHANISM

Drawing on good reputation and financial strength, Yuzhou Properties adopted a strategic cooperation mechanism in relation to construction materials. Suppliers are willing to compete for a share in the Group's development projects by offering high quality products, competitive prices and premium services. The Group's reputation for good payment practice allows it to attract an increasing number of highly qualified suppliers and expand its strategic cooperation system. Going forward, Yuzhou will share growth opportunities with its partners drawing on a robust cooperation mechanism, good reputation and good communication.

SUPPLY CHAIN MANAGEMENT PRACTICES

The Group identifies eligible bidders through a spot check of prospective bidders giving special consideration to various factors such as company size, qualifications, previous track record and ongoing projects. Qualified parties are allowed to participate in bidding, and suppliers who are qualified through performance appraisal will be included in a pool of qualified contractors and suppliers. Environmental protection, energy conservation and emission reduction are taken into consideration in raw material procurement process. The Group's related business units make a comprehensive and objective assessment of strategic suppliers' performance throughout the procurement process, including bidding, delivery of materials and equipment, and after-sales service. Suppliers' share in strategic cooperation were adjusted from time to time in order to draw their attention to resource conservation, work safety, green procurement and legal compliance.

PRODUCT AND SERVICE COMPLAINT MECHANISM

The Group believes that timely and proper response to customer complaints helps building customer's confidence, and it has therefore put in place a set of effective mechanisms for handling product and service complaints.

In accordance with the Guideline for Customer Complaint Response, customer service specialists maintain a detailed record of customer complaints. Customer complaints are classified by the degree of importance and urgency, responsible parties are timely contacted for providing timely response. Complaint handling progress is closely monitored until it is completed in a satisfactory manner. Customer service specialists in the headquarters conduct spot-check, from time to time the complaints which have been closed by relevant real estate/property companies in order to improve product and refine services.

Furthermore, a customer satisfaction survey is conducted annually through questionnaire and a spot-check of customer complaints processed by relevant property developers/managers in order to obtain customers rating of service performance, which rating is included in the annual performance appraisal of relevant companies. 116 cases of valid complaints were received via customer service hotline and company website in 2014, including 35 cases related to product design, construction and improvement, 81 cases related to services in the sales process and property management, substantially all of which have been properly addressed without further complaint.

CONSUMER INFORMATION PROTECTION AND PRIVACY POLICY

The Group maintains strict confidentiality of consumer information and prohibits all kinds of information abuse and profit-making from the unauthorized use of consumer information. The Group's customer information system only accepts access from authorized persons. Should an unauthorized person or department requests access to consumer information for the performance of duties, they are required to follow a specified procedure to file an application form to Customer Information Management Department via the internal OA system, indicating the reason, purpose, fields and time for such information access; subject to consent from the head of department of the requesting party and subject to approval from the competent officers of the two above-mentioned departments.

ANTI-CORRUPTION

The Group has put in place a set of robust internal control systems to discourage bribery, extortion, fraud and money-laundering, and reports on corrupt practices are collected by various means including company website, e-mail and telephone hotline, anti-corruption specialists are appointed to perform oversight and inspection duties.

PUBLIC WELFARE ACTIVITIES

For years, Yuzhou Properties, as a corporate citizen, has followed and practiced the spirit of “Benefiting from Society and Benefiting Society” by participating in public welfare activities to maintain good relations with the society and develop the atmosphere for harmonious development. Yuzhou is committed to all types of philanthropic activities including those on education, environmental protection, poverty alleviation and disaster relief as well as Project Hope (希望工程), donating over RMB100 million in total. As a result, the Group received such honors as “The Great Wall of China Advertising Awards 2009 – The Best Charity”, “The Social Value Model of China’s Real Estate Listed Companies in 2011”, “2012 China Charity – Group Award” and “2013 China’s Top 50 Responsible Real Estate Enterprises”.

In the wake of major disasters, Yuzhou has always shouldered its corporate social responsibility through donation for emergency relief and rehabilitation. During the Sichuan Wenchuan Earthquake in 2008, the Group donated RMB1.2 million directly to the disaster-stricken areas. Afterwards, Chairman of the Board Mr. Lam Lung On led a delegation of the All-China Federation of Returned Overseas Chinese to pay a special visit to Beichuan County – a severely afflicted area in Sichuan and the new Beichuan Middle School; the delegation donated another RMB five million to support post-disaster reconstruction. For such admirable deeds, Yuzhou Properties was conferred the title “Honorary Company for Donation to Support Disaster Relief of the 2008 Wenchuan Earthquake”; the new Beichuan Middle School named one of its buildings “Yuzhou Building”. The Group also wasted no time to contribute its share to support the relief work of Qinghai Yushu Earthquake and Ya’an Earthquake.

In addition, Yuzhou Properties expresses its care for employees who contribute to the Group’s development with their hard work. In 2014, the Group established the “Sunshine Fund” to support an employee from the Shanghai branch who suffered from cancer, addressing his urgent needs with approximately RMB80,000 (including other employees’ donation).



The Group’s management visited the home of the sick employee of its Shanghai Branch.

A TIMELINE OF THE GROUP'S PUBLIC WELFARE FOOTPRINTS IN 2014

15 June



Participating in the Launching Ceremony of Hong Kong Volunteers Association

Mr. Lam Lung On, Chairman of the board of directors of Yuzhou Properties and the executive vice chairman of Hong Kong Volunteers Association, was invited to attend the “Launching Ceremony of Hong Kong Volunteers Association & Community Service Day”. He donated HK\$5 million as the startup capital of the Association. Lam also visited the homes of the needy, sending birthday cakes and gifts as encouragement.

4 August



Donating Fund to Support Ludian County of Yunnan Province

A 6.5-magnitude earthquake struck Ludian County, Zhaotong City, Yunnan Province on 3 August 2014. On the next day, Yuzhou Group started its efforts to help the disaster-stricken area by donating an initial fund of RMB200,000 to Xiamen Bluesky Rescue Team – the first rescue team in Xiamen heading to Yunnan. Afterwards, Yuzhou mobilized its entire staff for donation to contribute to disaster relief and reconstruction. As well as to requisite the social support for the Group's development.

20 September

Founding of the Yuzhou Volunteers Association

Yuzhou always stresses the sense of responsibility and awareness as a corporate citizen. In that light, Yuzhou staff founded the “Alliance of Yuzhou Volunteers” with the mission of “Spreading Positive Energy for Public Welfare with Concrete Action”. Furthermore, to celebrate the Group's 20th birthday and its fifth anniversary of public listing, Mr. Lam Lung On set up scholarships of RMB1 million for the impoverished students of Xiamen University and Jimei University respectively.

23 December

Official Establishment of the Yuzhou Public Welfare Foundation

The Yuzhou Public Welfare Foundation was initiated and established by Yuzhou Group with a registered capital of RMB two million and a RMB20 million donation from the Group. The Foundation is dedicated to public welfare on education, culture, environmental protection and disaster relief. In addition, the Foundation donated RMB five million to the All-China Federation of Returned Overseas Chinese as the development fund and RMB one million to Xiamen University and Jimei University respectively as the scholarships for impoverished students. In the future, the Foundation will create fresh urban value for society, spread positive energy for public welfare and facilitate the great rejuvenation of the Chinese nation.



Business
and Landbank Summary

TIANJIN

BENGBU
HEFEI

NANJING

SHANGHAI

LONGYAN
ZHANGZHOU

FUZHOU
QUANZHOU

XIAMEN

HONG KONG



XIAMEN

- 1 Yuzhou Overseas City
- 2 Yuzhou Shuilian Manor
- 3 Yuzhou Hai Tian Plaza
- 4 Yuzhou Harbour City
- 5 Yuzhou New City
- 6 Yuzhou Garden
- 7 Yuzhou Galaxy Garden
- 8 Yuzhou New Manor
- 9 Yuzhou World Trade Center
- 10 Yuzhou Golden Seacoast
- 11 Yuzhou University City
- 12 Yuzhou Castle above City
- 13 Yuzhou Sunshine City
- 14 Yuzhou Golf
- 15 Yuzhou Shoreline
- 16 Yuzhou Cloud Top International
- 17 Yuzhou Plaza
- 18 Yuzhou International Hotel
- 19 Yuzhou Central Coast
- 20 Yuzhou Riverside City Town
- 21 Haicang Vanke City
- 22 Yuzhou Lucca Town
- 23 Yuzhou Xiang'an Commercial/Office Project

HEFEI

- 24 Yuzhou Skyline
- 25 Yuzhou Jade Lakeshire
- 26 Yuzhou Central Plaza
- 27 Yuzhou Royal Seal
- 28 Yuzhou Town
- 29 Yuzhou Xinzhan Project

FUZHOU

- 30 Yuzhou Gushan No. One
- 31 Yuzhou Oriental Venice
- 32 Yuzhou Lianjiang Project

BENGBU

- 33 Yuzhou Prince Lakeshire

SHANGHAI

- 34 Yuzhou Jinqiao International
- 35 Yuzhou Plaza
- 36 Yuzhou Commercial Plaza
- 37 Yuzhou City Plaza
- 38 Yuzhou Jinshan Project
- 39 Yuzhou Jiading Project

QUANZHOU

- 40 Yuzhou City Plaza Phase I
- 41 Yuzhou City Plaza Phase II
- 42 Yuzhou City Plaza Phase III

NANJING

- 43 Yuzhou Yuhuatai Project

LONG YAN

- 44 Yuzhou Castle above City

TIANJIN

- 45 Yuzhou Palace Country
- 46 Yuzhou Royal Lakeshire

ZHANGZHOU

- 47 Yuzhou Zhangzhou Project

HONG KONG

- 48 Yuzhou Caine Road Project

Business



**YUZHOU
WORLD
TRADE
CENTER**



PROJECT DESCRIPTION

Site Area: 19,454 sq.m.

Residential GFA: 102,640 sq.m.

Total Saleable GFA: 182,640 sq.m.

Shopping Mall GFA: 80,000 sq.m.

Geographical Environment

Yuzhou World Trade Center occupies a supreme location, the intersection between Xiamen Train Station and Xiamen BRT, with flourishing flows of people and logistics.

Project Highlights

Yuzhou World Trade Center is the first city complex and the highest landmark for commerce and residence in Xiamen. Located in central downtown, the Center integrates shopping, leisure and residence, forming a "World-Trade-Center Business Circle" across the area.

Planning

The project is composed of World Trade Center of 66,000 sq.m. and two 43-storey high-rises. The project is divided into two phases. Phase I commenced in 2001, attracting the famous brands such as PCD Stores, Wal-Mart and China Cinema etc. Phase II opened in 2009 after upgrading and aimed to become a high-end delicacy center by successively introducing Starbucks, Watsons, Pizza Hut and Hai Di Lao Hot Pot (海底撈火鍋). The World Trade Centre achieved an occupancy rate of 96% in 2014.



**YUZHOU
SHORELINE**

PROJECT DESCRIPTION

Site Area: 107,622 sq.m.	Total Saleable GFA: 421,316 sq.m.	Plot Ratio: 2.8
Total Households: 2,406 residential high-rises and 96 refined villas	Greenery Coverage: 41 %	
Decoration Status: Blank	Architectural Form: Residential high-rises, ground-floor shops and villas	

Geographical Environment

The project is situated at the intersection between Haicang Avenue and Jiaosong Road of Haicang Bay (next to the Sport Center), with close vicinity to Xiamen Island. Haicang New District has become the new landmark of downtown Xiamen, concentrating key resources of lakes and sea, commerce, culture, transport and administration.

Project Highlights

- A 3,500 sq.m. vertical leisure plaza and an 80,000 sq.m. royal garden;
- An outdoor stary pool and a standard indoor four-lane pool of sunken plaza;
- A 5.9-meter-high luxury lobby and club house;
- A 4,000 sq.m. bilingual kindergarten, offering top preschool education to children.

Planning and Design

- High-rises feature two to four-room units with the average area ranging from 78 to 142 sq.m.. Villas are divided into town houses, semi-detached and quasi-detached villas. (Owners of 280 sq.m. town houses can access almost 600 sq.m. of user space; owners of 350 to 380 sq.m. semi-detached and quasi-detached villas can enjoy approximately 800 to 1,000 sq.m. of user space.) The project also features no limit to the distance between buildings and great scenery.
- The project fully taps into the lake view and seascape of the land parcel to achieve a maximum landscape value. Based on the unique coastal garden landscape, the project strives to develop into the best international seascape community in Xiamen and another landmark at Haicang Bay.



**YUZHOU
CLOUD TOP
INTER-
NATIONAL**



PROJECT DESCRIPTION

Site Area: 15,652 sq.m. **Total Saleable GFA:** 71,214 sq.m. **Plot Ratio:** 5.29
Total Households: 480 **Greenery Coverage:** 10.5 % **Decoration Status:** Refined decoration
Architectural Form: Residential high-rises and shopping malls

Geographical Environment

Located at the intersection between Lianqian West Road and Cloud Top Road (Mid), Cloud Top International has Lianban and the train station on the west, and Wuyuan Bay, the airport, the Conference & Exhibition Center and Huandao Road on the north. Residents of Cloud Top International have easy access to the fashionable and prosperous business circle and enjoy the incomparable value created by the central location on the island.

Project Highlights

The project is situated at the transport hub of Xiamen Island and BRT (Bus Rapid Transit) interchange center (similar to subway superstructure), making Cloud Top International the first city complex that integrates the functions of a transport hub, commercial center and high-end apartment.

Planning and Design

The project encompasses three 28-storey residential high-rises and a nearly 10,000 sq.m. refined commercial street in a bid to develop a splendid night life around the region. Coupled by the supporting facilities such as the commercial street of fashions and brands as well as the New-Asia Hanging Garden, Cloud Top International is set to become the first choice of residence and commerce for white-collars.

Housing Type

Housing units of Cloud Top International are designed to be medium to small ones which are rare on the Island. Specifically, there are 82 to 93 sq.m. two-room units and luxury 108 to 126 sq.m. three-room units.



YUZHOU
RIVERSIDE
CITY TOWN

PROJECT DESCRIPTION

Site Area: 284,414 sq.m. **Total Saleable GFA:** 512,600 sq.m. **Plot Ratio:** 1.8 **Greenery Coverage:** 30 %

Decoration Status: Blank/refined decoration

Architectural Form: Residential high-rises, garden houses, villas and hotels

Geographical Environment

Yuzhou Riverside City Town is located at the center of Tong'an District, with enriched tourism resources such as the national 4A scenic spot Beichen Mountain; citizens can also access the nearby cinema city. Tong'an is the only new urban district with direct transport links and communication with Quanzhou beyond Xiamen Island. Tong'an is planned to develop into Xiamen's northern center for commerce and trade.

Project Highlights

- The project invests heavily on developing the sole 60,000 sq.m. wetland park beyond Xiamen Island;
- Riverside City Town offers special residences, innovative housing types and well-decorated high-rises, all being exclusive on the Tong'an real estate market. Its courtyard villa is the first of its kind in Xiamen;
- High-rises mainly provide 80 to 140 sq.m. two to four-room units. Villas are divided into courtyard villas, town houses, quasi-detached villas and semi-detached villas, with the average area ranging from 162 to 201 sq.m..

Planning and Design

- A 30,000 sq.m. shopping center, star hotels, a 2,000 sq.m. fresh-food supermarket, and commercial streets
- Hot-spring clubs, film & TV galleries, and cultural & art galleries
- Two bilingual kindergartens and a branch of experimental primary school (planned for construction)

Honors in 2014

- 2014 Property Media Award by *Strait Herald*
- 2014 Property with the Highest Value for Healthy Life in Xiamen
- Landmark Property with the Highest Potential of Appreciation at the 2014 Hercynian Estate Annual Meeting
- 2014 Fujian Star Property with the Highest Value of Comprehensive Resources
- "Fujian Landmark Property" at 2014 Fujian Property Annual Conference



**YUZHOU
CENTRAL
COAST**



PROJECT DESCRIPTION

Site Area: 123,240 sq.m.

Total Saleable GFA: Approximately 535,000 sq.m.

Plot Ratio: 4.3

Total Households: 3,946

Greenery Coverage: 33 %

Decoration Status: Blank/refined decoration

Architectural Form: High-rises residential buildings, SOHO, ground-floor shops and malls

Geographical Environment

- Located between Xingdong Community and Xingbin Community, with access to the well-established supporting facilities such as Yonghui Supermarket, China Film Stellar Theater, banks, Xingdong Primary School, as well as the supermarket and commercial properties under the project.
- Situated within the range of Jimei Cultural and Education Zone, education institutions are available nearby.

Project Highlights

- Built in front of the beautiful Xinglin Bay, Yuzhou Central Coast embraces the 4km coastline and enjoys a merely 30m distance with the sea and an incomparable seascape. Residents have access to the well-established education system, the University City with an area of 31.32 sq.km..

- Integrating residence, SOHO and commerce, the project enables residents to enjoy premium view of the sea, lakes and gardens, Yuzhou invited the international landscape expert Belt Collins to design overseas-style gardens.

Honors in 2014

- “2014 Popular Property in West Strait Region” at the 2014 Internet Conference held by fang.com;
- “2014 Popular Landmark Property in West Strait Region” at the 2014 Hercynian Estate Annual Conference;
- The “City Complex with the Strongest Impetus” award under the 2014 Strait Herald Media Award.



YUZHOU
PLAZA



PROJECT DESCRIPTION

Commence Date: December 2014 **Site Area:** 3,333 sq.m. **Total Saleable GFA:** Approximately 57,861 sq.m.
Number of Floors: 38 above ground and three underground **Building Height:** 163.5 meters
Target Clients: Global 500, large state-owned enterprises and public institutions for modern services, insurance companies, banks or financial institutions, listed companies, and Yuzhou headquarter
Development Status: Having completed its internal construction of refined decoration, the project was ready for lease in 2014, with the entry of the group headquarters in December 2014

Geographical Environment

The project is situated at the center of Xiamen CBD, a concentrating with government institutions, financial agencies and business circles, and is 15-minute drive from Gaoqi International Airport, Xiang'an Tunnel and the International Conference & Exhibition Center, 8 minute drive from Haicang Bridge and the train station, and 5-minute drive from the ferry terminal.

Project Highlights

- **Lakeside view at hand:** Located right next to the Yundang Lake, the project has a nearly 4,000 sq.m. outdoor green plaza connected to the boardwalk of the lakeside park, offering low-carbon working space.
- **Premium facilities:** Supreme lobby with a height of 10.3 meters, well-decorated office space with a height of four meters, 12 high-speed Fujitec elevators in efficient operation, LOW-E insulating tempered glass and central air-conditioning with household-based charging.

- **Well-established business facilities:** As Xiamen's sole super Class A office building with a panoramic lake view, the project is equipped with supreme business facilities such as high-end conference centers, VIP elevators and a three-storey car park – the largest of its kind by Yundang Lake.
- **Star property service:** The project adopts one-stop excellent service of customer-oriented property management.
- **Energy-saving and environmentally friendly:** The project is decorated in the architectural style of Art Deco and supported by a 5A smart system designed for international first-class office buildings. The project also contains the elements of energy-saving and environmentally friendly by implementing the standard of green buildings.

Honors in 2014

- 2014 Property Media Award by Strait Herald
- The Award of the Most Influential Office Building in Xiamen 2014



YUZHOU
SKYLINE

PROJECT DESCRIPTION

Site Area: 446,757 sq.m.	Total Saleable GFA: 1,222,859 sq.m.	Plot Ratio: 2.35
Greenery Coverage: 41 %	Decoration Status: Blank	
Architectural Form: Multi-storey buildings, residential high-rises and ground-floor shops		

Geographical Environment

Situated at a prime location – the intersection of the New Municipal and Cultural Zone, the CBD Technology Development Zone and the Hi-Tech Development Zone in Hefei, adjacent to the municipal government, the municipal committee and the provincial cultural museum.

Planning and Design

- The project comprises a large humanistic community with a GFA of more than 1.2 million sq.m.. Residential buildings of the community are mainly multi-storey ones and high-rises. In particular, Phase III, the Sunshine City (陽光花城) consists of 18 to 33-storey high-rises, with the dominant housing type being 78 to 110 sq.m. two-room and three-room units with a high cost performance.

- The project includes supporting facilities such as schools, shopping malls and ground-floor shops. It also encompasses green resources including Swan Lake, Emerald Lake and Nanyan Lake. In addition, residents can enjoy enriched life with access to Wal-Mart, Wanda Plaza, the MIXC, Swan Lake Hotel, the International Conference & Exhibition Center, Anhui Memorial Park (徽園), Polar Ocean World (極地海洋世界) and Hefei Happy Island (歡樂島).

Honors in 2014

“Hefei’s Most Influential Property” and “Best Living Environment Property”.



HEFEI

YUZHOU
JADE
LAKESHIRE



PROJECT DESCRIPTION

Launch Time: **December 2013**

Site Area: **95,978** sq.m.

Total Saleable GFA: **287,934** sq.m.

Plot Ratio: **3.0**

Total Households: **2,700**

Greenery Coverage: **40 %**

Decoration Status: **Blank** Architectural Form: **Residential high-rises, house developments and ground-floor shops**

Geographical Environment

The project is situated along the Jade Lake, at the center of the economic development zone, and adjacent to the University City and major business circles such as Mingzhu and Ganghui. It is 10-minute walk from the project to all necessary facilities, making life easier.

Project Highlights

For Jade Lakeshires, Yuzhou adopts the classic architectural style of Art Deco and waterside residences to develop a 360,000 sq.m. health-preserving life community in central Hefei, encompassing royal waterside gardens, lakeside high-rises, waterside western-style residences and exotic commercial streets.

Planning and Design

- Yuzhou Jade Lakeshires is composed of more than 20 multi-storey buildings, high-rises, super high-rises and commercial properties, comfortable two-room and three-room units with the average size ranging from 85 to 141 sq.m..

- A scenery design of royal water gardens capitalizing on the view of the Jade Lake. The overall space is arranged to be dense on the periphery and sparse at the center so that a center of strong cohesiveness is created and the natural conditions are fully utilized.
- Around the project, there are a full range of supporting facilities including educational institutions, medical services, supermarkets and recreational facilities.

Honors

- “Famous Project for Healthy Living in China” by the Center for Facilitating Housing Industrialization under the Ministry of Housing and Urban-Rural Development;
- “The Project with the Most Brand Influence in Anhui, 2014” by xafo.com;
- “Major Ecological Project for Healthy Living on Hefei Real Estate Market” by jiyouchuanmei.com; and
- “Famous Project with the Highest Investment Value in Hefei” by Anhui Market Star Review.



**YUZHOU
CENTRAL
PLAZA**



PROJECT DESCRIPTION

Launch Time: June 2014

Plot Ratio: 2.8

Decoration Status: Blank

Site Area: 279,535 sq.m.

Total Households: 5,425

Architectural Form: Residential high-rises and shopping malls

Total Saleable GFA: 918,698 sq.m.

Greenery Coverage: 45.31 %

Geographical Environment

Located in Hefei of Anhui Province, the project has Changjiang East Road (Hedian Road) on the north, Liaoyuan Road on the west and Nanhuan Road on the east. The project will be benefited from the developing No.2 Line of Metro Transit.

Project Highlights

As a supersize complex, Yuzhou Central Plaza encompasses the residential parts of luxury-scenery high-rises, super high-rises and villa-style garden houses, with the dominant unit size ranging from 80 to 120 sq.m.. Furthermore, the project is equipped with large shopping malls, exotic commercial streets, office buildings and hotels, ranking first at Dongcheng Region in Hefei. In

addition, Yuzhou Central Plaza is a part of Hefei's "1331 Urban Development Strategy" to upgrade Dongcheng people's quality of life to a whole new level.

Honors in 2014

- "Famous Property for Healthy Living in China" conferred by the Center for Facilitating Housing Industrialization under the Ministry of Housing and Urban-Rural Development;
- "Commercial Property with the Highest Investment Value in the 2014 Real Estate Market of Hefei" by Hefei Evening News;
- "Most Satisfactory Property for the Masses in 2014" by Xingkong Media Holding;
- "Top Ten Property with Great Sales in Anhui's Property Market in 2014" by xafo.com.



YUZHOU
PLAZA



PROJECT DESCRIPTION

Commence Time: November 2014 **Site Area:** 6,818 sq.m. **Total Saleable GFA:** Approximately 28,624 sq.m.
Number of Floors: 21 above ground and 2 underground commercial facilities can be found on 1-3/F and with standard office space on 4-23/F.

Target Clients: Global 500, company headquarters, large state-owned enterprises, financial banks, modern manufacturing and service firms as well as public institutions **Development Status:** Having completed its internal construction of refined decoration, the project commenced in November 2014

Geographical Environment

Situated at the center of Jinqiao Development Zone, the project is adjacent to Biyun and Lianyang International Communities, one street away from Office Park II, and six km away from Waigaoqiao Free Trade Zone. A rare 5A first-class smart office building at Jinqiao CBD.

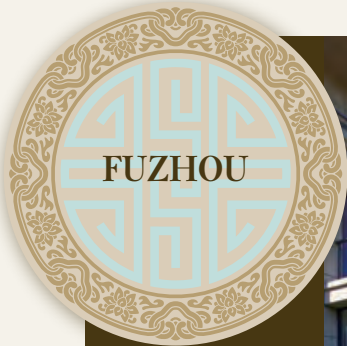
Project Highlights

- Located at the center of Jinqiao CBD, the project offers the advantage of a three-minute drive to all facilities for international business and life central to Biyun Community, with optimal resources of hotels, finance, commerce and large-scale business circles.

- All the office space at Yuzhou Plaza is delivered with refined decoration. In a clear height of 2.8 meters, the office space is equipped with VRV central air-conditioning with household-based control, which can deliver a substantially higher efficiency and lower cost of air-conditioning.

Planning and Design

The overall project is designed in the principle of simplicity, modernity and smoothness, with an exterior of full-glass with an elegant and fashionable style facade.



YUZHOU
ORIENTAL
VENICE

PROJECT DESCRIPTION

Site Area: 706,397 sq.m.

Total Saleable GFA: 549,185 sq.m. (In 2014, the Group raised the plot ratio of Oriental Venice Phase III and increased the GFA by 193,754 sq.m.)

Greenery Coverage: >30 %

Decoration Status: Blank

Architectural Form: Residential high-rises and villas

Total Households: Phase II consists of 96 detached villas, 14 semi-detached villas and two 11-storey residential buildings able to accommodate 88 households; Phase III includes a total of 3,090 households for its high-rise residences.

Geographical Environment

- Located at Chengmen and Luozhou of Cangshan District, is equipped with a well-developed transport network. It is 25-minutes drive or 11.8 km from Wu Yi Square (五一廣場) and approximately 30 minutes drive from Changle International Airport.
- Blessed with a great natural environment, the project is embraced by Wulong River. Along the north coast of Wulong River, there is an approximately 1,750 meters coastline.

Project Highlights

- The project realizes a water circulation every 48 hours by drawing water from Wulong River by natural tiding.

- With the completion of Fuzhou's new administration center, the governmental affairs center has settled at the East New District with all administrative institutions in place.
- The project has a well-developed transport network. It is only three minute drive from Fuzhou South Railway Station and Fuzhou South Bus Station, and 20 minute drive from Fuzhou Changle International Airport.
- The project enjoys great potential of regional development. The 380,000 sq.m. Fuzhou Strait International Conference & Exhibition Center, situated at the East New District.



YUZHOU
CITY PLAZA

PROJECT DESCRIPTION

Site Area: **428,188** sq.m. Total Saleable GFA: **1,425,866** sq.m.
 Plot Ratio: **4.0** Greenery Coverage: **35** % Decoration Status: **Blank**
 Architectural Form: **Residential high-rises, ground-floor shops, office buildings, villas and shopping malls**

Geographical Environment

Located in Quanzhou, the project stretches across the two-way four-lane road (the main traffic artery of Hui'an County) from east to west and is adjacent to Quanzhou and Shenhai Highways on the southeast. Such a network forms a five-minute life circle for Hui'an and a 30-minute one for Greater Quanzhou.

Project Highlights

Yuzhou City Plaza is the largest city-complex in West Strait Region and one of the landmark complexes in Quanzhou. The project aims to develop HOPSCA City Complex that integrates commerce, residence, office, hotel, culture and

entertainment, sport and leisure. Furthermore, the project encompasses an area of high-end commodity residences and a huge leisure and shopping plaza for citizens (including pedestrian malls for leisure and business as well as large-scale shopping malls). These facilities are integrated into the current business circles.

Housing Type

The project is dominated by two-room and three-room residences with the average area ranging from 78 to 120 sq.m., with each housing cluster equipped with ground-floor shops.



**YUZHOU
CASTLE
ABOVE CITY**



PROJECT DESCRIPTION

Launch Time: July 2013

Plot Ratio: 3.1

Decoration Status: Blank

Site Area: 100,878 sq.m.

Total Households: 3,014

Architectural Form: Residential high-rises and ground-floor shops

Total Saleable GFA: 312,330 sq.m.

Greenery Coverage: 30.16 %

Geographical Environment

The project is situated at the crossroads between Lianzhuang Road and Jinji Road, and is five-minute walk from necessary facilities. With a growing value, the project stands as a top choice for future high-end residences.

Project Highlights

Built at high standards and in the architectural style of modern south Fujian, Yuzhou Castle above City is a 400,000 sq.m. project located at the center of the new town, featuring an 80,000 sq.m. New-Asia Royal Garden, a pioneering multi-functional Pan-Club house and a 14,000 sq.m. business complex.

Planning and Design

Yuzhou Castle above City consists of two multi-storey commercial properties and 18 residential high-rises. Situated at the center of Xinluo District of Longyan City, the project is embraced by mountain and water and adjacent to a full range of supporting facilities such as education institutions, medical services, department stores, supermarkets and complexes.

Housing Type

There are well-designed two-room residences with the average area ranging from 76 to 121 sq.m., flexible "2+1" residences and standard three-room residences.



**YUZHOU
PRINCE
LAKESHIRE**



PROJECT DESCRIPTION

Launch Time: January 2014

Site Area: 133,667 sq.m.

Total Saleable GFA: 668,333 sq.m.

Plot Ratio: 4.12

Greenery Coverage: 36.4 %

Decoration Status: Blank

Architectural Form: Residential high-rises and shopping malls

Geographical Environment

Located at the center of Binhu New District and north to the municipal government, the project serves as a model in initiating development and office buildings in support of business services for the District. Besides, it is close to the Longzi Lake, a 4A National Scenic Spot. The largest city complex which includes such supporting facilities as primary and secondary schools, ancient folk residences, museums and libraries, is just across the road.

Project Highlights

Prince Lakeshire is the first project of Yuzhou Properties since its presence in Bengbu. Occupying a rare piece of ecological land at Binhu New District, the project is

planned for building elaborate properties such as high-rises and apartments. In the elegant architectural style of Art Deco, with the romantic French royal garden landscape and the showcase of exquisite lakeside view. With all these advantages, the project is to develop into an adored community for its high-end living.

Planning and Design

Phase I of the project will consist of 10 high-rises on the rare piece of ecological land at Binhu New District, with plans of developing elaborate properties such as high-rises, apartments and commercial developments. The dominant housing type is two-room and three-room units with the average area ranging from 86 to 126 sq.m..

Landbank Summary

Project	Site Area (sq.m.)	Location	Unit Land Cost (RMB/sq.m.)	Address	Total GFA Completed (sq.m.)	Total GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Completed Projects							
Yuzhou Overseas City	27,703	Xiamen	830	North of the Junction of Hexiang West Road and Hubin West Road, Siming District	239,627	-	-
Yuzhou Shuilian Manor	12,909	Xiamen	910	West of Jinshang Road North	29,126	-	-
Yuzhou Hai Tian Plaza	6,316	Xiamen	396	Xiagang Yongfugong, Siming District	65,104	-	-
Yuzhou Harbour City	20,089	Xiamen	761	Hubin North Road, Siming District	191,649	-	-
Yuzhou New City	25,610	Xiamen	647	Haotou, Dongdu, Huli District	93,473	-	-
Yuzhou Garden	27,345	Xiamen	586	Jinshang Road, Huli District	92,888	-	-
Yuzhou Galaxy Garden	26,367	Xiamen	1,718	Fanghu, Huli District	93,925	-	-
Yuzhou New Manor	45,619	Xiamen	493	No. 414-417, Nanshan Road, Huli District	118,892	-	-
Yuzhou World Trade Center	19,454	Xiamen	845	No.75, Xiahe Road	204,476	-	-
Yuzhou Golden Seacoast	70,793	Xiamen	1,590	West of Xinggong Road, Haicang District	245,073	-	-
Yuzhou University City	90,750	Xiamen	932	Tongji Road, Xike Town, Tong'an District	480,252	-	-
Yuzhou Castle above City	52,715	Xiamen	1,273	Fanghu, Huli District	235,984	-	-
Yuzhou Sunshine City	22,868	Xiamen	1,301	North of Wulv Road, West of Tongsheng Road, Tong'an Industrial Zone	72,733	-	-
Yuzhou Golf	55,986	Xiamen	1,165	Maqing Road, Haicang District	129,187	-	-
Yuzhou Shoreline	107,622	Xiamen	3,560	Area of 05-11, East of Xinggong Road and North of Jiaosong Road, Haicang District	473,184	-	-
Yuzhou Cloud Top International	15,652	Xiamen	3,174	South of West Lianqian Road, West of Yundingzhong Road, Siming District	98,294	-	-
Yuzhou Plaza	3,333	Xiamen	2,417	North of Minggong Building, Hubin South Road, Siming District	60,130	-	-
Yuzhou Jinqiao International	49,738	Shanghai	1,242	No.333 Jin'gang Road, Pudong New Area	234,484	-	-
Yuzhou Plaza	6,818	Shanghai	2,620	Qiu 3/6, Qiu 2, No 9 Street, Jinqiao Export Processing Zone, Pudong New Area	35,837	-	-
Yuzhou Gushan No. One	234,160	Fuzhou	1,831	No.333 Jin'gang Road, Pudong New Area	88,287	-	-
Sub-total	921,847		1,476		3,282,605	-	-
Projects Under Development							
Yuzhou International Hotel	60,018	Xiamen	1,175	East of Huli Avenue, South of Huandao East Road, Huli District	-	125,221	-
Yuzhou Central Coast	123,240	Xiamen	2,557	Area of 11-10, East of Xingbin Road and North of Xingdong Road, Jimei District	412,673	151,057	-
Yuzhou Riverside City Town	284,414	Xiamen	1,696	Area of 12-07, North of Movie & TV City, South Wuxian Area, tong'an District	76,668	350,159	85,773
Haicang Vanke City	189,752	Xiamen	2,921	Northwest of the Intersection with Wengjiao Road and Xinyang Bridge, Haicang District	100,099	417,591	-
Yuzhou Lucca Town (Previously known as Yuzhou Xiang'an Resi Project)	54,323	Xiamen	12,059	Southeast of the junction of Xiyan Road and Hongqian Central Road, Xiang'an	-	54,535	81,465
Yuzhou Commercial Plaza	40,911	Shanghai	2,367	No 9868 Hunan Road, Nanhui Industrial Park, Pudong New Area	-	135,880	-
Yuzhou City Plaza	50,628	Shanghai	1,445	Site A0403, College Community, Lin'gang New Town	-	100,489	-
Yuzhou Skyline	446,757	Hefei	377	West of Songlin Road, Northeast of Planning Road, Ranfang Village, Taohua Town, Feixi County	760,296	380,000	89,963
Yuzhou Jade Lakeshire	95,978	Hefei	1,755	East of Ziyun Road, South of Feicui Road, Taohua Town, Feixi County	-	352,268	-

Landbank Summary

Total GFA (sq.m.)	Total Sold Saleable GFA				Total Unsold Saleable GFA			Land Reserve (sq.m.)	Interest in the Project %	Attributable GFA (sq.m.)
	Total Saleable GFA (sq.m.)	Total Sold GFA (sq.m.)	Sold and Delivered Saleable GFA (sq.m.)	Pre-sold Saleable GFA (sq.m.)	Total Unsold GFA (sq.m.)	Held for Sale Only (sq.m.)	Held for Investment Only (sq.m.)			
239,627	236,745	235,644	235,644	-	1,101	-	1,101	1,101	100%	1,101
29,126	27,325	27,325	27,325	-	-	-	-	-	100%	-
65,104	64,575	63,359	63,093	266	1,216	355	861	1,482	100%	1,482
191,649	186,013	186,013	186,013	-	-	-	-	-	60%	-
93,473	90,770	87,144	87,144	-	3,626	262	3,364	3,626	100%	3,626
92,888	92,119	90,042	89,751	291	2,077	385	1,692	2,368	100%	2,368
93,925	91,689	91,463	91,463	-	226	226	-	226	100%	226
118,892	118,652	118,590	118,590	-	62	62	-	62	100%	62
204,476	182,640	133,049	131,872	1,177	49,591	491	49,100	50,768	100%	50,768
245,073	226,679	195,029	187,427	7,602	31,650	-	31,650	39,252	100%	39,252
480,252	467,112	444,978	444,818	160	22,134	15,038	7,096	22,294	100%	22,294
235,984	231,017	218,294	166,522	51,772	12,723	9,965	2,758	64,495	100%	64,495
72,733	72,278	59,314	59,314	-	12,964	12,964	-	12,964	100%	12,964
129,187	114,574	72,766	68,390	4,376	41,808	41,808	-	46,184	100%	46,184
473,184	421,316	320,951	301,420	19,531	100,365	85,965	14,400	119,896	100%	119,896
98,294	71,214	40,134	28,348	11,786	31,080	7,980	23,100	42,866	100%	42,866
60,130	57,861	-	-	-	57,861	-	57,861	57,861	100%	57,861
234,484	230,955	194,366	169,369	24,997	36,589	3,874	32,715	61,586	100%	61,586
35,837	28,624	-	-	-	28,624	-	28,624	28,624	100%	28,624
88,287	79,923	59,464	50,501	8,963	20,459	20,459	-	29,422	60%	17,653
3,282,605	3,092,081	2,637,925	2,507,004	130,921	454,156	199,834	254,322	585,077		573,308
125,221	102,142	-	-	-	102,142	-	102,142	102,142	100%	102,142
563,730	535,000	456,046	368,426	87,620	78,954	53,954	25,000	166,574	80%	133,259
512,600	512,600	129,255	65,550	63,705	383,345	302,845	80,500	447,050	100%	447,050
517,690	517,690	415,774	99,954	315,820	101,916	101,916	-	417,736	20%	83,547
136,000	136,000	-	-	-	136,000	136,000	-	136,000	100%	136,000
135,880	110,460	4,407	-	4,407	106,053	80,202	25,851	110,460	100%	110,460
100,489	98,494	5,303	-	5,303	93,191	57,914	35,277	98,494	100%	98,494
1,230,259	1,222,859	838,651	750,319	88,332	384,208	286,908	97,300	472,540	100%	472,540
352,268	287,934	118,157	-	118,157	169,777	169,777	-	287,934	100%	287,934

Landbank Summary

Project	Site Area (sq.m.)	Location	Unit Land Cost (RMB/sq.m.)	Address	Total GFA Completed (sq.m.)	Total GFA under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Projects Under Development (Continued)							
Yuzhou Central Plaza	279,535	Hefei	1,421	South of Changjiangdong Road, East of Liaoyuan Road, East Urban District	–	625,151	293,547
Yuzhou Royal Seal	156,667	Hefei	2,825	South of Fanhua Avenue, West of Taishan Road, Taohua Town, Feixi County	–	199,750	270,250
Yuzhou Town (Previously known as Yuzhou Shushan Project)	36,387	Hefei	3,900	North of Yangtze River West Road, West of Fanwa Road, Shushan District	–	–	109,160
Yuzhou Prince Lakeshire	133,667	Bengbu	660	South of City Hall, West of Longhu Road	–	77,861	590,472
Yuzhou Oriental Venice	706,397	Fuzhou	2,846	Longjiang Village, Chengmen Town, Cangshan District	144,954	259,172	155,140
Yuzhou Palace Country	135,173	Tianjin	1,060	South of Beihua Road, East of Guihua Chunxi Avenue, Jinghai New Town	21,648	138,266	160,460
Yuzhou Royal Lakeshire	109,090	Tianjin	1,062	East of Tuanbo Road, South of Duliujian River South Road, Tuanboxi District	–	130,908	–
Yuzhou Castle above City	100,878	Longyan	1,921	East of Lianzhuang Road, Xinluo District	–	285,998	26,332
Yuzhou City Plaza Phase I & II	366,707	Quanzhou	341	South New Zone of Huian County	352,932	435,523	581,870
Sub-total	3,370,522		1,620		1,869,270	4,219,829	2,444,432
Projects Held for Future Development							
Yuzhou Xiang'an Commercial/Office Project	8,264	Xiamen	3,013	Intersection of Xiang'an Avenue and Xiang'an West Road, Southern part of Xiang'an New Town	–	–	89,300
Yuzhou Lianjiang Project	54,507	Fuzhou	4,256	North of Wenbidonglu · West of Qiming Middle School, Lianjiang County	–	–	136,268
Yuzhou City Plaza Phase III	61,481	Quanzhou	769	South New Zone of Huian County	–	–	110,666
Yuzhou Caine Road Project	278	Hong Kong	135,140	Caine Road 48, Central, Hong Kong	–	–	2,886
Yuzhou Jinshan Project	174,814	Shanghai	1,324	Site 2988, North of Tingfeng Road, Zhujing Town, Jinshan District	–	–	211,418
Yuzhou Jiading Project	55,017	Shanghai	10,405	North of Huancheng Road, East of Liuhu Road, Juyuan New District, Jiading District	–	–	126,540
Yuzhou Xinzhao Project	97,467	Hefei	4,286	Intersection of Xin Beng Bu Road and Wu Liu Dao Road, Xinzhao District	–	–	341,135
Yuzhou Yuhuatai Project	41,494	Nanjing	16,657	West of Fengtainanlu, north of Xinglong Street, Yuhuatai District	–	–	112,865
Yuzhou Zhangzhou Project	100,057	Zhangzhou	2,400	South of Zhanghua Central Road, West of Lianke harbour, Urban district	–	–	279,309
Sub-total	593,379		4,897		–	–	1,410,387
Total	4,885,748		1,940		5,151,875	4,219,829	3,854,819
Projects with Primary Land Development Qualification							
Yuzhou City Plaza	478,225	Quanzhou	NA	No 1 Yingbin Avenue, Chengnan Industrial Zone, Huian			
Total	478,225						

Landbank Summary

Total GFA (sq.m.)	Total Saleable GFA (sq.m.)	Total Sold Saleable GFA			Total Unsold Saleable GFA			Land Reserve (sq.m.)	Interest in the Project %	Attributable GFA (sq.m.)
		Total Sold GFA (sq.m.)	Sold and Delivered Saleable GFA (sq.m.)	Pre-sold Saleable GFA (sq.m.)	Total Unsold GFA (sq.m.)	Held for Sale Only (sq.m.)	Held for Investment Only (sq.m.)			
918,698	918,698	177,009	–	177,009	741,689	641,689	100,000	918,698	72%	661,463
470,000	470,000	25,485	–	25,485	444,515	444,515	–	470,000	49%	230,300
109,160	109,160	23,406	–	23,406	85,754	42,090	43,664	109,160	51%	55,672
668,333	668,333	45,078	–	45,078	623,255	623,255	–	668,333	100%	668,333
559,266	549,185	186,095	111,631	74,464	363,090	347,357	15,733	437,554	45%	196,899
320,374	319,748	89,139	20,052	69,087	230,609	230,609	–	299,696	100%	299,696
130,908	130,908	8,781	–	8,781	122,127	122,127	–	130,908	100%	130,908
312,330	312,330	89,392	–	89,392	222,938	208,338	14,600	312,330	100%	312,330
1,370,325	1,315,200	296,789	170,359	126,430	1,018,411	859,691	158,720	1,144,841	100%	1,144,841
8,533,531	8,316,741	2,908,767	1,586,291	1,322,476	5,407,974	4,709,187	698,787	6,730,450		5,571,868
89,300	89,300	–	–	–	89,300	–	89,300	89,300	100%	89,300
136,268	136,268	–	–	–	136,268	136,268	–	136,268	100%	136,268
110,666	110,666	–	–	–	110,666	110,666	–	110,666	100%	110,666
2,886	2,214	–	–	–	2,214	2,214	–	2,214	100%	2,214
211,418	211,418	–	–	–	211,418	211,418	–	211,418	100%	211,418
126,540	126,540	–	–	–	126,540	126,540	–	126,540	100%	126,540
341,135	341,135	–	–	–	341,135	341,135	–	341,135	100%	341,135
112,865	112,865	–	–	–	112,865	112,865	–	112,865	100%	112,865
279,309	255,000	–	–	–	255,000	255,000	–	255,000	100%	255,000
1,410,387	1,385,406	–	–	–	1,385,406	1,296,106	89,300	1,385,406		1,385,406
13,226,523	12,794,228	5,546,692	4,093,295	1,453,397	7,247,536	6,205,127	1,042,409	8,700,933		7,530,582
757,009	701,885	–	–	–	701,885	701,885	–	701,885	100%	701,885
757,009	701,885	–	–	–	701,885	701,885	–	701,885		701,885

Directors' Biographies

BOARD OF DIRECTORS

The Board of Directors consists of seven Directors, of whom four are executive Directors and the remaining three are independent non-executive Directors. The Directors are appointed for a term not exceeding three years. The power and duties of our Board of Directors include convening shareholders' meetings and reporting the Board's work at shareholders' meetings, implementing resolutions passed at shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association.

EXECUTIVE DIRECTORS

Lam Lung On (林龍安), aged 50, was appointed as the Chairman of our Board and our Executive Director on 9 October 2009. He founded our Group in December 1994. He is also a member of the remuneration committee and the nomination committee of our Company. Since December 1994, Mr. Lam has held positions including but not limited to chairman, vice chairman, director and general manager in most of our subsidiaries and is primarily responsible for formulating our development strategies and supervising our project planning, financing, design and marketing. He has over 20 years of experience in residential, commercial and hotel property development and investment. Mr. Lam is an adjunct professor and an executive member of the Council of Jimei University in Xiamen. In 2006, Mr. Lam became an honorary citizen of Xiamen accredited by the mayor of Xiamen. He has been a member of the 9th Standing Committee of the All-China Federation of Returned Overseas Chinese, the 10th Central Committee of the China Democratic National Construction Association and the Standing Committee of the Xiamen Municipal Committee and a Committee of the Tianjin Municipal Committee of the 13th Chinese People's Political Consultative Conference. Mr. Lam also serves as executive deputy chairman of the 4th Council of the China Federation of Overseas Chinese Entrepreneurs, deputy chairman of the 15th Xiamen Municipal Federation of Returned Overseas Chinese, life honorary chairman of the Hong Kong Federation of Fujian Associations, life honorary chairman of the Hong-Kong Xiamen Friendship Union, the chairman of the 1st Council of the Xiamen Federation of Overseas Chinese Entrepreneurs, the deputy chairman of the 32nd Hong Kong Chinese Importer's & Exporter's Association, executive deputy chairman of the board of the Hong Kong Volunteers Federation, the visiting professor of the University of Science and Technology of China and the executive director and visiting professor of Jimei University. Mr. Lam graduated from the University of Science and Technology of China with a master's degree in Engineering in November 1996. Mr. Lam is the spouse of Ms. Kwok Ying Lan, our Executive Director, and the brother of Mr. Lin Longzhi, our Executive Director and brother-in-law Mr. Lin Conghui, our Executive Director. Mr. Lam has not held any directorship in any other public listed companies in the past three years. Mr. Lam worked for Xiamen Land Development Company, a state-owned enterprise, before he founded our Group.

Kwok Ying Lan (郭英蘭), aged 44, was appointed as our Executive Director on 9 October 2009. She is also the Vice Chairman of our Board. Since joining our Group in April 1997, Ms. Kwok has held positions including but not limited to chairman, director and general manager in most of our subsidiaries and is primarily responsible for overseeing our Purchasing Department. Ms. Kwok has over 17 years of experience in property development and financial management. Ms. Kwok has been an executive director of the Xiamen Association of Enterprises with Foreign Investment. She is the spouse of Mr. Lam Lung On, our Executive Director, and the sister-in-law of Mr. Lin Longzhi and Mr. Lin Conghui, our Executive Directors. Ms. Kwok has not held any directorship in any other public listed companies in the past three years. Ms. Kwok worked for China Construction Bank Xiamen Branch, a state-owned bank, before she joined our Company.

Lin Longzhi (林龍智), aged 46, was appointed as our Executive Director on 9 October 2009. Since joining our Group in December 1997, Mr. Lin has held positions including but not limited to chairman, director and general manager in most of our subsidiaries and is primarily responsible for the projects development and operation in West Strait Economic Zone. Mr. Lin has almost 17 years of experience in property development and investment. Mr. Lin was a member of the 12th Xiamen Municipal People's Congress. He also serves as the vice president of the 6th Xiamen Real Estate Association, the vice president of the 7th China Real Estate Association and deputy chairman of the Xiamen Association of Enterprises with Foreign Investment. Mr. Lin is the younger brother of Mr. Lam Lung On, our Executive Director, the brother-in-law of Ms. Kwok Ying Lan, our Executive Director and the brother-in-law of Mr. Lin Conghui, who is also our Executive Director. Mr. Lin has not held any directorship in any other public listed companies in the past three years.

Lin Conghui (林聰輝), aged 44, was appointed as our Executive Director on 9 October 2009. Since joining our Group in July 1998, Mr. Lin has held positions including but not limited to chairman and director in most of our subsidiaries and is primarily responsible for our Group's projects engineering management. Mr. Lin has over 16 years of experience in project management. He graduated from Tongji University with a diploma in Architecture Engineering in January 2006. Mr. Lin is the brother-in-law of Mr. Lam Lung On, Ms. Kwok Ying Lan and Mr. Lin Longzhi, our Executive Directors. Mr. Lin has not held any directorship in any other public listed companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Gu Jiande (辜建德), aged 72, was appointed as an independent non-executive Director on 9 October 2009. He is also a member of the audit committee and the chairman of the remuneration committee and the nomination committee of our Company. He has been an independent non-executive director of Xiamen International Trade Group Corp., Ltd., a PRC incorporated company listed on the Shanghai Stock Exchange (600755), since May 2009. He has been an independent non-executive director of Xiamen International Airport Co., Ltd., a PRC incorporated company listed on the Shanghai Stock Exchange (600897), since May 2008. He was the president of Jimei University from May 1997 to September 2009, and is an executive member and secretary-general of the Council of Jimei University. Mr. Gu has been awarded Special Government Allowance by State Council of the People's Republic of China since October 1993 recognizing his outstanding contribution to the national higher education; Tan Kah Kee Outstanding Contribution Awards by Chiyu Tan Kah Kee Education Fund in October 2002; second prize of Scientific and Technical Development of Fujian Province and Xiamen City by Fujian provincial People's Government in 1992 and Xiamen Municipal People's Government in 1995, respectively; the second prize of Institute of Higher Learning Scientific and Technical Achievement by Department of Education of Fujian Province in June 1984. Mr. Gu is the author of a number of publications and articles on various natural science and social science publications, including *Ordinary Differential Equations* (Xiamen University Press, August 1993); *Systems Engineering and Forecasting of Talents Demand* (Xiamen University Press, November 1991); *Forecasting of Talents Demand in Fujian* (Xiamen University Press, September 1991); *Economic and Social Development and Demand for Talents in Fujian* (Xiamen University Press, April 1991); *Stability and Boundary of a Class of Generalized Continuous Hopfield Neural Network* (Dalian Maritime University Press, August 1996); *Stability and Boundedness of a Class of Second Order Ordinary Differential Equations* (Journal of Xiamen University (Natural Science), August 1993); *The Stability of the Large Scale Systems of a Class of Differential Equation with Delay* (Theory of Ordinary Differential Equation and its Applications, Science Press, October 1992); *Estimation of Delayed Quantity of a Class of Differential Equation with Delay* (Journal of Xiamen University (Natural Science), March 1991); and *Motion Stability of Linear Large Scale Systems* (Control Theory & Applications, 2nd Phase, 1985). Mr. Gu graduated from Peking University with an undergraduate certificate in mathematics in August 1966.

Directors' Biographies

Lam Kwong Siu (林廣兆), aged 80, was appointed as an independent non-executive Director on 9 October 2009. He is also a member of the audit committee of our Company. He has more than fifty years of banking experience. In addition, Mr. Lam has held the following positions in the banking sector:

- a non-executive director of Bank of China International Limited (formerly known as BOCI Capital Limited) since July 2002;
- an independent non-executive director of China CITIC Bank International Limited (formerly known as CITIC Bank International Limited) from January 2002 to March 2014;
- the vice chairman of BOC International Holdings Limited, a wholly-owned subsidiary of the Bank of China Ltd since October 2001; and
- an independent non-executive director of CITIC International Financial Holdings Limited (formerly known as CITIC Ka Wah Bank Limited) from 1996 to March 2014. CITIC International Financial Holdings Limited is a Hong Kong incorporated company which was listed on the Hong Kong Stock Exchange (00183) until the withdrawal of its listing in November 2008.

Mr. Lam has served the following companies in the capacity of:

- an independent non-executive director of Xinyi Glass Holdings Limited, a Cayman Islands incorporated company listed on the Hong Kong Stock Exchange (00868) since August 2004;
- an independent non-executive director of Fujian Holdings Ltd., a Hong Kong incorporated company listed on the Hong Kong Stock Exchange (00181) since December 2003;
- an independent non-executive director of China Overseas Land & Investment Ltd., a Hong Kong incorporated company listed on the Hong Kong Stock Exchange (00688) since September 2003;
- an independent non-executive director of Ananda Wing On Travel (Holdings) Limited (now known as Rosedale Hotel Holdings Limited), a Bermuda incorporated company listed on the Hong Kong Stock Exchange (01189), until January 2003; and
- an independent non-executive director of Lai Fung Holdings Limited, a Cayman Islands incorporated company listed on the Hong Kong Stock Exchange (01125), from June 1999 to July 2001.
- an independent non-executive director of Far East Consortium International Limited, a Cayman Islands incorporated Company listed on the Hong Kong Stock Exchange (00035), since September 2011.

Mr. Lam was awarded the HKSAR Silver Bauhinia Star in 2003. He was a delegate of the Hong Kong Special Administrative Region of the PRC to the 10th National People's Congress. He currently serves as the honorary chairman of the Hong Kong Federation of Fujian Associations, life honorary chairman of the Hong Kong Fukien Chamber of Commerce, deputy chairman of the Fujian Hong Kong Economic Co-operation, life honorary chairman of the Chinese General Chamber of Commerce, adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong.

Wee Henny Soon Chiang (also known as Wee Toon Kian) (黃循強), aged 68, was appointed as an independent non-executive Director on 9 October 2009. He is also the chairman of the audit committee, and a member of the remuneration committee and the nomination committee of our Company. He has more than thirty years of experience in public accounting practice. Mr. Wee was an independent non-executive director of the then The Quaypoint Corporation Limited (now known as China Uptown Group Company Limited), a Cayman Islands incorporated company listed on the Hong Kong Stock Exchange (02330), from September 2001 to November 2006. He is the founder of Henny Wee & Co., a firm of Certified Public Accountants (Practising) registered at Hong Kong Institute of Certified Public Accountants in February 1988. Mr. Wee is the partner of Henny Wee & Co. since 1988. He worked at Glass Radcliffe Chan & Wee as a partner. Mr. Wee received a bachelor's degree in Commerce from the University of Newcastle, New South Wales, Australia, in March 1971. He became an Associate Member of the Institute of Chartered Accountants (Australia) in July 1975, and a Certified Public Accountant (Practising) of the Hong Kong Society of Accountants, now known as the Hong Kong Institute of Certified Public Accountants, since 1988.

Senior Management's Biographies

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Hui Chun Yip, aged 35, is the Chief Financial Officer and Company Secretary of the Company. Mr. Hui joined our Company in March 2015 and is responsible for our Group's strategic planning, corporate finance activities, investor relations and oversight of financial reporting procedures, company secretary matters, internal controls and compliance with the requirements under the Listing Rules. Prior to joining our Group, Mr. Hui worked for China South City Holdings Limited, a company listed on the Stock Exchange of Hong Kong (Stock code: 01668), and was responsible for corporate finance activities, financial management and financial reporting. He has also worked in an international C.P.A. firm. Mr. Hui has over 13 years of experience in auditing, accounting and financial management. Mr. Hui graduated with a bachelor's degree in Business Administration from the Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise property development, property investment, the provision of management services and hotel operation. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 135 to 212.

At 6 March 2015, the Company declared an interim dividend for the year ended 31 December 2014 of HK16 cents per share.

FINANCIAL HIGHLIGHT

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 213. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Company and the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 214.

SENIOR NOTES

The Company issued US\$200 million senior notes, US\$250 million senior notes, US\$300 million senior notes, US\$300 million senior notes and US\$250 million senior notes (the "Notes"), with a maturity of five years and bearing a coupon interest rate of 13.5%, 11.75%, 8.75%, 8.625% and 9.0% in December 2010, October 2012, October 2013, January 2014 and December 2014. The Company intends to use the net proceeds to repay certain of the Group's existing loans, fund the acquisition of land for residential and commercial property development (including through the acquisition of equity interests in entities that own development sites or assets) and for general corporate purposes. The 2015 due senior notes amounted to US\$200 million was fully redeemed in December 2013. For the details of the senior notes of the Company, please refer to note 28 to the financial statements.

BONDS ISSUE

On 25 July 2013, the Company entered into an investment agreement with China Life Trustees Limited (the “Subscriber”), pursuant to which the Subscriber agreed to subscribe for, and the Company agreed to issue, 10% guaranteed bonds (the “Bonds”) in the aggregate principal amount of HK\$1.5 billion due in 2019. The Bonds are guaranteed by Mr. Lam Lung On (“Mr. Lam”) and Ms. Kwok Ying Lan (“Ms. Kwok”), directors of the Company, and certain subsidiaries of the Group and secured by share charge of 23.99% of the entire issued share capital of the Company held by Mr. Lam and Mr. Kwok. For the details of the bonds of the Company, please refer to note 27(B) to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company’s reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to RMB811,332,000, of which RMB442,687,000 has been declared as interim dividend for the year.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling RMB7,060,000 (2013: RMB4,062,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, no sales to the Group’s five largest customers and purchases from the Group’s five largest suppliers accounted for over 30% of the total sales for the year and of the total purchases for the year, respectively.

DIRECTORS

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

Executive Directors:

Mr. Lam Lung On (*Chairman*)
Ms. Kwok Ying Lan (*Vice Chairman*)
Mr. Lin Longzhi
Mr. Lin Conghui

Independent Non-executive Directors:

Mr. Gu Jiande
Mr. Lam Kwong Siu
Mr. Wee Henry Soon Chiang

In accordance with article 84 of the Company's articles of association, Ms. Kwok Ying Lan, Mr. Gu Jiande and Mr. Wee Henry Soon Chiang will retire by rotation and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company. The independent non-executive directors are appointed for periods of three years.

The Company has received annual confirmations of independence from Messrs. Gu Jiande, Lam Kwong Siu and Wee Henry Soon Chiang, and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 86 to 90 of the annual report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 40 to the financial statements, no director had an interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN SHARES

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

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY:

Name of director	Note	Directly beneficially owned	Through spouse	Total	Percentage of the Company's issued share capital
Mr. Lam Lung On	(a)	1,296,000,000	1,296,000,000	2,592,000,000	75.0
Ms. Kwok Ying Lan	(a)	1,296,000,000	1,296,000,000	2,592,000,000	75.0

(a) Ms. Kwok Ying Lan and Mr. Lam Lung On are married to each other.

Save as provided above and in the sub-section headed "Share Option Scheme" below, none of the directors have any interests in the share capital of the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 December 2014, the interests of relevant persons (other than the directors of the Company) in the share capital of the Company, as recorded in the register required to be kept under Section 336 of SFO, were as follows:

LONG POSITIONS IN ORDINARY SHARES OF THE COMPANY:

Name of shareholders	Note	Others	Total	Percentage of the Company's issued share capital
China Life Insurance (Group) Company	(a)	853,643,760	853,643,760	24.70
China Life Insurance (Overseas) Company Limited	(a)	853,643,760	853,643,760	24.70
China Life Trustees Limited	(a)	829,094,400	829,094,400	23.99

(a) *China Life Trustees Limited is directly wholly-owned by China Life Insurance (Overseas) Company Limited which is, in turn, directly wholly-owned by China Life Insurance (Group) Company; therefore, each of China Life Insurance (Overseas) Company Limited and China Life Insurance (Group) Company is deemed to be interested in the 829,094,400 shares held by China Life Trustees Limited. China Life Insurance (Overseas) Company Limited also directly holds 24,549,360 shares of the Company; therefore, China Life Insurance (Group) Company is also deemed to be interested in the 24,549,360 shares held by China Life Insurance (Overseas) Company Limited.*

SHARE OPTION SCHEME

On 24 May 2010, a share option scheme (the "Scheme") was adopted and approved by the then shareholders of the Company for a period of 10 years commencing on the adoption date. Pursuant to the Scheme, the Board may, at its discretion, invite any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group to participate in the Scheme ("Participants").

On 31 December 2012, the Company granted share options (the "Share Options") under the Scheme to certain directors and employees of the Group (the "Grantees") which, subject to their acceptance, entitles them to subscribe for an aggregate of 43,693,200 new shares of HK\$0.1 each (the "Shares") in the share capital of the Company, as adjusted as a result of the bonus issue of the Shares by the Company in July 2013.

Report of the Directors

On 31 December 2013, the Company further granted the Share Options under the Scheme to the Grantees which, subject to the acceptance of the Grantees, entitles the Grantees to subscribe for an aggregate of 11,626,000 new Shares of HK\$0.1 each of the Company.

Executive Director, Key Management Personnel and other eligible employees	Date of grant	Period during which share options exercisable	Share	Share	Share	Share	Share	Exercise price (HK\$)	Share	Closing price
			options outstanding as at 1 January 2014 ⁽¹⁾	options awarded during the year ended 31 December 2014	options vested during the year ended 31 December 2014	options reclassified/ cancelled/ lapsed during the year ended 31 December 2014	options exercised during the year ended 31 December 2014		options outstanding as at 31 December 2014	of shares immediately before the date on which share options were awarded (HK\$)
Executive Director										
Lam Lung On	31/12/2012	1/1/2016 – 31/12/2022	480,000	–	–	–	–	1.8750	480,000	1.8750
	31/12/2012	1/1/2017 – 31/12/2022	360,000	–	–	–	–	1.8750	360,000	1.8750
	31/12/2012	1/1/2018 – 31/12/2022	360,000	–	–	–	–	1.8750	360,000	1.8750
	31/12/2013	1/1/2017 – 31/12/2023	400,000	–	–	–	–	1.9300	400,000	1.9300
	31/12/2013	1/1/2018 – 31/12/2023	300,000	–	–	–	–	1.9300	300,000	1.9300
	31/12/2013	1/1/2019 – 31/12/2023	300,000	–	–	–	–	1.9300	300,000	1.9300
Kwok Ying Lan	31/12/2012	1/1/2016 – 31/12/2022	480,000	–	–	–	–	1.8750	480,000	1.8750
	31/12/2012	1/1/2017 – 31/12/2022	360,000	–	–	–	–	1.8750	360,000	1.8750
	31/12/2012	1/1/2018 – 31/12/2022	360,000	–	–	–	–	1.8750	360,000	1.8750
	31/12/2013	1/1/2017 – 31/12/2023	400,000	–	–	–	–	1.9300	400,000	1.9300
	31/12/2013	1/1/2018 – 31/12/2023	300,000	–	–	–	–	1.9300	300,000	1.9300
	31/12/2013	1/1/2019 – 31/12/2023	300,000	–	–	–	–	1.9300	300,000	1.9300
Lin Longzhi	31/12/2012	1/1/2016 – 31/12/2022	9,840,000	–	–	–	–	1.8750	9,840,000	1.8750
	31/12/2012	1/1/2017 – 31/12/2022	7,380,000	–	–	–	–	1.8750	7,380,000	1.8750
	31/12/2012	1/1/2018 – 31/12/2022	7,380,000	–	–	–	–	1.8750	7,380,000	1.8750
Lin Conghui	31/12/2012	1/1/2016 – 31/12/2022	5,040,000	–	–	–	–	1.8750	5,040,000	1.8750
	31/12/2012	1/1/2017 – 31/12/2022	3,780,000	–	–	–	–	1.8750	3,780,000	1.8750
	31/12/2012	1/1/2018 – 31/12/2022	3,780,000	–	–	–	–	1.8750	3,780,000	1.8750
Key Management Personnel and other eligible employees										
N/A	31/12/2012	1/1/2016 – 31/12/2022	1,140,480	–	–	167,040	–	1.8750	973,440	1.8750
N/A	31/12/2012	1/1/2017 – 31/12/2022	855,360	–	–	125,280	–	1.8750	730,080	1.8750
N/A	31/12/2012	1/1/2018 – 31/12/2022	855,360	–	–	125,280	–	1.8750	730,080	1.8750
N/A	31/12/2013	1/1/2017 – 31/12/2023	3,850,400	–	–	564,400	–	1.9300	3,286,000	1.9300
N/A	31/12/2013	1/1/2018 – 31/12/2023	2,887,800	–	–	423,300	–	1.9300	2,464,500	1.9300
N/A	31/12/2013	1/1/2019 – 31/12/2023	2,887,800	–	–	423,300	–	1.9300	2,464,500	1.9300

⁽¹⁾ Adjusted for the bonus issue of shares by the Company in July 2013.

Save as disclosed above, none of the Grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).

The grant of Share Options to each of the above directors had been approved by the independent non-executive directors of the Company in accordance with Rule 17.04(1) of the Listing Rules and approved by the remuneration committee of the Company.

The purpose of the Scheme is to provide Participants with the opportunity to acquire proprietary interests in the Company, to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole, and to provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

The total number of shares issued and to be issued upon exercise of the options granted and to be granted under the Scheme shall not exceed 345,599,999 shares of the Company in aggregate, representing 10% of the issued share capital of the Company on the date of adoption of the Scheme (i.e. 24 May 2010), and the total number of shares issued and to be issued upon exercise of the options granted and to be granted under the Scheme and any other share option scheme(s) of the Company to each Participant in any 12 month period shall not exceed 1% of the total number of shares in issue. At the time of grant of the options under the Scheme, the Company may specify any minimum period(s) for which the options must be held before it can be exercised. The period within which the options under the Scheme may be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant.

The amount payable on acceptance of an option to be granted under the Scheme is HK\$1.00 and the exercise price of the option shall be such price determined by the Board in its absolute discretion and notified to the Participant at the time an offer of the grant of an option is made, but in any event, shall be no less than the higher of:

- (a) the closing price of the share of the Company as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the date of grant;
- (b) the average closing price of the share of the Company as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant; or
- (c) the nominal value of the share of the Company on the date of grant.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report, being the latest practicable date prior to the date of this report.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group, discussed auditing, internal control and financial reporting matters, and reviewed the consolidated financial statements and results of the Group for the year ended 31 December 2014.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

AUDITORS

The financial statements have been audited by the Company's auditors, Ernst & Young, who will retire and, being eligible, will offer themselves for reappointment at the forthcoming annual general meeting. There has been no change of the auditors of the Company since the listing of the Company's shares on the Hong Kong Stock Exchange on 2 November 2009.

ON BEHALF OF THE BOARD

Lam Lung On

Chairman

Hong Kong

25 March 2015

Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all, except A.2.1, where applicable, of the rules of the Main Board, code provisions and, where applicable, most of the recommended best practices as set out in Appendix 14 Corporate Governance Code (“CG Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the year ended 31 December 2014.

Key corporate governance principles and corporate governance practices of the Company are summarised below:

I. CODE PROVISIONS

Code Ref.	Code Provisions	Comply (“C”)/ Explain (“E”)	Corporate Governance Practices																				
A.	DIRECTORS																						
A.1	THE BOARD																						
	<i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company’s affairs.</i>																						
	<i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i>																						
A.1.1	Regular board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of majority of directors.	C	<ul style="list-style-type: none"> The Board meets regularly and held meetings in January, March, August and December of 2014. Directors’ attendance records in 2014 are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Directors</td> </tr> <tr> <td>Lam Lung On (<i>Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>Kwok Ying Lan (<i>Vice Chairman</i>)</td> <td>4/4</td> </tr> <tr> <td>Lin Longzhi</td> <td>4/4</td> </tr> <tr> <td>Lin Conghui</td> <td>4/4</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>Gu Jiande</td> <td>4/4</td> </tr> <tr> <td>Lam Kwong Siu</td> <td>4/4</td> </tr> <tr> <td>Wee Henry Soon Chiang</td> <td>4/4</td> </tr> </tbody> </table> <p>Note: The Directors may attend meetings in person, by telephone or through other means of electronic communication or by their alternate Directors (if applicable) in accordance with the Company’s Bye-laws.</p>	Members of the Board	Attendance	Executive Directors		Lam Lung On (<i>Chairman</i>)	4/4	Kwok Ying Lan (<i>Vice Chairman</i>)	4/4	Lin Longzhi	4/4	Lin Conghui	4/4	Independent Non-executive Directors		Gu Jiande	4/4	Lam Kwong Siu	4/4	Wee Henry Soon Chiang	4/4
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Wee Henry Soon Chiang	4/4																						
A.1.2	All directors are given an opportunity to include matters in the agenda for regular board meetings.	C	<ul style="list-style-type: none"> All Directors are consulted as to whether they may wish to include any matter in the agenda before the agenda for each regular Board meeting is issued. 																				
A.1.3	– At least 14 days notice for regular board meetings	C	<ul style="list-style-type: none"> Regular Board meetings in a particular year are usually scheduled towards the end of the immediately preceding year to give all Directors adequate time to plan their schedules to attend the meetings. 																				
	– Reasonable notice for other board meetings	C	<ul style="list-style-type: none"> At least 14 days formal notice would be given before each regular meeting. According to the Company’s Bye-laws, any Director may waive notice of any meeting. 																				

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.1.4	Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.	C	<ul style="list-style-type: none"> The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. Board and Board Committee minutes/resolutions are sent to all Directors/ Board Committee members within a reasonable time (generally within 14 days) after each Board and Board Committee meeting. Board and Board Committee minutes/resolutions are available for inspection by Directors/Board Committee members.
A.1.5	<ul style="list-style-type: none"> Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached. Draft and final versions of minutes for all directors to comment and to keep records within a reasonable time after the board meeting. 	C	<ul style="list-style-type: none"> Minutes record in sufficient detail the matters considered by the Board/Board Committees and decisions reached. Directors are given an opportunity to comment on draft Board minutes. Final version of Board minutes is placed on record within a reasonable time after the Board meeting.
A.1.6	<ul style="list-style-type: none"> A procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the company's expense The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the company. 	C	<ul style="list-style-type: none"> Directors have been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should such advice be considered necessary by any Director.
A.1.7	<ul style="list-style-type: none"> If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose associates, have no material interest in the transaction should be present at that board meeting. 	C	<ul style="list-style-type: none"> Important matters are usually dealt with by way of written resolutions so that all Directors (including Independent Non-executive Directors) can note and comment, as appropriate, the matters before approval is granted. Director must declare his/her interest in the matters to be passed in the resolution, if applicable. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.
A.1.8	Arrange appropriate insurance cover in respect of legal action against the directors	C	<ul style="list-style-type: none"> The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 2009 including the year 2014/2015.
A.2	<p>CHAIRMAN AND CHIEF EXECUTIVE</p> <p><i>Corporate Governance Principle</i> There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.</p>		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.1	– Separate roles of Chairman and Chief Executive Officer not to be performed by the same individual.	E	<ul style="list-style-type: none"> • Despite the code provision A.2.1 requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual, the Group's current practice has deviated from the requirement of this provision. Mr. Lam Lung On is the Chairman and also the Chief Executive Officer of the Group. • After due consideration to the unique history and development of the Group's own business and structure, the Board decided to maintain this structure. Mr. Lam has extensive experience in real estate management projects, is responsible for the Group's overall strategy planning and business management. The Board believes that the current structure gives significant benefits to the Group as it maintains a strong and effective leadership and ensures an efficient decision making process. • Furthermore, the Board comprises reputable and experienced professionals who assist in maintaining a balance of power without compromising the consistent leadership of the Group. The Chairman, as convener and chair person of Board meetings, has no special power which is different from that of other Directors in the decision-making of the Board. • To help achieve a balance of power and authority, the Company has in place an established management system and structure. For the Investment Decision Committee, Tender Decision Committee, Purchasing Decision Committee and Marketing Decision Committee, all of which comprise certain Executive Directors and senior management, hold regular meetings for day-to-day business management. Decisions on all material matters will be subject to complete and stringent deliberation and decision making procedures in order to ensure the balance of power and authority.
	– Division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.	E	
A.2.2	The Chairman should ensure that all Directors are properly briefed on issues arising at board meetings.	C	<ul style="list-style-type: none"> • With the assistance of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information on a timely basis.
A.2.3	The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.	C	<ul style="list-style-type: none"> • The Board papers including supporting analysis and related background information are normally sent to the Directors at least three days before Board meetings. • Communications between Independent Non-executive Directors on the one hand, and the Company Secretary as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and further supporting information and/or documentation is provided as appropriate.
A.2.4	– The chairman to provide leadership for the board	C	<ul style="list-style-type: none"> • The Chairman of the Board is an Executive Director who is responsible for the leadership and effective running of the Board. • The Chairman of the Board determines the broad strategic direction of the Group in consultation with the Board and is responsible for the high-level oversight of management. • The Board meets regularly and held meetings in January, March, August and December of 2014. • With the support of the Executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on all key and appropriate issues in a timely manner. • The Company Secretary assists the Chairman in preparing the agenda for each Board meeting and ensures that, where applicable, matters proposed by other Directors are included in the agenda; and that all applicable rules and regulations are followed.
	– The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.	C	
	– The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.	C	

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices														
A.2.5	The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.	C	<ul style="list-style-type: none"> The Board as a whole and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. 														
A.2.6	<ul style="list-style-type: none"> The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the company. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus. 	C	<ul style="list-style-type: none"> Please refer to A.2.3 and A.2.4 above for the details. 														
A.2.7	The chairman should at least annually hold meetings with the independent non-executive directors without the executive directors present.	C	<ul style="list-style-type: none"> In addition to regular Board meetings, the Chairman of the Board met with the Independent Non-executive Directors without the presence of the Executive Directors in December of 2014. Details of the attendance records of the meeting is as follows: <table border="1" data-bbox="837 1024 1428 1239"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Director</td> </tr> <tr> <td>Lam Lung On (<i>Chairman</i>)</td> <td>1/1</td> </tr> <tr> <td colspan="2">Independent Non-Executive Director</td> </tr> <tr> <td>Gu Jiande</td> <td>1/1</td> </tr> <tr> <td>Lam Kwong Siu</td> <td>1/1</td> </tr> <tr> <td>Wee Henry Soon Chiang</td> <td>1/1</td> </tr> </tbody> </table> <p>Note: The Directors may attend meetings in person, by telephone or through other means of electronic communication or by their alternate Directors (if applicable) in accordance with the Company's Bye-laws.</p>	Members of the Board	Attendance	Executive Director		Lam Lung On (<i>Chairman</i>)	1/1	Independent Non-Executive Director		Gu Jiande	1/1	Lam Kwong Siu	1/1	Wee Henry Soon Chiang	1/1
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A.2.8	The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.	C	<ul style="list-style-type: none"> The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time to update on the performance of the Group; (vi) the Company's Branch Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally. The Board has established a shareholders communication policy and has made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. 														

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.2.9	The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.	C	<ul style="list-style-type: none"> The Chairman promotes a culture of openness and activity encourages Directors with different views to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's functions.
A.3	<p>BOARD COMPOSITION</p> <p><i>Corporate Governance Principle</i> The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</p>		
A.3.1	Independent Non-executive Directors should be expressly identified as such in all corporate communications that disclose the names of Directors of the company.	C	<ul style="list-style-type: none"> The composition of the Board, by category and position of Directors including the names of the Chairman, Executive Directors, and Independent Non-executive Directors, is disclosed in corporate communications. The Board consists of a total of seven Directors, comprising four Executive Directors and three Independent Non-executive Directors. Of which, more than one Independent Non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise. Details of the composition of the Board are set out on page 216. The Directors' biographical information and the relationships among the Directors are set out on pages 86 to 89. Review the Board composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.
A.3.2	The company should maintain on its website and on HKEx's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors.	C	<ul style="list-style-type: none"> The Company maintains on its website an updated list of its Directors identifying their respective roles and functions together with their biographical information, and whether they are independent non-executive directors. Since February 2012, the updated list of Directors has been posted on the website of HKEx which has been revised from time to time. The Company has also posted on its website and the website of HKEx the Terms of Reference of its Board Committees to enable the shareholders to understand the roles played by those Independent Non-executive Directors who serve on the relevant Board Committees.
A.4	<p>APPOINTMENTS, RE-ELECTION AND REMOVAL</p> <p><i>Corporate Governance Principle</i> There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals.</p>		
A.4.1	Non-executive directors should be appointed for a specific term, subject to re-election.	C	<ul style="list-style-type: none"> All Directors are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code.

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.4.2	– All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.	C	<ul style="list-style-type: none"> In accordance with the Company's Bye-laws, newly appointed Directors are required to offer themselves for re-election at the next following general meeting (in the case of filling a casual vacancy) or at the next following annual general meeting (in the case of an addition to the existing Board) following their appointment.
	– Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.	C	<ul style="list-style-type: none"> The Board as a whole is responsible for the appointment of new Directors and Directors' nomination for re-election by shareholders at the general meeting of the Company. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. Any such new Director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board) and shall then be eligible for re-election at the same general meeting. All Directors are subject to retirement by rotation at least once every three years and are subject to re-election in accordance with the Company's Bye-laws and the CG Code. The structure, size and composition of the Board are reviewed from time to time to ensure the Board has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company. The independence of the Independent Non-executive Directors is assessed according to the relevant rules and requirements under the Listing Rules. Each of the Independent Non-executive Directors makes an annual confirmation of independence pursuant to the requirements of the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. The Company has published the procedures for shareholders to propose a person for election as a Director on its website.
A.4.3	– If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders.	C	<ul style="list-style-type: none"> Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules.
	– The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.	C	<ul style="list-style-type: none"> The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. In respect of an Independent Non-executive Director who has served more than nine years, the Company had expressed its view in the circular for the 2014 Annual General Meeting as regards such Director's independence. In accordance with the CG Code, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected. As their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.
A.5	NOMINATION COMMITTEE		
	<p><i>Corporate Governance Principle</i> <i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under Sections A.3 and A.4 in the CG Code.</i></p>		

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
A.5.1	<p>– The Company should establish a nomination committee. A majority of the members of the nomination committee should be independent non-executive Directors.</p>	C	<ul style="list-style-type: none"> The Company established a nomination committee on 9 October 2009. The nomination committee consists of three members, comprising two of Independent Non-executive Directors, Mr. Gu Jiande and Mr. Wee Henry Soon Chiang, and one executive Director, Mr. Lam Lung On. The chairman of the nomination committee is Mr. Gu Jiande. Since the publication of the Company's 2013 annual report in April 2014, a meeting of the Nomination Committee was held in August and December 2014. Details of the attendance records of the members of the Nomination Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Nomination Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Gu Jiande (<i>Chairman</i>)</td> <td>2/2</td> </tr> <tr> <td>Lam Lung On</td> <td>2/2</td> </tr> <tr> <td>Wee Henry Soon Chiang</td> <td>2/2</td> </tr> </tbody> </table> <p>Note: The members of the Nomination Committee may attend meetings in person, by telephone or through other means of electronic communication or by their alternates (if applicable) in accordance with the Company's Bye-laws.</p>	Members of the Nomination Committee	Attendance	Gu Jiande (<i>Chairman</i>)	2/2	Lam Lung On	2/2	Wee Henry Soon Chiang	2/2
Members of the Nomination Committee	Attendance										
Gu Jiande (<i>Chairman</i>)	2/2										
Lam Lung On	2/2										
Wee Henry Soon Chiang	2/2										
A.5.2	<p>– The nomination committee should be established with specific terms of reference which deal clearly with the committee's authority and duties.</p> <p>– It should perform the following duties:</p> <p>(a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board to complement the Company's corporate strategy;</p> <p>(b) identify individuals suitably qualified to become board members and select or make recommendations to the Board in the selection of, individuals nominated for Directorships;</p> <p>(c) assess the independence of independent non-executive Directors; and</p> <p>(d) make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and chief executive officer.</p>	<p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> The Company has terms of reference for the nomination committee. The nomination committee is responsible for reviewing the structure, size and composition of the Board at least once every year to ensure that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Company, identifying, screening and recommending to the Board appropriate candidates to serve as Directors, overseeing the process for evaluating the performance of the Board, assessing the independence of Independent Non-executive Directors. The Board Committee members have been advised that the Company Secretary can arrange independent professional advice, at Company's expenses, should such advice be considered necessary by any Board Committee member. Under the Company's Bye-laws, the Board may from time to time appoint a Director either to fill a casual vacancy or as an addition to the existing Board. The Company adopts a formal, considered and transparent procedure for the appointment of new Directors. Before a prospective Director's name is formally proposed, the opinions of the existing Directors (including the Independent Non-executive Directors) are sought. After considering the proposal for the appointment of a new Director, the Board as a whole will make the final decision. The Board as a whole is responsible for assessing the independence of the Independent Non-executive Directors according to the relevant rules and requirements under the Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in the relevant requirements of the Listing Rules and are independent in accordance with the terms of the guidelines. 								

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.3	– The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on HKEx's website and the Company's website.	C	<ul style="list-style-type: none"> The Company has made the terms of reference of the nomination committee on HKEx's website and the Company's website. Each Independent Non-executive Director who was subject to retirement by rotation was appointed by a separate resolution in the Company's annual general meeting. Each Independent Non-executive Director who was eligible for re-election at the annual general meeting had made a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company had expressed the view in its circular that each Independent Non-executive Director who was eligible for re-election had met the independence guidelines set out in Rule 3.13 of the Listing Rules and was independent in accordance with the terms of the guidelines. While in accordance with the recommended best practices, the Company has to include its own recommendation in the circular to explain why a particular candidate should be re-elected, as their relevant credentials have been included in the circular for the shareholders' information, the Company opines that it is more important for the shareholders themselves to make their own independent decision on whether to approve a particular re-election or not.
A.5.4	– The Company should provide the nomination committee sufficient resources to perform its duties, where necessary, the nomination committee should seek independent professional advice at the Company's expense, to perform its responsibilities.	C	
A.5.5	– Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.	C	<ul style="list-style-type: none"> Please refer to A.4.3 above for the details.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.5.6	– The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the Corporate Governance Report.	C	<ul style="list-style-type: none"> In August 2013, the Company has established a policy concerning diversity of Board members ("Board Diversity Policy") and has made it available on the Company's website. <p><i>Purpose</i></p> <ul style="list-style-type: none"> This Policy aims to set out the approach to achieve diversity on the Company's board of directors. <p><i>Vision</i></p> <ul style="list-style-type: none"> The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. <p><i>Policy Statement</i></p> <ul style="list-style-type: none"> With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. 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. <p><i>Monitoring and Reporting</i></p> <ul style="list-style-type: none"> The Nomination Committee will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy. <p><i>Review of this Policy</i></p> <ul style="list-style-type: none"> The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. <p><i>Disclosure of this Policy</i></p> <ul style="list-style-type: none"> This Policy will be published on the Company's website for public information. A summary of this Policy together with the measurable objectives set for implementing this Policy, and the progress made towards achieving those objectives will be disclosed in the annual Corporate Governance Report.
A.6	RESPONSIBILITIES OF DIRECTORS		
	<p><i>Corporate Governance Principle</i> Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</p>		

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.1	Every newly appointed director of the company should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the company's business and governance policies.	C	<ul style="list-style-type: none"> The Company Secretary and key officers of the Company Secretarial Department liaise closely with newly appointed Directors both immediately before and after his/her appointment to acquaint them with the duties and responsibilities as a Director of the Company and the business operation of the Company. A package, that has been compiled and reviewed by the Company's legal advisers setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.
A.6.2	<p>The functions of non-executive directors include:</p> <ul style="list-style-type: none"> bring independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct at board meetings take the lead on potential conflicts of interests serve on the audit, remuneration, nomination and other governance committees, if invited scrutinise the company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting 	C	<ul style="list-style-type: none"> The Independent Non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Company. The Independent Non-executive Directors review the financial information and operational performance of the Company on a regular basis. The Independent Non-executive Directors are invited to serve on the Audit Committee, Nomination Committee and Remuneration Committee of the Company.
A.6.3	Every director should ensure that he can give sufficient time and attention to the company's affairs and should not accept the appointment if he cannot do so.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings during the year. Please refer to A.1.1 above for the attendance records. Every Executive Director has hands-on knowledge and expertise in the areas and operation in which he/she is charged with. Appropriate attention to the affairs of the Company is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his/her area of knowledge and expertise, and his/her global perspective.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.6.4	Board should establish written guidelines no less exacting than the Model Code for relevant employees.	C	<ul style="list-style-type: none"> The Company had adopted the model code for securities transactions by directors of listed issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions effective from 2009. The Model Code has been revised and adopted by the Company from time to time to comply with the new requirements set out in Appendix 10 to the Listing Rules. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code for the year ended 31 December 2014. Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company. Since December 2011, the Company has established a policy on handling of confidential and price-sensitive information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished price-sensitive information in relation to the Group. Such policy has since been revised to comply with the new requirements set out in Part XIVA of the Securities and Futures Ordinance that came into effect on 1 January 2013. Such revised policy has been posted on the Company's intranet and disseminated to all employees of the Company in December 2012.
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	C	<ul style="list-style-type: none"> A package, that has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules and relevant regulatory requirements is provided to each newly appointed Director. Further information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors have also been forwarded to each Director for his/her information and ready reference. In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors. The Directors have provided to the Company their records of continuous professional development during the year 2014. During the year, the Company had arranged at the cost of the Company Directors seminar sessions conducted by qualified professionals experienced on topics relating to the roles, functions and duties of the Directors. Certificates were issued to Directors who had attended the seminar sessions. Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																				
			<ul style="list-style-type: none"> The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means: <ol style="list-style-type: none"> Reading memoranda issued or materials provided (for example, in-house directors' seminar) from time to time by the Company to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance; Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by the Company and/or professional bodies and/or government authorities; and Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties. Records of the Directors' training during 2014 are as follows: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Members of the Board</th> <th>Training received</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Director</td> </tr> <tr> <td>LAM Lung On (<i>Chairman</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>KWOK Ying Lan (<i>Vice Chairman</i>)</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>LIN Longzhi</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>LIN Conghui</td> <td>(1), (2) & (3)</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>GU Jiande</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>WEE Henny Soon Chiang</td> <td>(1), (2) & (3)</td> </tr> <tr> <td>LAM Kwong Siu</td> <td>(1), (2) & (3)</td> </tr> </tbody> </table> 	Members of the Board	Training received	Executive Director		LAM Lung On (<i>Chairman</i>)	(1), (2) & (3)	KWOK Ying Lan (<i>Vice Chairman</i>)	(1), (2) & (3)	LIN Longzhi	(1), (2) & (3)	LIN Conghui	(1), (2) & (3)	Independent Non-executive Directors		GU Jiande	(1), (2) & (3)	WEE Henny Soon Chiang	(1), (2) & (3)	LAM Kwong Siu	(1), (2) & (3)
Members of the Board	Training received																						
Executive Director																							
LAM Lung On (<i>Chairman</i>)	(1), (2) & (3)																						
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WEE Henny Soon Chiang	(1), (2) & (3)																						
LAM Kwong Siu	(1), (2) & (3)																						
A.6.6	Each director should disclose to the company at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made.	C	<ul style="list-style-type: none"> The Directors have disclosed to the Company at the time of their appointment and from time to time thereafter the number and nature of offices held in public companies or organisations and other significant commitments, identifying the public companies or organisations involved. 																				
A.6.7	Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.	C	<ul style="list-style-type: none"> There is satisfactory attendance at Board meetings, Board Committee meetings, the meetings between the Chairman and the Independent Non-executive Directors and the general meeting during the year. Please refer to A.1.1, A.2.7, A.5.1, B.1.2, C.3.1 and E.1.2 for the attendance records. Extent of participation and contribution should be viewed both quantitatively and qualitatively. 																				
A.6.8	Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the company's strategy and policies through independent, constructive and informed comments.	C	<ul style="list-style-type: none"> Please refer to A.6.7 above. 																				

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.7	SUPPLY OF AND ACCESS TO INFORMATION		
	<i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i>		
A.7.1	– Send agenda and full board papers to all directors at least 3 days before regular board or board committee meetings	C	• Board/Board Committee papers are circulated not less than three days before the regular Board/Board Committee meetings to enable the Directors/Board Committee members to make informed decisions on matters to be raised at the Board/Board Committee meetings.
	– As far as practicable for other board or board committee meetings	C	
A.7.2	– Management has an obligation to supply the board and its committees with adequate and reliable information in a timely manner to enable it to make informed decisions.	C	• The Company Secretary and the Chief Financial Officer attend all regular Board meetings to advise on corporate governance, statutory compliance, and accounting and financial matters, as appropriate.
	– The board and individual directors should have separate and independent access to the company's senior management for making further enquiries where necessary.	C	• Communications between Directors on the one hand, and the Company Secretary, who acts as co-ordinator for the other business units of the Group on the other, is a dynamic and interactive process to ensure that queries raised and clarification sought by the Directors are dealt with and that further supporting information is provided, as appropriate.
A.7.3	– All directors are entitled to have access to board papers and related materials.	C	• Please see A.7.1 and A.7.2 above.
	– Queries raised by directors should receive a prompt and full response, if possible.	C	
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION		
B.1	THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE		
	<i>Corporate Governance Principle</i> <i>The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.</i>		
B.1.1	The Remuneration Committee should consult the Chairman and/or Chief Executive Officer about their proposals relating to the remuneration of other executive Directors and have access to professional advice if considered necessary.	C	• The Remuneration Committee has consulted the Chairman and/or Group Chief Executive Officer about the proposals relating to the remuneration packages and other human resources issues of the Directors and senior management, including but not limited to, the succession plan and key personnel movements as well as the policies for recruiting and retaining qualified personnel.
			• The emoluments of Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company and prevailing market conditions.
			• To enable them to provide better advice on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.
			• The Remuneration Committee is satisfied that there is in place a clear system for determining remuneration, which is reasonable and has been followed consistently in its application.

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
B.1.2	The remuneration committee's terms of reference should include:		<ul style="list-style-type: none"> The Company has set up a remuneration committee ("Remuneration Committee") with a majority of the members being Independent Non-executive Directors. The Company established its Remuneration Committee on 9 October 2009. The Remuneration Committee comprises the Chairman of the Board, Mr. Lam Lung On, and two Independent Non-executive Directors, namely, Mr. Gu Jiande (Chairman of the Remuneration Committee) and Mr. Wee Henry Soon Chiang. The terms of reference of the Remuneration Committee, which follow closely the requirements of the Code Provisions, including determination of the specific remuneration packages of all executive Directors and senior management, have been adopted by the Board, and are posted on the Company's website and Stock Exchange's website. Since the publication of the Company's 2013 annual report in April 2014, meetings of the Remuneration Committee was held in August and December 2014. Details of the attendance records of the members of the Remuneration Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Remuneration Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Gu Jiande (<i>Chairman</i>)</td> <td>2/2</td> </tr> <tr> <td>Lam Lung On</td> <td>2/2</td> </tr> <tr> <td>Wee Henry Soon Chiang</td> <td>2/2</td> </tr> </tbody> </table> 	Members of the Remuneration Committee	Attendance	Gu Jiande (<i>Chairman</i>)	2/2	Lam Lung On	2/2	Wee Henry Soon Chiang	2/2
Members of the Remuneration Committee	Attendance										
Gu Jiande (<i>Chairman</i>)	2/2										
Lam Lung On	2/2										
Wee Henry Soon Chiang	2/2										
	– recommend to the board on the company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy	C									
	– review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives	C									
	– either to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or to make recommendations to the board on the remuneration packages of individual executive directors and senior management	C									
	– recommend to the board on the remuneration of non-executive directors	C	Note: The members of the Remuneration Committee may attend meetings in person, by telephone or through other means of electronic communication or by their alternates (if applicable) in accordance with the Company's Bye-laws.								
	– consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group	C	<ul style="list-style-type: none"> The following is a summary of the work for the Remuneration Committee during the said meeting: <ol style="list-style-type: none"> Review of the remuneration policy for 2014/2015; Review of the remuneration of Independent Non-executive Directors; Review of the annual performance bonus policy; and Approval of remuneration packages of Executive Directors. 								
	– review and approve compensation payable on loss or termination of office or appointment	C									
	– review and approve compensation arrangements relating to dismissal or removal of directors for misconduct	C	<ul style="list-style-type: none"> No Director or any of his/her associates is involved in deciding his/her own remuneration at the meetings of the Remuneration Committee held in August and December 2014. 								
	– ensure that no director or any of his associates is involved in deciding his own remuneration	C									
B.1.3	The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board.	C	<ul style="list-style-type: none"> The terms of reference of the Remuneration Committee are posted on the Company's website and Stock Exchange's website. The principal responsibilities of the Remuneration Committee include determining the policy and structure for the remuneration of all executive Directors, evaluating the performance of executive Directors and senior management, reviewing incentive schemes and Directors' service contracts and fixing the remuneration packages for all Directors and senior management, and making recommendations to the Board on the remuneration of the Independent Non-Executive Directors. 								
B.1.4	The remuneration committee should be provided with sufficient resources to discharge its duties.	C	<ul style="list-style-type: none"> The Human Resources Department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee. 								

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.1.5	The company should disclose details of any remuneration payable to members of senior management by band in the annual reports.	C	<ul style="list-style-type: none"> The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company. Please refer to note 8 in the Notes to the Consolidated Financial Statements for details of the remuneration payable to the Directors.
C.	ACCOUNTABILITY AND AUDIT		
C.1	FINANCIAL REPORTING		
	<i>Corporate Governance Principle</i> <i>The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.</i>		
C.1.1	Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.	C	<ul style="list-style-type: none"> Directors are provided with a review of the Group's major business activities and key financial information on a quarterly basis.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the company's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	C	<ul style="list-style-type: none"> Monthly updates had been provided to all members of the Board since April 2012, the effective date of code provision C.1.2, for the purpose of providing a balance and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.
C.1.3	<ul style="list-style-type: none"> The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. 	<p>C</p> <p>C</p> <p>C</p> <p>N/A</p>	<ul style="list-style-type: none"> The Directors acknowledged in writing on an annual basis their responsibility for preparing the financial statements of the Group. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the CG Code. With the assistance of the Company's Finance and Accounting Department which is under the supervision of the Chief Financial Officer who is a professional accountant, the Directors ensure the preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the publication of the financial statements of the Group is in a timely manner. The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 133 to 134.
C.1.4	The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the company's objectives.	C	<ul style="list-style-type: none"> The Board has included the separate statement containing a discussion and analysis of the Group's Long Term Development Strategy in the Annual Report 2014.
C.1.5	The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.	C	<ul style="list-style-type: none"> The Board aims to present a clear, balanced and understandable assessment of the Group's performance and position in all shareholder communications. The Board is aware of and updated with the requirements under the applicable rules and regulations about timely disclosure of inside information or matters regarding the Company and will authorise the publication of such announcements as and when the occasion arises. The Company Secretary and key officers of the Company Secretarial Department work closely and in consultation with legal advisers to review the materiality and sensitivity of transactions and proposed transactions and advise the Board accordingly.

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2	INTERNAL CONTROLS		
	<i>Corporate Governance Principle</i> The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.		
C.2.1	<ul style="list-style-type: none"> - Directors to review the effectiveness of the company's and its subsidiaries' internal control systems at least annually and to report that they have done so in the Corporate Governance Report - The review should cover all material controls, including financial, operational and compliance controls and risk management functions. 	<p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The Board is ultimately responsible for the Group's internal control system and for review of its effectiveness. • The internal control system is designed to help the achievement of business objectives in the following categories: <ol style="list-style-type: none"> (1) Effectiveness and efficiency of operations which include safeguarding assets against unauthorised user or disposition; (2) Reliability of financial and operational reporting; and (3) Compliance with applicable laws, regulations, and internal policies and procedures. • The system is formulated to manage risk that may impede the achievement of the Group's business objectives rather than to eliminate that risk, and can only provide reasonable, not absolute, assurance against material errors, losses or fraud. The concept of reasonable assurance recognises that the cost of control procedure should not exceed the expected benefits. <p><i>Internal Control System</i></p> <ul style="list-style-type: none"> • The Board has overall responsibility for monitoring the operations of the businesses within the Group. Executive Directors and senior officials are appointed to the boards and board committees of all significant operating subsidiaries and associates to attend the board meetings and to oversee the operations. Monitoring activities include the review and approval of business strategies, budgets and plans, and setting of key performance indicators. • There are defined organisational structures and authority to operate various business units is delegated to respective managements within limits set by the Executive Directors. • The Head Office management has established operating and management reporting standards for use by all business units. Each business unit also has its own operating policies and procedures that are tailor-made to specific operational environment. • Individual business unit needs to prepare five-year plans which form the foundation of annual budgets and plans. All these plans/budgets have to be approved by the Executive Directors. Monitoring the actual results against the budgets are done monthly via the Executives' and management meetings at the Group and business unit levels, and appropriate actions are taken, if necessary. • Each business unit has to perform risk assessment half-yearly where the risks associated with achieving the business objectives are identified and analysed. It also includes a review of the control mechanism for each risk and action plan is put in place to address the areas for improvement. • The Head of Operation and Head of Finance of each business unit need to provide a formal half-yearly confirmation to acknowledge review of their control systems and highlight any weaknesses.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
			<ul style="list-style-type: none"> • The Group Internal Audit, reporting directly to the Audit Committee performs independent assessment of the internal control systems. Using a risk based methodology, Internal Audit prepares its audit plan in consultation with, but independent of, management, and it is reviewed by the Audit Committee. The audit work focuses on those areas of the Group's activities with greatest perceived risks. Ad hoc review will also be performed on areas of concern identified by the Audit Committee and management. Management of individual business unit will be informed of the areas for improvement, and Internal Audit is responsible for monitoring the corrective actions. • Reports from the external auditor, Ernst & Young, on internal controls and relevant financial reporting matters, are presented to the Audit Committee and management. <p><i>Controls on Inside Information</i></p> <ul style="list-style-type: none"> • Regarding the procedures and internal controls for handling inside information, the Group: <ol style="list-style-type: none"> (1) is well aware of its statutory and regulatory obligations to announce any inside information; (2) makes reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012; (3) has implemented policy and procedure which strictly prohibit unauthorised use of confidential information and insider trading, and has communicated to all staff; and (4) requires that only Directors and delegated officers can act as the Group's spokesperson and respond to external enquiries about the Group's affairs. <p><i>Effectiveness of Internal Control System</i></p> <ul style="list-style-type: none"> • The Board, through the Audit Committee of the Company, has conducted an annual review of the effectiveness of the internal control system operating in the Group and considers it is adequate and effective. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The Board is not aware of any significant areas of concern which may affect the shareholders. The Board is satisfied that the Group has fully complied with the code provisions on internal controls as set forth in the CG Code.
C.2.2	The board's annual review should, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function.	C	<ul style="list-style-type: none"> • The Board, through the Audit Committee and with the appraisal performed by the Internal Audit Department, reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function at the Board meeting held in March 2015 and noted that the Company has been in compliance with the Code Provision for the year 2014. Please also refer to C.3.3 below.
C.3	<p>AUDIT COMMITTEE</p> <p><i>Corporate Governance Principle</i> The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.</p>		

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices								
C.3.1	- Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting.	C	<ul style="list-style-type: none"> Minutes drafted by the Company Secretary are circulated to members of the Audit Committee within a reasonable time after each meeting. Audit Committee meetings were held in January, March and August 2014. Details of the attendance records of the members of the Audit Committee are as follows: <table border="1"> <thead> <tr> <th>Members of the Audit Committee</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>Wee Henry Soon Chiang (<i>Chairman</i>)</td> <td>3/3</td> </tr> <tr> <td>Gu Jiande</td> <td>3/3</td> </tr> <tr> <td>Lam Kwong Siu</td> <td>3/3</td> </tr> </tbody> </table> <p>Note: The members of the Audit Committee may attend meetings in person, by telephone or through other means of electronic communication or by their alternates (if applicable) in accordance with the Company's Bye-laws.</p> <ul style="list-style-type: none"> The following is a summary of the work of the Audit Committee during 2014: <ol style="list-style-type: none"> Review the financial reports for 2013 annual results and 2014 interim results; Review the findings and recommendations of the Group Internal Audit on the work of various divisions/departments and related companies; Review the effectiveness of the internal control system; Review the external auditor's audit findings; Review the auditor's remuneration; Review the risks of different business units and analysis thereof provided by the relevant business units; Review the control mechanisms for such risks advising on action plans for improvement of the situations; Review the arrangements employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters; and Perform the corporate governance functions and review the corporate governance policies and practices. After due and careful consideration of reports from management and the internal and external auditors, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found, and concluded at the meeting held on 25 March, 2015 that the internal control system was adequate and effective. 	Members of the Audit Committee	Attendance	Wee Henry Soon Chiang (<i>Chairman</i>)	3/3	Gu Jiande	3/3	Lam Kwong Siu	3/3
	Members of the Audit Committee	Attendance									
Wee Henry Soon Chiang (<i>Chairman</i>)	3/3										
Gu Jiande	3/3										
Lam Kwong Siu	3/3										
- Draft and final versions of minutes should be sent to all committee members for their comment and records within a reasonable time after the meeting.	C										

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
			<ul style="list-style-type: none"> On 25 March, 2015, the Audit Committee met to review the Group's 2014 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor. After review and discussions with the management, internal auditor and external auditor, the Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in the Annual Report 2014 complied with the applicable accounting standards and Appendix 16 to the Listing Rules. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for the year ended 31 December, 2014. The Audit Committee also recommended to the Board the re-appointment of Ernst & Young as the Company's external auditor for 2015 and that the related resolution shall be put forth for shareholders' consideration and approval at the 2015 annual general meeting. The Group's Annual Report for the year ended 31 December, 2014 has been reviewed by the Audit Committee.
C.3.2	A former partner of existing auditing firm shall not act as a member of the committee for 1 year from the date of his ceasing to be a partner of or to have any financial interest in, the firm, whichever is later.	C	<ul style="list-style-type: none"> No member of the Audit Committee is a former partner of the existing auditing firm of the Company during the one year after he/she ceases to be a partner of the auditing firm.
C.3.3	The audit committee's terms of reference should include:		<ul style="list-style-type: none"> The terms of reference of the Audit Committee (both English and Chinese versions), which follow closely the requirements of the CG Code and are modified from time to time and adopted by the Board, are posted on the websites of the Company and HKEx.
	– recommendations to the board on the appointment, reappointment and removal of external auditor and approval of their terms of engagement	C	
	– review and monitor external auditor's independence and objectivity and effectiveness of audit process	C	
	– review of the company's financial information	C	
	– oversight of the company's financial reporting system and internal control procedures, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the company's accounting and financial reporting function	C	

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3.4	The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on HKEx's and the company's website.	C	<ul style="list-style-type: none"> The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established the Audit Committee on 9 October 2009 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with the requirements of the CG Code, the terms of reference of the Audit Committee were revised from time to time in terms substantially the same as the provisions set out in the CG Code. The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx. The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board. Regular meetings have been held by the Audit Committee since its establishment. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Wee Henny Soon Chiang (Chairman of the Audit Committee), Mr. Gu Jiande and Mr. Lam Kwong Siu. The Audit Committee held three meetings in 2014.
C.3.5	Where the board disagrees with the audit committee's view regarding the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view.	N/A	<ul style="list-style-type: none"> The Audit Committee recommended to the Board that, subject to shareholders' approval at the forthcoming annual general meeting, Ernst & Young be re-appointed as the Company's external auditor for 2015. For the year ended 31 December 2014, the external auditor of the Company received approximately RMB2,650,000 for annual audit services and approximately RMB1,690,000 for other non-audit services rendered.
C.3.6	The audit committee should be provided with sufficient resources to perform its duties.	C	<ul style="list-style-type: none"> The Audit Committee has been advised that the Company Secretary can arrange independent professional advice at the expense of the Company should the seeking of such advice be considered necessary by the Audit Committee.
C.3.7	The terms of reference of the audit committee should also require it: <ul style="list-style-type: none"> to review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and to act as the key representative body for overseeing the company's relations with the external auditor. 	C	<ul style="list-style-type: none"> The Company has established the Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters for employees and those who deal with the Group to raise concerns, in confidence, with the Audit Committee about possible improprieties in matters of financial reporting, internal control or other matters relating to the Group. Such procedures were included into the Company's employees handbook and posted on the Company's website. The Company has issued an employee's handbook to its staff, which contains the mechanism for employees to raise any issues they may have to their department heads and to the human resources department for necessary action (whether these relate to their career development or any other grievances and complaints they may have).

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.	DELEGATION BY THE BOARD		
D.1	MANAGEMENT FUNCTIONS		
	<i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
D.1.1	When the board delegates aspects of its management and administration functions to management, it must at the same time give clear directions as to the management's power, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the company's behalf.	C	<ul style="list-style-type: none"> Executive Directors are in charge of different businesses and functional divisions in accordance with their respective areas of expertise. Please refer to the Management Structure Chart set out on page 128. For matters or transactions of a material nature, the same will be referred to the Board for approval. For matters or transactions of a magnitude requiring disclosure under the Listing Rules or other applicable rules or regulations, appropriate disclosure will be made and where necessary, circular will be prepared and shareholders' approval will be obtained in accordance with the requirements of the applicable rules and regulations.
D.1.2	Formalise functions reserved to the board and those delegated to management and to review those arrangements periodically to ensure that they remain appropriate to the company's needs.	C	<ul style="list-style-type: none"> The Board, led by the Chairman, is responsible for the Group's future development directions; overall strategies and policies; evaluation of the performance of the Group and the management; and approval of matters that are of a material or substantial nature. Under the leadership of the Chief Executive Officer, management is responsible for the day-to-day operations of the Group.
D.1.3	The company should disclose the respective responsibilities, accountabilities and contributions of the board and management.	C	<ul style="list-style-type: none"> Please refer to the Management Structure Chart set out on page 128.
D.1.4	Directors should clearly understand delegation arrangements in place. The company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.	C	<ul style="list-style-type: none"> In October 2013, formal letters of appointment have been issued to all Directors setting out the key terms and conditions of their respective appointment. Each newly appointed Director will also be issued with a letter of appointment.
D.2	BOARD COMMITTEES		
	<i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
D.2.1	Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.	C	<ul style="list-style-type: none"> Three Board Committees, namely, Audit Committee, Nomination Committee and Remuneration Committee, have been established with specific terms of reference.
D.2.2	The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).	C	<ul style="list-style-type: none"> Board Committees report to the Board of their decisions and recommendations at the Board meetings.

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
D.3	CORPORATE GOVERNANCE FUNCTIONS		
D.3.1	<p>The terms of reference of the board (or a committee or committees performing this function) should include:-</p> <ul style="list-style-type: none"> - develop and review the company's policies and practices on corporate governance and make recommendations to the board; - review and monitor the training and continuous professional development of directors and senior management; - review and monitor the company's policies and practices on compliance with legal and regulatory requirements; - develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and - review the company's compliance with the CG Code and disclosure in the Corporate Governance Report. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • The terms of reference of the Audit Committee were effected from 9 October 2009 to include the following corporate governance functions delegated by the Board: <ol style="list-style-type: none"> 1. Develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; 2. Review and monitor the training and continuous professional development of Directors and senior management; 3. Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; 4. Develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and 5. Review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. • At the Audit Committee's meeting held in March, 2015, members of the Audit Committee had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.
D.3.2	<p>The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 or it may delegate the responsibility to a committee or committees.</p>	C	<ul style="list-style-type: none"> • The board has delegated the responsibility of performing the corporate governance duties to the Audit Committee. To that effect, the terms of reference of the Audit Committee as set out in D.3.1 above were effected from 9 October 2009 to include the corporate governance functions delegated by the Board.
E.	COMMUNICATION WITH SHAREHOLDERS		
E.1	EFFECTIVE COMMUNICATION		
	<p><i>Corporate Governance Principle</i></p> <p><i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i></p>		
E.1.1	<p>For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The company should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the company should explain the reasons and material implications in the notice of meeting.</p>	C	<ul style="list-style-type: none"> • Separate resolutions are proposed at the general meetings of the Company for each substantially separate issue, including the election of individual directors.

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices																				
E.1.2	– The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee to be available to answer questions at the annual general meeting.	C	<ul style="list-style-type: none"> In 2014, the Chairman of the Board, Chairman of the Audit Committee, Chairman of Nomination Committee and Chairman of the Remuneration Committee attended the 2014 annual general meeting and were available to answer questions. Directors' attendance records of the 2014 annual general meeting are as follows: <table border="1"> <thead> <tr> <th>Members of the Board</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td colspan="2">Executive Director</td> </tr> <tr> <td>LAM Lung On (<i>Chairman of the Board</i>)</td> <td>1/1</td> </tr> <tr> <td>KWOK Ying Lan</td> <td>1/1</td> </tr> <tr> <td>LIN Longzhi</td> <td>0/1</td> </tr> <tr> <td>LIN Conghui</td> <td>0/1</td> </tr> <tr> <td colspan="2">Independent Non-executive Directors</td> </tr> <tr> <td>GU Jiande</td> <td>1/1</td> </tr> <tr> <td>WEE Henny Soon Chiang</td> <td>1/1</td> </tr> <tr> <td>LAM Kwong Siu</td> <td>1/1</td> </tr> </tbody> </table> 	Members of the Board	Attendance	Executive Director		LAM Lung On (<i>Chairman of the Board</i>)	1/1	KWOK Ying Lan	1/1	LIN Longzhi	0/1	LIN Conghui	0/1	Independent Non-executive Directors		GU Jiande	1/1	WEE Henny Soon Chiang	1/1	LAM Kwong Siu	1/1
	Members of the Board	Attendance																					
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WEE Henny Soon Chiang	1/1																						
LAM Kwong Siu	1/1																						
– The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.	C																						
– The company's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.	C	<ul style="list-style-type: none"> In 2014, the Company's external auditor attended the annual general meeting and was available to answer questions. 																					
E.1.3	The company should arrange for the notice to shareholders to be sent for annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	C	<ul style="list-style-type: none"> The Company's notice to shareholders for the 2014 annual general meeting of the Company was sent at least 20 clear business days before the meeting. 																				
E.1.4	The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.	C	<ul style="list-style-type: none"> The Board has established a shareholders communication policy and made it available on the Company's website. The policy is subject to review on a regular basis to ensure its effectiveness. 																				
E.2	VOTING BY POLL <i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i>																						
E.2.1	The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.	C	<ul style="list-style-type: none"> At the 2014 annual general meeting, the Chairman of the meeting explained (through the Company Secretary) the detailed procedures for conducting a poll, and answered questions from shareholders. At the 2014 annual general meeting, the Chairman of the meeting exercised his power under the Company's Bye-laws to put each resolution set out in the notice to be voted by way of a poll. Representatives of the Branch Share Registrar of the Company were appointed as scrutineers to monitor and count the poll votes cast at the 2014 annual general meeting. Since the Company's 2010 annual general meeting, all the resolutions (other than procedural or administrative resolutions) put to vote at the Company's general meetings were taken by poll. Poll results were posted on the websites of the Company and HKEx. 																				

Corporate Governance Report

Code Ref.	Code Provisions	Comply ("C")/ Explain ("E")	Corporate Governance Practices
F.	COMPANY SECRETARY <i>Corporate Governance Principle</i> <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i>		
F.1.1	The company secretary should be an employee of the company and have day-to-day knowledge of the company's affairs.	C	<ul style="list-style-type: none"> The Company Secretary of the Company has been appointed in 2008 and has day-to-day knowledge of the Group's affairs. The Company Secretary ensures the effective conduct of board meetings and that Board procedures are duly followed. The Company Secretary prepares written resolutions or minutes and keeps records of substantive matters discussed and decisions resolved at all Board and Board Committee meetings. The Company Secretary also advises on compliance with all applicable laws, rules and regulations in relation to the investments of the Group and keeps the Board fully abreast of all legislative, regulatory and corporate governance developments.
F.1.2	The board should approve the selection, appointment or dismissal of the company secretary.	C	<ul style="list-style-type: none"> The appointment and removal of the Company Secretary is subject to Board approval in accordance with the Company's Bye-laws.
F.1.3	The company secretary should report to the board chairman and/or the chief executive.	C	<ul style="list-style-type: none"> The Company Secretary reports to the Board through the Chairman whilst all members of the Board have access to the advice of the Company Secretary.
F.1.4	All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.	C	<ul style="list-style-type: none"> Directors have access to the Company Secretary who are responsible to the Board for ensuring that Board procedures, and all applicable rules and regulations, are followed. Memoranda are issued to Directors from time to time to update them with legal and regulatory changes and matters of relevance to Directors in the discharge of their duties.

II. RECOMMENDED BEST PRACTICES

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
A.	DIRECTORS		
A.1	THE BOARD		
	<p><i>Corporate Governance Principle</i> <i>The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.</i> <i>The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them.</i></p>		
	There is no recommended best practice under Section A.1 in the CG Code.		
A.2	CHAIRMAN AND CHIEF EXECUTIVE		
	<p><i>Corporate Governance Principle</i> <i>There should be a clear division of responsibilities between the Chairman and the Group Managing Director of the Company to ensure a balance of power and authority.</i></p>		
	There is no recommended best practice under Section A.2 in the CG Code.		
A.3	BOARD COMPOSITION		
	<p><i>Corporate Governance Principle</i> <i>The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and should include a balanced composition of Executive and Non-executive Directors so that independent judgement can effectively be exercised.</i></p>		
	There is no recommended best practice under Section A.3 in the CG Code.		
A.4	APPOINTMENTS, RE-ELECTION AND REMOVAL		
	<p><i>Corporate Governance Principle</i> <i>There should be a formal, considered and transparent procedure for the appointment of new Directors and plans in place for orderly succession for appointment. All Directors should be subject to re-election at regular intervals.</i></p>		
	There is no recommended best practice under Section A.4 in the CG Code.		
A.5	NOMINATION COMMITTEE		
	<p><i>Corporate Governance Principle</i> <i>In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under Sections A.3 and A.4 in the CG Code.</i></p>		
	There is no recommended best practice under Section A.5 in the CG Code.		
A.6	RESPONSIBILITIES OF DIRECTORS		
	<p><i>Corporate Governance Principle</i> <i>Every Director must always know his responsibilities as a Director of the Company and its conduct, business activities and development.</i></p>		
	There is no recommended best practice under Section A.6 in the CG Code.		
A.7	SUPPLY OF AND ACCESS TO INFORMATION		
	<p><i>Corporate Governance Principle</i> <i>Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.</i></p>		
	There is no recommended best practice under Section A.7 in the CG Code.		

Corporate Governance Report

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
B.	REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION		
B.1	THE LEVEL AND MAKE-UP OF REMUNERATION AND DISCLOSURE		
	<i>Corporate Governance Principle</i> The Company should disclose its Director's remuneration policy and other remuneration related matters. The procedure for setting policy on Executive Directors' remuneration and all Directors' remuneration packages should be formal and transparent.		
B.1.6	Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.	N/A	<ul style="list-style-type: none"> The Board has never approved any remuneration or compensation arrangements which have previously been rejected by the Remuneration Committee.
B.1.7	A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.	C	<ul style="list-style-type: none"> In 2014, a significant proportion of Executive Directors' remuneration has been structured to link rewards to corporate and individual performance.
B.1.8	The company should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in the annual reports.	C	<ul style="list-style-type: none"> The Board has resolved that the senior management of the Company comprises only the Executive Directors of the Company.
B.1.9	The board should conduct a regular evaluation of its performance.	E	<ul style="list-style-type: none"> The performance of the Board is best reflected by the Company's results and stock price performance during the year.
C.	ACCOUNTABILITY AND AUDIT		
C.1	FINANCIAL REPORTING		
	<i>Corporate Governance Principle</i> The Board should present a balanced, clear and comprehensible assessment of the Company's performance, position and prospects.		
C.1.6 – C.1.7	<ul style="list-style-type: none"> The company should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the company's performance, financial position and prospects. The company's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts. Once the company announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years. Where it decides not to continuously announce and publish its financial results for a particular quarter, it should announce the reason(s) for this decision. 	E	<ul style="list-style-type: none"> The Company issued half-yearly financial results within 2 months after the end of the relevant period, and annual financial results within 3 months after the end of the relevant year. In addition, all significant transactions and inside information have been announced and disclosed in accordance with the Listing Rules during the year. The shareholders of the Company are therefore able to assess the performance, financial position and prospects of the Company. The Company does not consider it necessary, nor is it in the interests of the Company and its shareholders, to issue quarterly financial results. This would result in incurring costs disproportionate to any additional benefits to the shareholders. Please refer to C.1.6 above for details.

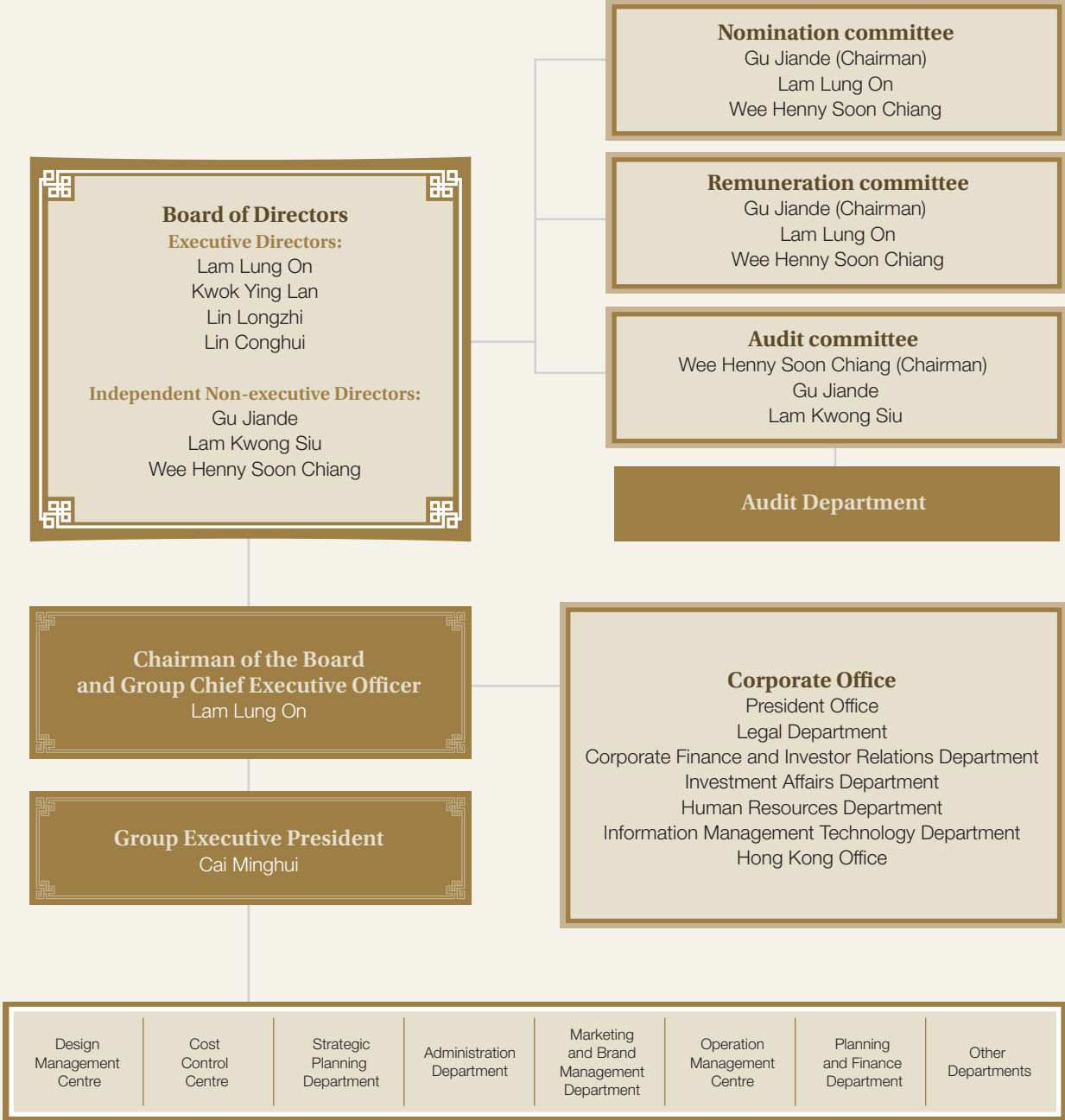
Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2	INTERNAL CONTROLS		
	<p><i>Corporate Governance Principle</i> <i>The Board should ensure that the Company maintains sound and effective internal controls to safeguard shareholders' investment and the Company's assets.</i></p>		
C.2.3	<p>The board's annual review should, in particular, consider:</p>		<ul style="list-style-type: none"> • The Board, through the Audit Committee, reviews annually the effectiveness of internal control system of the Company and its subsidiaries, such review considers: • the changes in the significant risks since the last review, and the Company's ability to respond to changes in its business and the external environment; • the management's ongoing monitoring of risks and the internal control system, and the work of the internal audit function; • the communication of the monitoring results to the Board that enables it to assess control of the Company and the effectiveness of the risk management; • any significant control failings or weaknesses identified and the extent to which they have caused unforeseeable outcomes or contingencies that had or might have material impact on the Company's financial performance or condition; and • the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.
	<ul style="list-style-type: none"> - the changes, since the last annual review, in the nature and extent of significant risks, and the company's ability to respond to changes in its business and the external environment; 	C	
	<ul style="list-style-type: none"> - the scope and quality of management's ongoing monitoring of risks and of the internal control system, and where applicable, the work of its internal audit function and other assurance providers; 	C	
	<ul style="list-style-type: none"> - the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the company and the effectiveness of risk management; 	C	
	<ul style="list-style-type: none"> - significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the company's financial performance or conditions; and 	C	
	<ul style="list-style-type: none"> - the effectiveness of the company's processes for financial reporting and Listing Rule compliance. 	C	

Corporate Governance Report

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.2.4	<p>The company should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with internal control code provisions during the reporting period. The disclosures should also include:</p> <ul style="list-style-type: none"> – the process used to identify, evaluate and manage significant risks; – additional information to explain its risk management processes and internal control system; – an acknowledgement by the board that it is responsible for the internal control system and reviewing its effectiveness; – the process used to review the effectiveness of the internal control system; and – the process used to resolve material internal control defects for any significant problems disclosed in its annual reports and accounts. 	<p>C</p> <p>C</p> <p>C</p> <p>C</p> <p>C</p>	<ul style="list-style-type: none"> • In the Corporate Governance Report, the Company, in particular item C.2.1 above, discloses: <ul style="list-style-type: none"> • the process used to identify, evaluate and manage the significant risks; • any additional information to explain its risk management processes and internal control system; • an acknowledgement by the Board that it is responsible for the internal control system and for reviewing its effectiveness; • the process used to review the effectiveness of internal control system; and • the process used to resolve material internal control defects for significant problems disclosed in its Annual Reports and Financial Statements.
C.2.5	The company should ensure that their disclosures provide meaningful information and do not give a misleading impression.	C	<ul style="list-style-type: none"> • The Company aims to ensure disclosures provide meaningful information and do not give a misleading impression.
C.2.6	The company without an internal audit function should review the need for one on an annual basis and should disclose the outcome of this review in the Corporate Governance Report.	N/A	<ul style="list-style-type: none"> • Please refer to C.2 above for the details.

Recommended Best Practice Ref.	Recommended Best Practices	Comply ("C")/ Explain ("E")	Corporate Governance Practices
C.3	AUDIT COMMITTEE <i>Corporate Governance Principle</i> <i>The Board should establish formal and transparent arrangements to consider how it will apply financial reporting and internal control principles and maintain an appropriate relationship with the Company's auditors.</i>		
C.3.8	The audit committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the company.	C	<ul style="list-style-type: none"> • Please refer to C.3.7 above for the details.
D.	DELEGATION BY THE BOARD		
D.1	MANAGEMENT FUNCTIONS <i>Corporate Governance Principle</i> <i>The Company should have a formal schedule of matters specifically reserved for Board approval and those delegated to management.</i>		
There is no recommended best practice under Section D.1 in the CG Code.			
D.2	BOARD COMMITTEES <i>Corporate Governance Principle</i> <i>Board Committees should be formed with specific written terms of reference which deal clearly with their authority and duties.</i>		
There is no recommended best practice under Section D.2 in the CG Code.			
D.3	CORPORATE GOVERNANCE FUNCTIONS		
There is no recommended best practice under Section D.3 in the CG Code.			
E.	COMMUNICATION WITH SHAREHOLDERS		
E.1	EFFECTIVE COMMUNICATION <i>Corporate Governance Principle</i> <i>The Board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.</i>		
There is no recommended best practice under Section E.1 in the CG Code.			
E.2	VOTING BY POLL <i>Corporate Governance Principle</i> <i>The Company should ensure that shareholders are familiar with the detailed procedures for conducting a poll.</i>		
There is no recommended best practice under Section E.2 in the CG Code.			
F.	COMPANY SECRETARY <i>Corporate Governance Principle</i> <i>The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the Chairman and/or the Group Managing Director on governance matters and should also facilitate induction and professional development of Directors.</i>		
There is no recommended best practice under Section F in the CG Code.			

MANAGEMENT STRUCTURE CHART



Investor Relations

2014 marked the fifth year of the Company's listing in Hong Kong. Since its listing, the Company has gradually formed a scientific and systematic management mechanism for investor relations after plenty of exploration and practice, which serves as a bridge for effective communication between the Company and the capital market. Adhering to the disclosure principles of openness, fairness, transparency and multi-channel, the Company discloses its financial and operation information to the capital market timely. It also listens attentively to various suggestions and proposals with regards to the Company's management and operation in a proactive, sincere and humble manner so as to improve the Company's management quality, enhance shareholders' value and maximize their interests.

Being the pioneer of the industry, the Company launched Investor Relations Wechat Platform in mid 2014, providing update latest information about the Company and industry. The platform has been appraised for the good design and contents. In early December, Investor and Media Reverse Roadshow was organized and providing the opportunities of site visit in Xiamen and Hefei and interactions with management. Total 33 attendees from investment community hit a record high.

SHARE PRICE PERFORMANCE

2014	Highest	Lowest	Closing
Price per share of the Company (HK\$)	1.96	1.45	1.95

Share Price Performance in 2014 (From 2 January 2014 to 31 December 2014)



As of 31 December 2014, the total number of shares outstanding of the Company was 3,456 million with market price of HK\$1.95 each. Based on the closing price as of 31 December 2014, the Company's market capitalisation was approximately HK\$6,739 million.

SHAREHOLDER RETURNS

The Company attaches great importance to the shareholders' views on its dividend policy. The Company determines its dividend policy with reference to the Company's financial status, long-term development needs and potential investment opportunities. The dividend payout ratio of 2014 is about 43.2%.

DEPLOYING INTERACTIVE MULTI-CHANNELLED COMMUNICATION TO REALIZE EFFECTIVE INVESTOR RELATIONS

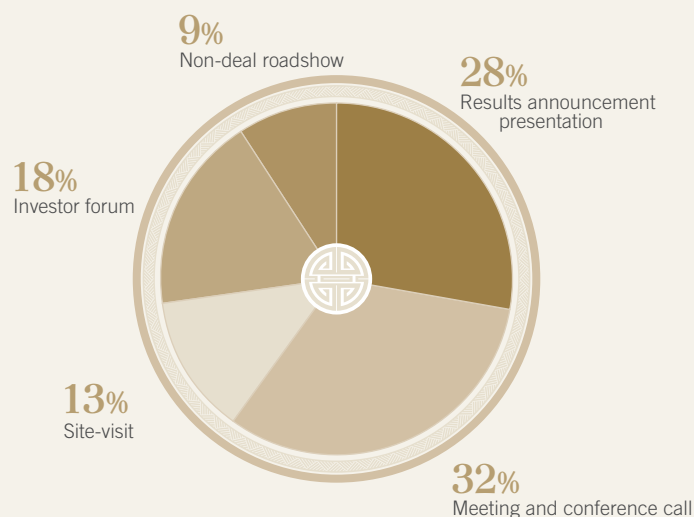
ENHANCING INVESTOR RELATIONS MANAGEMENT SYSTEM

The Company has been committed to establishing a scientific and systematic management system of investor relations. In 2014, the Company further defined and improved the procedures of major investor relations practices, including results announcement, non-deal road shows, disclosure of material information, etc. The Company also further upgraded the investor database with the support of its established investor relations management platform, thus standardizing and systematizing the major work on investor relations, including investor meeting scheduling, investor information's collection and classification as well as investor shareholding analysis.

FACILITATING DIVERSIFIED AND MULTI-CHANNELLED INVESTOR ACTIVITIES

The Company communicated its development philosophy and strategies and its latest operation results in the capital market in a timely manner through various investor communication channels, including analyst briefings, non-deal roadshows, one-on-one meetings, investor forums organized by investment banks, telephone conferences, emails, and investors' on-site visits as well as the Company's website. Meanwhile, according to the needs and styles of different analysts and investors, the Company flexibly arranged senior managements with different responsibilities to participate various investor relations activities. Since the listing, the Company's senior managements including Chairman, Chief Executive Officer, and Chief Financial Officer have participated in plenty of investor activities to fully communicate with the capital market, which truly realized multi-channelled communications. In 2014, the Company hosted two analyst presentations and two press conferences on its annual results and interim results respectively, held ten non-deal roadshows, participated in 18 international investor forums held by investment banks, and conducted hundreds of one-on-one meetings and telephone conferences in the usual course. Throughout 2014, the Company facilitated interactive communications with investors or analysts over 1,000 person-time. Upon the request of investors, the Company also arranged investor and media on-site visits to help investors to have a direct communication with the Company's operating frontier, and these activities have enhanced the investors' understanding on the Company's businesses and operations.

ATTENDANCE ANALYSIS OF INVESTOR RELATIONS ACTIVITIES IN 2014



LIST OF INVESTOR RELATIONS ACTIVITIES OF THE COMPANY CONDUCTED IN 2014

No.	Date	Location	Event
1	8 January 2014	Hong Kong	BNP Regional FIG Conference
2	13-15 January 2014	Shanghai	UBS Greater China Conference 2014
3	26 March 2014	Hong Kong	2013 Annual Results Announcement Presentation
4	27-28 March 2014	Hong Kong	Non-deal Roadshow
5	1 April 2014	Singapore	Non-deal Roadshow
6	8 April 2014	London	Non-deal Roadshow
7	15-16 April 2014	Shanghai	Euromoney Seminar – 8th Annual China High Yield and Corporate Bond Forum
8	28-29 April 2014	Hong Kong	HSBC 5th Annual Greater China Property Conference
9	7-9 May 2014	Hong Kong	Macquarie Greater China Conference
10	13 May 2014	Hong Kong	DBS Vickers Pulse of Asia Conference
11	15-16 May 2014	Hong Kong	Barclays Select: Asia Financial & Property Conference 2014
12	16 May 2014	Hong Kong	Morgan Stanley Fifth Annual Hong Kong Investor Summit
13	19-21 May 2014	Singapore	DB Access Asia 2014
14	26 May 2014	Hong Kong	Yuzhou Properties 2014 Annual General Meeting
15	10-12 June 2014	Beijing	J.P. Morgan's 10th Annual General Meeting
16	26-27 June 2014	Hong Kong	Citi's Asia-pacific Real Estate Conference 2014
17	28 August 2014	Hong Kong	2014 Interim Results Announcement Presentation
18	29 August 2014	Hong Kong	Non-deal Roadshow
19	2-3 September 2014	Singapore/ Kuala Lumpur	Non-deal Roadshow
20	4 & 8 September 2014	Singapore/ Hong Kong	Non-deal Roadshow
21	22-23 September 2014	Shenzhen	Guosen Securities's Shanghai-Hong Kong Stock Communication Meeting
22	4-5 November 2014	Macau	Citi's Annual China Investor Conference 2014
23	5-7 November 2014	Beijing	BofAML 2014 China Conference
24	19-20 November 2014	Hong Kong	Nomura Asian High Yield Corporate Day
25	25 November 2014	Hong Kong	Non-deal Roadshow
26	8-12 December 2014	Xiamen/Hefei	Investor and Media Reverse Roadshow
27	29 December 2014	Hong Kong	Macquarie A-share Investor Corporate Day

ADHERING TO TIMELY, JUST, FAIR AND ACCURATE INFORMATION DISCLOSURE

The Company has strictly complied with the information disclosure requirements for listed companies and made information disclosure in a timely, just, fair and accurate manner so as to enhance the transparency of the Company, established smooth communication channels, and enhanced communications with the capital market. In 2014, the Company published more than 50 corporate communications such as announcements and circulars. Such publications have objectively and comprehensively disclosed information regarding the Company's results, operating performance, financial information, dividend payment, the change of important executive positions and composition of the Board, poll results of shareholder meetings and certain other voluntary disclosures. The Company's IR website (<http://ir.xmyuzhou.com.cn>) is not only a distribution channel for relevant information dissemination as required by the Listing Rules, it is also an important means for the capital market to access information and contact with the Company.

HEARING INVESTORS COMPREHENSIVELY AND REALIZING INTERACTIVE COMMUNICATIONS

As the Company enhances investor communications and information disclosure, the Company also attaches great importance to its investors' recommendations and opinions. With a proactive, sincere and modest attitude, the Company collected and filed the opinions and recommendations on the Company's operation and management through different channels of investor communications. These initiatives also included the provision of the investor relations electronic mailbox on its website and the telephone line for investors to express their views. The Company actively inquired investors of their recommendations on the Company's operation and management during investor activities and forwarded these opinions and recommendations to the management and supervisors at all levels on a regular and timely basis, hence enabling a two-way interaction with the investors and helping the Company to formulate its development strategies and improve its operation and management.

OTHER NECESSARY INFORMATION FOR SHAREHOLDERS

SHAREHOLDER SERVICES

Any matters relating to shareholding, such as transfer of shares, change of name or address, and loss of share certificates should be addressed in writing to the Registrar:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Telephone: (852) 2862 8628
Facsimile: (852) 2529 6087

SHAREHOLDER ENQUIRIES

Enquiry hotline during normal office hours:
Telephone: (852) 2508 1018

INVESTOR RELATIONS

For enquiries from institutional investors and securities analysts, please contact:

Corporate Finance and Investor Relations Department,
Yuzhou Properties Company Limited
Units 4905-06, 49/F, The Centre,
99 Queen's Road Central, Central, Hong Kong
Telephone: (852) 2508 1718
Facsimile: (852) 2510 0265
Email: ir@xmyuzhou.com.cn



Independent Auditors' Report



To the shareholders of Yuzhou Properties Company Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Yuzhou Properties Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 135 to 212, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, 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.

AUDITORS' RESPONSIBILITY

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

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

Independent Auditors' Report

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

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

OPINION

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

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

25 March 2015

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	5	7,836,633	7,470,608
Cost of sales		(4,991,860)	(5,151,527)
Gross profit		2,844,773	2,319,081
Fair value gain on investment properties, net	15	487,130	617,459
Fair value gain on derivative financial instruments		6,334	62,976
Other income and gains	5	75,230	142,157
Selling and distribution expenses		(191,541)	(182,027)
Administrative expenses		(228,076)	(214,855)
Other expenses		(7,360)	(1,548)
Finance costs	7	(175,438)	(277,471)
Share of profits and losses of joint ventures, net		356	(2,826)
Loss on deemed disposal of subsidiaries upon loss of control, net	34	(119,825)	–
PROFIT BEFORE TAX	6	2,691,583	2,462,946
Income tax	10	(1,328,513)	(971,354)
PROFIT FOR THE YEAR		1,363,070	1,491,592
Attributable to:			
Owners of the parent	11	1,254,384	1,471,221
Non-controlling interests		108,686	20,371
		1,363,070	1,491,592
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB per share)	13	0.36	0.43

Details of the dividend proposed for the year are disclosed in note 12 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
PROFIT FOR THE YEAR	1,363,070	1,491,592
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods – Exchange differences on translation of foreign operations	(155,283)	117,697
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,207,787	1,609,289
Attributable to:		
Owners of the parent	1,099,332	1,589,817
Non-controlling interests	108,455	19,472
	1,207,787	1,609,289

Consolidated Statement of Financial Position

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	794,624	454,365
Investment properties	15	5,960,488	4,851,480
Investments in joint ventures	18	2,507,657	–
Deferred tax assets	30	252,374	209,209
Total non-current assets		9,515,143	5,515,054
CURRENT ASSETS			
Land held for property development for sale	16	665,462	2,196,544
Properties under development	19	12,276,088	7,874,364
Properties held for sale	20	4,037,040	3,979,137
Prepayments for acquisition of land		984,905	2,131,494
Prepayments, deposits and other receivables	21	1,678,957	1,629,924
Prepaid corporate income tax		28,590	32,645
Prepaid land appreciation tax		19,082	42,857
Derivative financial instruments	26	84,998	76,676
Restricted cash	22	488,765	375,686
Cash and cash equivalents	22	9,295,977	3,507,940
Total current assets		29,559,864	21,847,267
CURRENT LIABILITIES			
Receipts in advance	23	3,893,049	4,003,233
Trade payables	24	3,690,128	2,503,502
Other payables and accruals	25	3,877,582	1,358,113
Interest-bearing bank and other borrowings	27	3,805,451	1,984,444
Corporate income tax payables		998,253	788,058
Provision for land appreciation tax	29	1,014,147	845,823
Total current liabilities		17,278,610	11,483,173
NET CURRENT ASSETS		12,281,254	10,364,094
TOTAL ASSETS LESS CURRENT LIABILITIES		21,796,397	15,879,148
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	4,860,397	4,456,885
Senior notes	28	6,738,562	3,268,953
Deferred tax liabilities	30	807,639	681,405
Total non-current liabilities		12,406,598	8,407,243
Net assets		9,389,799	7,471,905

Consolidated Statement of Financial Position (Continued)

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	31	296,439	296,439
Reserves	33(A)	7,876,885	7,065,193
		8,173,324	7,361,632
Non-controlling interests			
		1,216,475	110,273
Total equity		9,389,799	7,471,905

Lam Lung On
Director

Kwok Ying Lan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

Notes	Attributable to owners of the parent									
	Issued capital	Share premium account	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 31)	RMB'000	RMB'000 (Note 33(A)(i))	RMB'000	RMB'000	RMB'000 (Note 33(A)(ii))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	250,918	1,127,803	62,642	153,444	-	33,677	4,372,200	6,000,684	90,801	6,091,485
Profit for the year	-	-	-	-	-	-	1,471,221	1,471,221	20,371	1,491,592
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	-	-	-	118,596	-	-	-	118,596	(899)	117,697
Total comprehensive income for the year	-	-	-	118,596	-	-	1,471,221	1,589,817	19,472	1,609,289
Bonus issue	12	45,521	(45,521)	-	-	-	-	-	-	-
Second interim 2012 dividend declared	-	(231,047)	-	-	-	-	-	(231,047)	-	(231,047)
Equity-settled share option arrangements	32	-	-	-	2,178	-	-	2,178	-	2,178
At 31 December 2013 and 1 January 2014	296,439	851,235*	62,642*	272,040*	2,178*	33,677*	5,843,421*	7,361,632	110,273	7,471,905
Profit for the year	-	-	-	-	-	-	1,254,384	1,254,384	108,686	1,363,070
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	-	-	-	(155,052)	-	-	-	(155,052)	(231)	(155,283)
Total comprehensive income/(loss) for the year	-	-	-	(155,052)	-	-	1,254,384	1,099,332	108,455	1,207,787
Deemed partial disposal of interests in subsidiaries without loss of control	-	-	-	-	-	114,253	-	114,253	997,747	1,112,000
Final 2013 dividend declared	-	(404,779)	-	-	-	-	-	(404,779)	-	(404,779)
Equity-settled share option arrangements	32	-	-	-	2,886	-	-	2,886	-	2,886
At 31 December 2014	296,439	446,456*	62,642*	116,988*	5,064*	147,930*	7,097,805*	8,173,324	1,216,475	9,389,799

* These reserve accounts comprise the consolidated reserves of RMB7,876,885,000 (2013: RMB7,065,193,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,691,583	2,462,946
Adjustments for:			
Finance costs	7	175,438	170,008
Bank interest income	5	(53,744)	(53,622)
Depreciation and amortisation	6	24,086	28,282
Fair value gain on derivative financial instruments		(6,334)	(62,976)
Loss on disposal of items of property, plant and equipment	6	37	3,317
Loss on extinguishment of financial liabilities	6	–	107,463
Loss/(gain) on disposal of investment properties, net	6	5,398	(63,679)
Loss on deemed disposal of subsidiaries upon loss of control, net		119,825	–
Share of (profits)/losses of joint ventures		(356)	2,826
Fair value gain on investment properties, net	15	(487,130)	(617,459)
Equity-settled share option expense	32	2,886	2,178
		2,471,689	1,979,284
Increase in properties under development		(6,165,110)	(296,430)
Decrease in properties held for sale		2,262,878	1,576,115
Increase in prepayments for acquisition of land		(606,215)	(2,131,494)
Increase in prepayments, deposits and other receivables		(109,847)	(842,176)
Decrease in financial assets at fair value through profit or loss		–	6,230
Increase/(decrease) in receipts in advance		507,788	(79,786)
Increase in trade payables		1,308,961	511,426
Increase in other payables and accruals		2,570,249	980,044
Cash generated from operations		2,240,393	1,703,213
Interest received		53,744	53,622
Interest paid		(1,129,863)	(868,331)
PRC corporate income tax paid		(403,076)	(446,051)
PRC land appreciation tax paid		(413,427)	(430,272)
Net cash flows from operating activities		347,771	12,181

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in loans to joint ventures		1,027,529	173,672
Increase in land held for property development for sale	16	(85,150)	(1,735,044)
Purchases of items of property, plant and equipment	14	(54,807)	(123,196)
Deemed disposal of subsidiaries upon loss of control	34	(714,393)	–
Acquisition of a subsidiary		(330,632)	–
Additions of investment properties	15	(518,284)	(285,119)
(Increase)/decrease in restricted cash		(113,079)	22,506
Proceeds from disposal of investment properties		16,932	130,899
Net cash flows used in investing activities		(771,884)	(1,816,282)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions from non-controlling shareholders		1,112,000	–
New bank and other borrowings		4,627,407	5,207,754
Repayment of bank and other borrowings		(2,461,798)	(3,543,890)
Proceeds from issue of senior notes		3,317,545	1,802,191
Redemption of senior notes		–	(1,288,739)
Dividends paid		(404,779)	(231,047)
Net cash flows from financing activities		6,190,375	1,946,269
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		3,507,940	3,330,425
Effect of foreign exchange rate changes, net		21,775	35,347
CASH AND CASH EQUIVALENTS AT END OF YEAR		9,295,977	3,507,940

Statement of Financial Position

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	99,881	103,557
Interest in a subsidiary	17	1	1
Total non-current assets		99,882	103,558
CURRENT ASSETS			
Due from subsidiaries	17	8,028,113	4,921,572
Prepayments, deposits and other receivables	21	1,355	712
Derivative financial instruments	26	84,998	76,676
Restricted cash	22	5,886	–
Cash and cash equivalents	22	1,906,802	751,167
Total current assets		10,027,154	5,750,127
CURRENT LIABILITIES			
Other payables and accruals	25	280,205	142,745
Due to subsidiaries	17	777,450	426,631
Interest-bearing bank and other borrowings	27	782,185	184,323
Total current liabilities		1,839,840	753,699
NET CURRENT ASSETS		8,187,314	4,996,428
TOTAL ASSETS LESS CURRENT LIABILITIES		8,287,196	5,099,986
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	1,475,285	1,709,015
Senior notes	28	6,738,562	3,268,953
Total non-current liabilities		8,213,847	4,977,968
Net assets		73,349	122,018
EQUITY			
Issued capital	31	296,439	296,439
Reserves	33(B)	(223,090)	(174,421)
Total equity		73,349	122,018

Lam Lung On
Director

Kwok Ying Lan
Director

Notes to Financial Statements

31 December 2014

1. CORPORATE INFORMATION

Yuzhou Properties Company Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and shares of which are listed on the main board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KKY1-1110, Cayman Islands and its principal place of business in Hong Kong is located at Units 4905-06, 49th Floor, The Centre, 99 Queen’s Road Central, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property developments, property investments, property management and hotel operations in mainland of the People’s Republic of China (the “PRC” or “Mainland China”) and Hong Kong.

In the opinion of the directors, Mr. Lam Lung On and Ms. Kwok Ying Lan, both being directors of the Company, are considered as the controlling shareholders of the Company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

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

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.
- (e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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

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

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

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

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

(Continued)

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

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

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

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

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

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

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

(Continued)

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SUBSIDIARIES

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSIDIARIES (Continued)

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

INVESTMENTS IN JOINT VENTURES

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

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

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

FAIR VALUE MEASUREMENT

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FAIR VALUE MEASUREMENT (Continued)

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RELATED PARTIES

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (Continued)

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

Leasehold land and buildings	Over the shorter of lease terms and 20 years
Leasehold improvements	Over the shorter of lease terms and 5 years
Hotel properties	Over the shorter of lease terms and 20 years
Furniture, fixtures and office equipment	2 to 5 years
Motor vehicles	2 to 5 years
Yacht	20 years

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

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

Construction in progress represents a hotel property under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INVESTMENT PROPERTIES

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

Property under construction or development for future use as an 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 or construction is completed.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the period of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT PROPERTIES (Continued)

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

OPERATING LEASES

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

PROPERTIES UNDER DEVELOPMENT

Properties under development are intended to be held for sale after completion.

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

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

PROPERTIES HELD FOR SALE

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

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

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

Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS AND OTHER FINANCIAL ASSETS (Continued)

(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. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

IMPAIRMENT OF FINANCIAL ASSETS

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

Financial assets carried at amortised cost

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

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

FINANCIAL LIABILITIES

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, other payables and accruals and interest-bearing bank and other borrowings.

Subsequent measurement

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

(A) Loans and borrowings

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES (Continued)

(B) Financial guarantee contracts

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive, and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

CASH AND CASH EQUIVALENTS

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROVISIONS

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

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

INCOME TAX

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

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

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

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

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with interests in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX (Continued)

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

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

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

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

REVENUE RECOGNITION

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

- (a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured;
- (b) from the rendering of services, when the services are rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) hotel revenue from room rentals, food and beverage and other ancillary services, when the services are rendered; and
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SHARE-BASED PAYMENTS

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OTHER EMPLOYEE BENEFITS

Pension scheme

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

The employees of the Group’s subsidiaries in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

BORROWING COSTS

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

DIVIDENDS

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES

These financial statements are presented in RMB. The Company's functional currency is Hong Kong dollars. In the opinion of the directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

JUDGEMENTS

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

Operating lease commitments – Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY

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

Valuation of properties under development and properties held for sale

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

Allocation of construction cost on properties under development

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

PRC corporate income tax (“CIT”)

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

PRC land appreciation tax (“LAT”)

The Group is subject to LAT in the PRC. The provision for LAT is based on management’s best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

Deferred tax assets

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the reporting date are used.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the hotel operation segment engages in the operation of hotels; and
- (e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, derivative financial instruments, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, corporate income tax payables, senior notes, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2014

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	7,680,661	51,544	88,245	16,183	-	7,836,633
Other revenue	17,470	512	3,504	-	-	21,486
Total	7,698,131	52,056	91,749	16,183	-	7,858,119
Segment results	2,353,216	509,297	(11,534)	(160)	(37,542)	2,813,277
<i>Reconciliation:</i>						
Interest income						53,744
Finance costs						(175,438)
Profit before tax						2,691,583
Income tax						(1,328,513)
Profit for the year						1,363,070
Segment assets	34,262,389	9,265,810	198,045	232,904	4,284,310	48,243,458
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(19,338,237)
Corporate and other unallocated assets						10,169,786
Total assets						39,075,007
Segment liabilities	23,934,681	1,046,632	157,781	42,103	5,617,799	30,798,996
<i>Reconciliation:</i>						
Elimination of intersegment payables						(19,338,237)
Corporate and other unallocated liabilities						18,224,449
Total liabilities						29,685,208
Other segment information:						
Depreciation and amortisation	6,422	96	3,041	7,922	6,605	24,086
Capital expenditure*	119,726	514,610	1,372	13,976	8,557	658,241
Fair value gains on investment properties, net	-	487,130	-	-	-	487,130
Share of profits and losses of joint ventures, net	356	-	-	-	-	356
Investments in joint ventures	2,507,657	-	-	-	-	2,507,657

* Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development for sale.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2013

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	7,348,835	49,163	71,220	1,390	–	7,470,608
Other revenue	20,594	1,701	2,409	152	–	24,856
Total	7,369,429	50,864	73,629	1,542	–	7,495,464
Segment results						
	1,990,204	643,824	(3,442)	(173)	56,382	2,686,795
<i>Reconciliation:</i>						
Interest income						53,622
Finance costs						(277,471)
Profit before tax						2,462,946
Income tax						(971,354)
Profit for the year						1,491,592
Segment assets						
	28,376,019	5,162,120	204,047	518,928	2,355,733	36,616,847
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(13,499,539)
Corporate and other unallocated assets						4,245,013
Total assets						27,362,321
Segment liabilities						
	18,119,480	466,467	149,330	192,310	2,436,800	21,364,387
<i>Reconciliation:</i>						
Elimination of intersegment payables						(13,499,539)
Corporate and other unallocated liabilities						12,025,568
Total liabilities						19,890,416
Other segment information:						
Depreciation and amortisation	24,477	235	2,366	–	1,204	28,282
Capital expenditure*	1,744,198	285,119	4,321	7,841	101,880	2,143,359
Fair value gains on investment properties, net	–	617,459	–	–	–	617,459
Share of loss of a joint venture, net	2,826	–	–	–	–	2,826

* Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development for sale.

4. OPERATING SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

INFORMATION ABOUT A MAJOR CUSTOMER

During the year and in prior year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, gross rental income from investment properties, property management fee income and gross revenue from hotel operation, all net of business tax, value-added tax and surcharges, during the year.

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

	2014 RMB'000	2013 RMB'000
Revenue		
Sale of properties	7,680,661	7,348,835
Rental income	51,544	49,163
Property management fee income	88,245	71,220
Hotel operation income	16,183	1,390
	7,836,633	7,470,608
Other income and gains		
Bank interest income	53,744	53,622
Rental income from properties held for sale	4,981	4,211
Gain on disposal of investment properties	–	63,679
Others	16,505	20,645
	75,230	142,157

6. PROFIT BEFORE TAX

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

	Notes	2014 RMB'000	2013 RMB'000
Cost of properties sold		4,907,230	5,091,917
Cost of services provided		84,630	59,610
Amortisation of land held for property development for sale	16	–	19,080
Depreciation	14	24,086	9,202
Loss on disposal of items of property, plant and equipment		37	3,317
Loss/(gain) on disposal of investment properties, net		5,398	(63,679)
Minimum lease payments under operating leases for land and buildings		7,230	11,037
Loss on extinguishment of financial liabilities		–	107,463
Auditors' remuneration		2,650	2,650
Employee benefit expense (including directors' and chief executive officer's remuneration (note 8))			
Wages and salaries		90,291	77,051
Equity-settled share option expense		2,886	2,178
Retirement benefit scheme contributions		10,127	9,341
		103,304	88,570
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		14,702	11,796

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Interest on bank loans wholly repayable within five years	487,304	297,917
Interest on bank loans wholly repayable beyond five years	22,776	40,044
Interest on other loans wholly repayable within five years	132,644	135,459
Interest on senior notes wholly repayable within five years	516,514	394,911
Total interest expense on financial liabilities not at fair value through profit or loss	1,159,238	868,331
Less: Interest capitalised	(983,800)	(698,323)
	175,438	170,008
Loss on extinguishment of financial liabilities	–	107,463
	175,438	277,471

8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

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

	Group	
	2014 RMB'000	2013 RMB'000
Fees	474	471
Other emoluments:		
Salaries, allowances and benefits in kind	5,625	5,385
Equity-settled share option expense	2,175	2,018
Pension scheme contributions	84	60
	7,884	7,463
	8,358	7,934

During the prior years, certain directors and the chief executive officer were granted options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above directors' and chief executive officer's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION**(Continued)**

The remuneration of each of the directors and the chief executive officer is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Equity- settled share option expense RMB'000	Retirement benefit scheme contributions RMB'000	Total remuneration RMB'000
2014					
Executive directors:					
Mr. Lam Lung On*	-	1,592	137	13	1,742
Ms. Kwok Ying Lan	-	1,592	137	18	1,747
Mr. Lin Longzhi	-	1,474	1,257	32	2,763
Mr. Lin Conghui	-	967	644	21	1,632
	-	5,625	2,175	84	7,884
Independent non-executive directors:					
Mr. Gu Jiande	158	-	-	-	158
Mr. Lam Kwong Siu	158	-	-	-	158
Mr. Wee Henny Soon Chiang	158	-	-	-	158
	474	-	-	-	474
	474	5,625	2,175	84	8,358
2013					
Executive directors:					
Mr. Lam Lung On*	-	1,554	61	12	1,627
Ms. Kwok Ying Lan	-	1,554	61	13	1,628
Mr. Lin Longzhi	-	1,382	1,254	23	2,659
Mr. Lin Conghui	-	895	642	12	1,549
	-	5,385	2,018	60	7,463
Independent non-executive directors:					
Mr. Gu Jiande	157	-	-	-	157
Mr. Lam Kwong Siu	157	-	-	-	157
Mr. Wee Henny Soon Chiang	157	-	-	-	157
	471	-	-	-	471
	471	5,385	2,018	60	7,934

* Mr. Lam Lung On is also the chief executive officer of the Company.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2013: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one (2013: one) non-director, highest paid employee for the year are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Salaries, allowances and benefits in kind	891	807
Equity-settled share option expense	93	20
Pension scheme contributions	13	12
	997	839

The remuneration of the non-director, highest paid employee for the year fell within the band of HK\$1,000,001 to HK\$1,500,000 (2013: HK\$1,000,001 to HK\$1,500,000).

During the prior years, share options were granted to the non-director, highest paid employee in respect of his services to the Group, further details of which are included in note 32 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current and prior years is included in the above non-director, highest paid employee's remuneration disclosures.

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Current:		
PRC corporate income tax	644,913	465,612
PRC land appreciation tax (note 29)		
– Charge for the year	627,000	497,502
– Overprovision in prior years*	(11,327)	(152,080)
	1,260,586	811,034
Deferred (note 30):		
Current year	65,095	122,300
Reversal of deferred tax assets on LAT overprovided in prior years	2,832	38,020
	67,927	160,320
Total tax charge for the year	1,328,513	971,354

* During the year, the Group filed and agreed with local tax bureaus in the PRC the computation for the LAT liability of certain property development projects that had been completed and sold in previous years. Based on the local tax bureau's assessments, the Group has reversed and recognised an overprovision for LAT on the relevant property development projects of RMB11,327,000 (2013: RMB152,080,000) in the consolidated statement of profit or loss for the year.

10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for Mainland China in which the Company and majority of its subsidiaries are domiciled to the tax expense at the effective tax rate and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

	Group			
	2014		2013	
	RMB'000	%	RMB'000	%
Profit before tax	2,691,583		2,462,946	
At the statutory income tax rate	672,896	25.0	615,737	25.0
Tax losses utilised from previous periods	(3,247)	(0.1)	(41,696)	(1.7)
Expenses not deductible for tax	154,849	5.8	95,911	4.0
Tax losses not recognised	42,260	1.6	42,336	1.7
Reversal of an overprovision for LAT in prior years	(11,327)	(0.4)	(152,080)	(6.1)
Reversal of deferred tax effect on an overprovision for LAT in prior years	2,832	0.1	38,020	1.5
LAT provided	627,000	23.3	497,502	20.0
Tax effect on LAT	(156,750)	(5.8)	(124,376)	(5.0)
Tax charge at the Group's effective rate	1,328,513	49.4	971,354	39.4

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a loss of RMB118,999,000 (2013: RMB169,660,000) which has been dealt with in the financial statements of the Company (note 33(B)).

A reconciliation of the amount of consolidated profit/(loss) for the year attributable to owners of the parent dealt with in the financial statements of the Company to the Company's profit for the year is as follows:

	2014 RMB'000	2013 RMB'000
Amount of consolidated loss for the year attributable to owners of the parent dealt with in the financial statements of the Company	(118,999)	(169,660)
Final dividends from subsidiaries attributable to the profits of the previous financial year, approved and payable during the year	1,100,000	–
Interest capitalised on consolidation	(623,365)	(403,175)
Company's profit/(loss) for the year (note 33(B))	357,636	(572,835)

12. DIVIDENDS

In July 2013, the Company made a bonus issue of 575,999,999 bonus shares of HK\$0.10 each on the basis of 2 bonus shares for every 10 ordinary shares held.

In March 2014, the Board declared a final dividend of HK15 cents per ordinary share for the year ended 31 December 2013.

In March 2015, the Board declared an interim dividend of HK16 cents per ordinary share for the year ended 31 December 2014.

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

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

The calculation of the basic earnings per share amounts for the year ended 31 December 2014 is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,254,384,000 (2013: RMB1,471,221,000) and the weighted average number of ordinary shares of 3,455,999,999 (2013: 3,455,999,999) in issue during the year.

	2014 Number of shares	2013 Number of shares
Weighted average number of ordinary shares before bonus issue	3,455,999,999	2,880,000,000
Effect of bonus issue	–	575,999,999
Weighted average number of ordinary shares after bonus issue	3,455,999,999	3,455,999,999

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options outstanding during the current and prior years had an anti-dilutive effect on the basic earnings per share amounts presented in both years.

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land and buildings RMB'000	Hotel property RMB'000	Yacht RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014								
At 1 January 2014:								
Cost	3,655	139,180	100,918	4,772	30,843	40,794	183,779	503,941
Accumulated depreciation	(2,130)	–	–	(2,291)	(17,949)	(27,206)	–	(49,576)
Net carrying amount	1,525	139,180	100,918	2,481	12,894	13,588	183,779	454,365
At 1 January 2014, net of accumulated depreciation	1,525	139,180	100,918	2,481	12,894	13,588	183,779	454,365
Additions	134	8,558	–	478	31,418	1,421	12,798	54,807
Transfer from investment properties (note 15)	310,240	–	–	–	–	–	–	310,240
Depreciation provided during the year	(903)	(7,815)	(5,174)	(502)	(4,948)	(4,744)	–	(24,086)
Disposal	–	–	–	–	(37)	–	–	(37)
Deemed disposal of subsidiaries upon loss of control (note 34)	–	–	–	(1,068)	(644)	(1,506)	–	(3,218)
Exchange realignment	–	–	2,553	–	–	–	–	2,553
At 31 December 2014, net of accumulated depreciation	310,996	139,923	98,297	1,389	38,683	8,759	196,577	794,624
At 31 December 2014:								
Cost	314,028	147,738	100,918	3,685	60,000	38,206	196,577	861,152
Accumulated depreciation	(3,032)	(7,815)	(2,621)	(2,296)	(21,317)	(29,447)	–	(66,528)
Net carrying amount	310,996	139,923	98,297	1,389	38,683	8,759	196,577	794,624

14. PROPERTY, PLANT AND EQUIPMENT (Continued)**GROUP (Continued)**

	Leasehold land and buildings RMB'000	Hotel property RMB'000	Yacht RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2013								
At 1 January 2013:								
Cost	4,431	-	-	3,690	25,129	43,836	175,938	253,024
Accumulated depreciation	(2,358)	-	-	(2,207)	(15,833)	(28,118)	-	(48,516)
Net carrying amount	2,073	-	-	1,483	9,296	15,718	175,938	204,508
At 1 January 2013, net of accumulated depreciation	2,073	-	-	1,483	9,296	15,718	175,938	204,508
Additions	4,340	-	100,918	1,082	5,714	3,301	7,841	123,196
Transfer from investment properties (note 15)	-	139,180	-	-	-	-	-	139,180
Depreciation provided during the year	(2,004)	-	-	(84)	(2,116)	(4,998)	-	(9,202)
Disposal	(2,884)	-	-	-	-	(433)	-	(3,317)
At 31 December 2013, net of accumulated depreciation	1,525	139,180	100,918	2,481	12,894	13,588	183,779	454,365
At 31 December 2013:								
Cost	3,655	139,180	100,918	4,772	30,843	40,794	183,779	503,941
Accumulated depreciation	(2,130)	-	-	(2,291)	(17,949)	(27,206)	-	(49,576)
Net carrying amount	1,525	139,180	100,918	2,481	12,894	13,588	183,779	454,365

The Group's leasehold land and buildings and hotel property included above are situated in Mainland China and are held under medium term leases.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY

	Leasehold improvements RMB'000	Yacht RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2014					
At 1 January 2014:					
Cost	1,256	100,918	58	3,697	105,929
Accumulated depreciation	(870)	-	(28)	(1,474)	(2,372)
Net carrying amount	386	100,918	30	2,223	103,557
At 1 January 2014, net of accumulated depreciation	386	100,918	30	2,223	103,557
Depreciation provided during the year	(372)	(5,174)	(9)	(674)	(6,229)
Exchange realignment	-	2,553	-	-	2,553
At 31 December 2014, net of accumulated depreciation	14	98,297	21	1,549	99,881
At 31 December 2014:					
Cost	1,256	100,918	58	3,697	105,929
Accumulated depreciation	(1,242)	(2,621)	(37)	(2,148)	(6,048)
Net carrying amount	14	98,297	21	1,549	99,881
31 December 2013					
At 1 January 2013:					
Cost	1,256	-	50	3,697	5,003
Accumulated depreciation	(859)	-	(19)	(1,408)	(2,286)
Net carrying amount	397	-	31	2,289	2,717
At 1 January 2013, net of accumulated depreciation	397	-	31	2,289	2,717
Additions	-	100,918	8	-	100,926
Depreciation provided during the year	(11)	-	(9)	(66)	(86)
At 31 December 2013, net of accumulated depreciation	386	100,918	30	2,223	103,557
At 31 December 2013:					
Cost	1,256	100,918	58	3,697	105,929
Accumulated depreciation	(870)	-	(28)	(1,474)	(2,372)
Net carrying amount	386	100,918	30	2,223	103,557

15. INVESTMENT PROPERTIES

GROUP

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2013	2,763,100	880,000	3,643,100
Additions	10,606	274,513	285,119
Transfer from properties under development	–	413,785	413,785
Transfer from properties held for sale	98,417	–	98,417
Transfer to property, plant and equipment (note 14)	(139,180)	–	(139,180)
Disposal	(67,220)	–	(67,220)
Net gains/(losses) from fair value adjustments	(130,243)	747,702	617,459
Carrying amount at 31 December 2013 and 1 January 2014	2,535,480	2,316,000	4,851,480
Additions	–	518,284	518,284
Transfer upon completion	1,916,824	(1,916,824)	–
Transfer from properties under development	–	73,788	73,788
Transfer from properties held for sale	375,576	–	375,576
Transfer to property, plant and equipment (note 14)	(310,240)	–	(310,240)
Disposal	(22,330)	–	(22,330)
Deemed disposal of subsidiaries upon loss of control (note 34)	(13,200)	–	(13,200)
Net gains from fair value adjustments	476,590	10,540	487,130
Carrying amount at 31 December 2014	4,958,700	1,001,788	5,960,488

Notes:

- (A) The Group's investment properties are situated in Mainland China and Hong Kong and are held under the following lease terms:

	Group	
	2014 RMB'000	2013 RMB'000
Long term leases:		
Mainland China	72,190	72,103
Hong Kong	73,788	–
	145,978	72,103
Medium term leases:		
Mainland China	5,814,510	4,779,377
	5,960,488	4,851,480

- (B) At 31 December 2014, certain of the Group's investment properties with a total then carrying amount of RMB4,159,630,000 (2013: RMB3,032,700,000) were pledged to banks to secure the loans granted to the Group (note 27(A)(ii)).

15. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

- (C) The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 38(A).
- (D) The Group's completed investment properties and investment properties under construction were revalued at 31 December 2014 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers.

For completed investment properties, valuations were either based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties or made with reference to comparable market transactions and consider adjustments to reflect differences in transaction timing, location and tenure.

For investment properties under construction which were stated at fair value at the end of the reporting period, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

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

At 31 December 2014 and 2013, all of the investment properties were measured at fair value.

FAIR VALUE HIERARCHY

At 31 December 2014, the fair value measurement of all of the Group's investment properties were using significant unobservable inputs (Level 3) as defined in HKFRS 13.

During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2013: Nil).

Descriptions of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average	
			2014	2013
Completed				
Retail	Income approach	Estimated annual rental value/ sq.m. (RMB)	3,650-62,050	4,592-55,884
		Capitalisation rate	3%-5.5%	3%-5.5%
Carparks	Market approach	Unit price (RMB/unit)	100,000-700,000	100,000-285,000
Under construction				
Retail	Residual approach	Estimated annual rental value/ sq.m. (RMB)	20,000-25,000	12,000-32,000
		Capitalisation rate	5%	5%
		Development profit	28%	15%-20%
Carparks	Residual approach	Unit price (RMB/unit)	80,000	80,000-120,000
		Capitalisation rate	3%-5%	3%-5%
		Development profit	28%	15%-20%

15. INVESTMENT PROPERTIES (Continued)**FAIR VALUE HIERARCHY (Continued)**

Significant increases/(decreases) in estimated annual rental value/sq.m. in isolation would result in a significantly higher/(lower) fair value of the investment properties. Significant increases/(decreases) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. Significant increases/(decreases) in unit price would result in a significantly higher/(lower) fair value of the investment properties.

16. LAND HELD FOR PROPERTY DEVELOPMENT FOR SALE

	Group	
	2014 RMB'000	2013 RMB'000
Carrying amount at beginning of year	2,196,544	857,091
Additions during the year	85,150	1,735,044
Amortised during the year	–	(19,080)
Transfer from prepayments for acquisition of land	–	302,292
Transfer to properties under development	(1,616,232)	(678,803)
Carrying amount at end of year	665,462	2,196,544

Notes:

(A) The Group's leasehold land are situated in Mainland China and are held under the following lease terms:

	Group	
	2014 RMB'000	2013 RMB'000
Long term leases	450,239	1,981,321
Medium term leases	215,223	215,223
	665,462	2,196,544

(B) In the opinion of the directors, the construction on the Group's land held for property development for sale is expected to complete within the normal operating cycle and so the land held for property development are classified as current assets.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2014 RMB'000	2013 RMB'000
Investment in a subsidiary:		
Unlisted shares, at cost	1	1

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes:

- (A) The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB8,028,113,000 (2013: RMB4,921,572,000) and RMB777,450,000 (2013: RMB426,631,000), respectively, are unsecured, interest-free and repayable on demand.
- (B) Particulars of the principal subsidiaries, which are indirectly held by the Company, are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Xiamen Yaozhou Real Estate Development Co., Ltd. ** (Note) (廈門堯洲房地產開發有限公司)	The PRC/Mainland China	RMB10,800,000	100%	Property development
Xiamen Gangyi Real Estate Marketing Agent Co., Ltd. ** (Note) (廈門港誼房產營銷代理有限公司)	The PRC/Mainland China	HK\$5,000,000	100%	Marketing
Xiamen Yuzhou Commercial Investment & Management Co., Ltd. ** (Note) (廈門禹洲商業投資管理有限公司)	The PRC/Mainland China	HK\$5,000,000	100%	Property management
Xiamen Diyuan Bonded Storage and Distribution Co., Ltd. ** (Note) (廈門帝元保稅儲運有限公司)	The PRC/Mainland China	RMB20,000,000	100%	Property development
Xiamen Kim International Realty Development Co., Ltd. ** (Note) (廈門金國際地產發展有限公司)	The PRC/Mainland China	US\$113,600,000	100%	Property development
Xiamen Richville Development Ltd. ** (Note) (廈門貴豐房地產開發有限公司)	The PRC/Mainland China	US\$55,000,000	100%	Property development
Xiamen Gangyi Real-Estate Co., Ltd. ** (Note) (廈門港誼置業有限公司)	The PRC/Mainland China	RMB160,000,000	100%	Property development
Xiamen Fengzhou Real-Estate Co., Ltd. * (Note) (廈門豐洲置業有限公司)	The PRC/Mainland China	HK\$18,000,000	60%	Property development
Xiamen Yuzhou Hotel Invest & Manage Co., Ltd. ** (Note) (廈門禹洲酒店投資管理有限公司)	The PRC/Mainland China	RMB400,000,000	100%	Hotel operation
Xiamen Yuzhou Group Realty Invest Co., Ltd. ** (Note) (廈門禹洲集團地產投資有限公司)	The PRC/Mainland China	RMB1,500,000,000	100%	Property development

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(B) (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Xiamen Skylpaz Realty & Development Co., Ltd. *® (Note) (廈門海天房地產開發有限公司)	The PRC/Mainland China	US\$25,000,000	100%	Property development
Hefei Yuzhou Real Estate Development Co., Ltd. ** (Note) (合肥禹洲房地產開發有限公司)	The PRC/Mainland China	US\$90,000,000	100%	Property development
Xiamen Huaqiao City Real Estate Co., Ltd. ** (Note) (廈門華僑城房地產開發有限公司)	The PRC/Mainland China	RMB20,000,000	100%	Property development
Anhui Overseas City Construction & Development Co., Ltd. ** (Note) (安徽華僑城建設發展有限公司)	The PRC/Mainland China	US\$3,000,000	100%	Property investment
Xiamen Yuzhou Group Ltd. *® (Note) (廈門禹洲集團股份有限公司)	The PRC/Mainland China	RMB116,064,000	100%	Property investment
Shanghai Kangtai Real Estate Development Co., Ltd. *® (Note) (上海康泰房地產開發有限公司)	The PRC/Mainland China	RMB30,000,000	100%	Property development
Shanghai Jinyue Real Estate Development Co., Ltd. *® (Note) (上海金躍房地產開發有限公司)	The PRC/Mainland China	RMB100,000,000	100%	Property development
Shanghai Yuzhou Real Estate Investment Co. *® (Note) (上海禹洲房地產投資有限公司)	The PRC/Mainland China	RMB100,000,000	100%	Property development
Shanghai Yanhai Real Estate Development Co., Ltd. *® (Note) (上海燕海房地產開發經營 有限責任公司)	The PRC/Mainland China	RMB48,450,000	100%	Property development
Shanghai Liyade Property Investment Co., Ltd. *® (Note) (上海利雅得投資置業有限公司)	The PRC/Mainland China	RMB42,000,000	100%	Property development

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(B) (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Shanghai Yuzhou Hotel Management Co., Ltd. *® (Note) (上海禹洲酒店管理有限公司)	The PRC/Mainland China	RMB2,000,000	100%	Hotel management
Yuzhou Properties Company Limited *® (Note) (禹洲物業服務有限公司)	The PRC/Mainland China	RMB50,000,000	100%	Property management
Xiamen Yuzhou Property Development Co., Ltd. *® (Note) (廈門禹洲房地產開發有限公司)	The PRC/Mainland China	RMB23,600,000	100%	Property development
Fujian Yingfeng Real Estate Investment Co., Ltd. *® (Note) (福建盈峰地產投資有限公司)	The PRC/Mainland China	RMB50,000,000	100%	Property investment
Fujian Wanlong Property Management Co., Ltd. *® (Note) (福建萬龍物業管理服務有限公司)	The PRC/Mainland China	RMB5,000,000	100%	Property management
Hefei Ludong Real Estate Development Co., Ltd. *® (Note) (合肥廬東房地產開發 有限責任公司)	The PRC/Mainland China	RMB80,000,000	100%	Property development
Hefei Kangli Realty Co., Ltd. *® (Note) (合肥市康麗置業有限公司)	The PRC/Mainland China	RMB20,000,000	100%	Property development
Goastal Greenland Development (Fujian) Limited ** (Note) (沿海綠色家園發展(福建) 有限公司)	The PRC/Mainland China	US\$10,000,000	60%	Property development
Xiamen Shunzhou Real Estate Development Co., Ltd. * (Note) (廈門舜洲房地產開發有限公司)	The PRC/Mainland China	RMB800,000,000	100%	Property development
Xiamen Yuzhou Seaview Property Development Co., Ltd. ("Yuzhou Seaview") *® (Note) (廈門禹洲海景城房地產有限公司)	The PRC/Mainland China	RMB1,500,000,000	80%	Property development

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(B) (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Shanghai Yuzhou Real Estate Development Co., Ltd. *® (Note) (上海禹洲房地產開發有限公司)	The PRC/Mainland China	RMB100,000,000	100%	Property development
Shanghai Nankai Realty Development Ltd. **® (Note) (上海南凱置業發展有限公司)	The PRC/Mainland China	RMB90,000,000	100%	Property development
Shanghai Kangyi Real Estate Development Co., Ltd. *® (Note) (上海康怡房地產開發有限公司)	The PRC/Mainland China	RMB48,714,300	100%	Property development
Yuzhou Properties (Beijing) Co., Ltd. *® (Note) (禹洲地產(北京)有限公司)	The PRC/Mainland China	RMB100,000,000	100%	Property development
Yuzhou Properties (Quanzhou) Co., Ltd. *® (Note) (禹洲地產(泉州)有限公司)	The PRC/Mainland China	RMB150,000,000	100%	Property development
Xin Yi Fang Tian (Quanzhou) Construction Materials Co., Ltd. ** (Note) (新易方天(泉州) 建築材料有限公司)	The PRC/Mainland China	RMB10,000,000	100%	Trading of building materials
Tianjin Yuzhou Jinhai Real Estate Investment Co., Ltd. *® (Note) (天津禹洲津海地產投資有限公司)	The PRC/Mainland China	RMB200,000,000	100%	Property development
Xiamen Xiang'anwan Baseball and Softball Industrial Investment Co., Ltd. * (Note) (廈門翔安灣棒球壘球產業投資 有限公司)	The PRC/Mainland China	RMB10,000,000	76.25%	Property development
Xiamen Gangyi Communication Co., Ltd. *® (Note) (廈門港誼通訊有限公司)	The PRC/Mainland China	RMB5,000,000	100%	Property development
Xiamen Junyu Trade Co., Ltd. *® (Note) (廈門俊宇貿易有限公司)	The PRC/Mainland China	RMB50,000,000	100%	Trading of construction materials

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(B) (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Xiamen Xin Cheng Li Da Trading Co., Ltd. *® (Note) (廈門信成立達貿易有限公司)	The PRC/Mainland China	RMB20,000,000	100%	Trading of construction materials
Longyan Yuzhou Real Estate Development Co., Ltd. *® (Note) (龍岩禹洲房地產開發有限公司)	The PRC/Mainland China	RMB500,000,000	100%	Property development
Anhui Shengtian Property Co., Ltd. *® (Note) (安徽晟天置業有限公司)	The PRC/Mainland China	RMB150,000,000	100%	Property development
Anhui Shenghe Property Co. Ltd. *® (Note) (安徽晟和置業有限公司)	The PRC/Mainland China	RMB10,000,000	100%	Property development
Huainan Yuzhou Real Estate Development Co., Ltd. *® (Note) (淮南禹洲房地產開發有限公司)	The PRC/Mainland China	RMB16,000,000	100%	Property development
Yuzhou Properties (Shanghai) Company Limited *® (Note) (禹洲置業(上海)有限公司)	The PRC/Mainland China	RMB600,000,000	100%	Property development
Fujian Yu Gang Construction Materials Company Limited ** (Note) (福建禹港建築材料有限公司)	The PRC/Mainland China	RMB18,290,700	100%	Trading of building materials
Xiamen Rungang Property Investment Co., Ltd. *® (Note) (廈門潤港投資置業有限公司)	The PRC/Mainland China	RMB18,348,300	100%	Property investment
Xiamen Gangzhou Co., Ltd. *®® (Note) (廈門市港洲有限公司)	The PRC/Mainland China	RMB300,000,000	100%	Property development
Xiamen Yuzhou City Co., Ltd. *®® (Note) (廈門禹洲城有限公司)	The PRC/Mainland China	RMB1,680,000,000	100%	Property development
Xiamen Honggang Cultural and Creative Co., Ltd. *® (Note) (廈門泓港文化創意有限公司)	The PRC/Mainland China	RMB1,000,000	100%	Property development
Xiamen Yihai Consulting Co., Ltd. *® (Note) (廈門亦海諮詢有限公司)	The PRC/Mainland China	RMB1,000,000	100%	Property development

17. INTERESTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(B) (Continued)

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Hefei Shunzhou Realty Co., Ltd. ("Hefei Shunzhou") * [Ⓢ] (Note) (合肥舜洲置業有限公司)	The PRC/Mainland China	RMB1,200,000,000	49%	Property development
Great Bonus Limited * (Note) (旺鴻有限公司)	Hong Kong	HK\$1	100%	Property development

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Registered as wholly-foreign-owned enterprises under the PRC law.

Ⓢ Registered as domestic limited liability companies under the PRC law.

ⓈⓈ Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

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

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

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Yuzhou Seaview	20%	—
Hefei Shunzhou	51%	—
	2014	2013
	RMB'000	RMB'000
Profit/(loss) for the year allocated to non-controlling interests:		
Yuzhou Seaview	96,571	—
Hefei Shunzhou	—	—
Accumulated balances of non-controlling interests at reporting dates:		
Yuzhou Seaview	485,407	—
Hefei Shunzhou	608,917	—

17. INTERESTS IN SUBSIDIARIES (Continued)

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

	Yuzhou Seaview	Hefei Shunzhou
	RMB'000	RMB'000
2014		
Revenue	2,787,978	–
Total expenses	(2,354,614)	(6,046)
Profit/(loss) for the year	433,364	(6,046)
Total comprehensive income/(loss) for the year	433,364	(6,046)
Current assets	4,861,394	2,017,955
Non-current assets	262,383	5
Current liabilities	(1,851,622)	(574,005)
Non-current liabilities	(845,120)	(250,000)
Net cash flows from/(used in) operating activities	808,480	(1,433,934)
Net cash flows used in investing activities	(3,111)	(504,253)
Net cash flows from financing activities	99,648	1,966,671
Net increase in cash and cash equivalents	905,017	28,484

As at 31 December 2013, the Group had no material non-controlling interests.

18. INVESTMENTS IN JOINT VENTURES

	Group	
	2014	2013
	RMB'000	RMB'000
Share of net assets	2,195,586	–
Loans to joint ventures	312,071	–
	2,507,657	–

Notes:

- (A) The loans to the joint ventures are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, these loans are considered as part of the Company's net investments in the joint ventures.

The Group's other payable balance due to joint ventures are disclosed in note 25 to the financial statements.

18. INVESTMENTS IN JOINT VENTURES (Continued)

Notes: (Continued)

(B) Particulars of the joint ventures, which are indirectly held by the Company, are as follows:

Company name	Registered and paid-up capital	Place of registration and business	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
Xiamen Vanke Maluan Bay Properties Limited ^{*®} (Note) (廈門市萬科馬鑾灣置業有限公司)	RMB30,000,000	The PRC/ Mainland China	20%	20%	20%	Property development
Fujian Big World Huaxia Real Estate Development Co., Ltd. ("Fujian Big World Huaxia") ^{*®^^} (Note) (福建大世界華夏房地產有限公司)	RMB1,110,000,000	The PRC/ Mainland China	45%	45%	45%	Property development
Yuzhou Properties (Hefei) Eastern Town Co., Ltd. ("Hefei Eastern Town") ^{*®^^} (Note) (禹洲置業(合肥)東城有限公司)	RMB1,800,000,000	The PRC/ Mainland China	72%	72%	72%	Property development
Hefei Ruiyun Realty Co., Ltd. ^{*®} (Note) (合肥瑞雲置業有限公司)	RMB19,600,000	The PRC/ Mainland China	51%	51%	51%	Property development

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® Registered as domestic limited liability companies under the PRC law.

®® Registered as Sino-foreign equity entities under the PRC law.

^^ Material joint venture

Note: The English names of the company represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

- (C) In prior year, the Group had discontinued the recognition of its share of losses of a joint venture, Xiamen Vanke Maluan Bay Properties Limited, because the share of losses of the joint venture exceeded the Group's interest in the joint venture and the Group had no obligation to take up further losses beyond its original capital contribution. The amounts of the Group's unrecognised share of losses of this joint venture for the prior year and accumulated losses were RMB1,840,000.
- (D) Fujian Big World Huaxia Real Estate Development Company Limited ("Fujian Big World Huaxia") and Yuzhou Properties (Hefei) Eastern Town Company Limited ("Hefei Eastern Town"), which are considered material joint ventures of the Group, are accounted for using the equity method.

18. INVESTMENTS IN JOINT VENTURES (Continued)

(D) (Continued)

The following table illustrates the summarised financial information of the current year in respect of Fujian Big World Huaxia Real Estate Development Company Limited and Yuzhou Properties (Hefei) Eastern Town Company Limited, adjusted for any differences in accounting policies, and reconciled to their carrying amounts in the financial statements:

	Fujian Big World Huaxia RMB'000	Hefei Eastern Town RMB'000
Financial position		
Cash and cash equivalents	125,034	353,048
Other current assets	1,849,334	2,574,611
Current assets	1,974,368	2,927,659
Non-current assets	19,302	557
Other current liabilities	(417,927)	(913,755)
Current liabilities	(417,927)	(913,755)
Non-current financial liabilities, excluding trade and other payables and provisions	–	–
Other non-current liabilities	(1,969)	–
Non-current liabilities	(1,969)	–
Net assets	1,573,774	2,014,461
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	45%	72%
Group's share of net assets of the joint venture	708,907	1,455,733
Amount due from the joint venture	53,497	–
Carrying amount of the investment	762,404	1,455,733
Operating performance		
Revenue	42,136	–
Interest income	269	728
Depreciation and amortisation	(83)	(37)
Income tax	(33,834)	–
Loss and total comprehensive loss for the year	(49,091)	(4,886)

18. INVESTMENTS IN JOINT VENTURES (Continued)

(D) (Continued)

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

	2014 RMB'000	2013 RMB'000
Share of the joint ventures' profit/(loss) for the year	24,085	(2,826)
Share of the joint ventures' total comprehensive income/(loss)	24,085	(2,826)
Aggregate carrying amount of the Group's investments in the joint ventures	289,520	–

19. PROPERTIES UNDER DEVELOPMENT

	Group	
	2014 RMB'000	2013 RMB'000
Properties under development expected to be completed within normal operating cycle and classified as current assets are expected to be recoverable:		
Within one year	8,992,442	3,634,700
After one year	3,283,646	4,239,664
	12,276,088	7,874,364

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

	Group	
	2014 RMB'000	2013 RMB'000
Long term leases:		
Mainland China	11,172,238	7,054,535
Hong Kong	242,370	–
	11,414,608	7,054,535
Medium term leases:		
Mainland China	861,480	819,829
	12,276,088	7,874,364

At 31 December 2014, certain of the Group's properties under development with a total then carrying amount of RMB8,270,199,000 (2013: RMB6,480,932,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(A)(i)).

20. PROPERTIES HELD FOR SALE

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

	Group	
	2014 RMB'000	2013 RMB'000
Long term leases	2,743,643	2,958,708
Medium term leases	1,293,397	1,020,429
	4,037,040	3,979,137

At 31 December 2014, certain of the Group's properties held for sale with a total then carrying amount of RMB530,739,000 (2013:Nil) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(A)(iii)).

The properties held for sale are stated at cost.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Prepayments	425,009	381,211	1,355	712
Deposits and other receivables	1,253,948	1,248,713	-	-
	1,678,957	1,629,924	1,355	712

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

Included in the Group's other receivables as at 31 December 2014 are amounts due from non-controlling shareholders of the Group's subsidiaries of RMB13,770,000 (2013: RMB13,770,000). The balances with the non-controlling shareholders are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

22. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Cash and bank balances	9,784,742	3,883,626	1,912,688	751,167
Less: Restricted cash (note (C))	(488,765)	(375,686)	(5,886)	–
Cash and cash equivalents	9,295,977	3,507,940	1,906,802	751,167

Notes:

- (A) Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents approximate to their fair values.
- (B) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB6,751,178,000 (2013: RMB2,250,484,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.
- (C) A summary of restricted cash of the Group as at 31 December 2014 is as follows:
- (i) According to relevant documents issued by the Xiamen Municipal Land and Housing Administrative Bureau, certain property management companies of the Group are required to place part of their management fees received at banks as guarantee deposits for the public maintenance fund of the related properties. The deposits can only be used for the maintenance of the relevant properties. At 31 December 2014, such guarantee deposits amounted to RMB17,788,000 (2013: RMB16,003,000).
 - (ii) According to the relevant agreements signed by certain subsidiaries of the Group with their banks that property purchasers of the Group can arrange mortgage with these banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the banks. As at 31 December 2014, such deposits amounted to RMB161,556,000 (2013: RMB36,843,000) (note 36).
 - (iii) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for the payment of property development cost incurred by the subsidiaries and the repayment of the relevant loans. As at 31 December 2014, such deposits amounted to RMB175,053,000 (2013: RMB110,019,000).
 - (iv) Certain subsidiaries of the Group are required to place certain amounts at specific bank accounts as guarantee deposits for the use of the loan proceeds. As at 31 December 2014, the aggregate amount of such deposits was RMB134,368,000 (2013: RMB212,821,000) (note 27(A)(vii)).

23. RECEIPTS IN ADVANCE

Receipts in advance represented amounts received from buyers in connection with the pre-sale of properties during the year.

24. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Due within 1 year or on demand	2,784,053	2,345,824
Due within 1 to 2 years	906,075	157,678
	3,690,128	2,503,502

The trade payables are non-interest-bearing and unsecured.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Accruals	100,445	75,250	176	172
Other payables	3,777,137	1,282,863	280,029	142,573
	3,877,582	1,358,113	280,205	142,745

Included in the Group's other payables as at 31 December 2014 are amounts due to joint ventures of the Group of RMB867,940,000 (2013: RMB155,578,000), amounts due to a director of RMB210,000,000 (2013: Nil), an amount due to a company controlled by a director of the Company of RMB253,046,000 (2013: Nil). In addition, also included in the Group's other payables as at 31 December 2013 are amounts due to the non-controlling shareholders of the Group's subsidiaries of RMB6,084,000, an amount due to an affiliate associated with a director of the Company of RMB65,000,000 and an amount due to a company controlled by an affiliate associated with a director of the Company of RMB424,500,000. These balances are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2014 RMB'000	2013 RMB'000
Assets		
2012 Call Options – 11.75%	83,810	75,517
2013 Call Options – 8.75%	1,188	1,159
	84,998	76,676

In October 2012, the Company issued 11.75% senior notes (the “2012 Senior Notes – 11.75%”) with an aggregate principal value of US\$250,000,000 (approximately RMB1,575,000,000). The Company, at its option, can redeem all or a portion of the 2012 Senior Notes – 11.75% (the “2012 Call Options – 11.75%”) at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. Further details of the 2012 Senior Notes – 11.75% are detailed in note 28 to the financial statements.

In October 2013, the Company issued 8.75% senior notes (the “2013 Senior Notes – 8.75%”) with an aggregate principal value of US\$300,000,000 (approximately RMB1,836,304,000). The Company, at its option, can redeem all or a portion of the 2013 Senior Notes – 8.75% (the “2013 Call Options – 8.75%”) at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. Further details of the 2013 Senior Notes – 8.75% are detailed in note 28 to the financial statements.

The 2012 Call Options – 11.75% and 2013 Call Options – 8.75% are recorded as derivative assets in the consolidated statement of financial position and carried at fair value with reference to a valuation performed by independent professional valuers using the discounted cash flow model.

Descriptions of the valuation technique used and the key input to the valuation of the call options are as follows:

Valuation technique	Significant unobservable input	2014 Range	2013 Range
Discounted cash flow	Credit spread	7.06% – 7.89%	6.17% – 7.87%

Significant increases/(decreases) in the credit spread would result in a significantly lower/(higher) fair value of the derivative financial instruments.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group					
	2014			2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	2.10 – 10.00	2015	701,982	3.39 – 6.90	2014	235,308
Bank loans – secured	2.11 – 10.10	2015	3,103,469	2.70 – 8.60	2014	1,749,136
			3,805,451			1,984,444
Non-current						
Bank loans – secured	2.38 – 10.10	2016 – 2023	3,661,727	2.70 – 8.60	2015 – 2023	3,288,283
Other loan – secured	10.00	2019	1,198,670	10.00	2019	1,168,602
			4,860,397			4,456,885
			8,665,848			6,441,329

	Company					
	2014			2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	2.10 – 7.90	2015	782,185	2.70 – 7.29	2014	184,323
Non-current						
Bank loan – secured	7.90	2016	276,615	7.29	2015 – 2016	540,413
Other loan – secured	10.00	2019	1,198,670	10.00	2019	1,168,602
			1,475,285			1,709,015
			2,257,470			1,893,338

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	3,805,451	1,984,444	782,185	184,323
In the second year	1,818,074	1,516,132	276,615	278,417
In the third to fifth years, inclusive	1,684,003	1,507,514	–	261,996
Beyond five years	159,650	264,637	–	–
	7,467,178	5,272,727	1,058,800	724,736
Other loan repayable:				
In the third to fifth years, inclusive	1,198,670	–	1,198,670	–
Beyond five years	–	1,168,602	–	1,168,602
	1,198,670	1,168,602	1,198,670	1,168,602
	8,665,848	6,441,329	2,257,470	1,893,338

Notes:

- (A) Certain of the Group's bank and other borrowings are secured or guaranteed by:
- (i) mortgages over the Group's properties under development with an aggregate carrying value at the end of the reporting period of approximately RMB8,270,199,000 (2013: RMB6,480,932,000);
 - (ii) pledges over the Group's investment properties with an aggregate carrying value at the end of the reporting period of approximately RMB4,159,630,000 (2013: RMB3,032,700,000);
 - (iii) pledges over the Group's properties held for sale with an aggregate carrying value at the end of the reporting period of approximately RMB530,739,000 (2013: Nil).
 - (iv) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB5,401,700,000 (2013: RMB2,391,774,000);
 - (v) joint and several personal guarantees executed by Mr. Lam Lung On ("Mr. Lam") and Ms. Kwok Ying Lan ("Ms. Kwok"), directors of the Company, to the extent of RMB1,286,270,000 as at 31 December 2014 (2013: RMB1,270,415,000); and
 - (vi) a corporate guarantee executed by Xiamen Zongheng Group Construction and Development Company Limited ("Zongheng Co."), to the extent of RMB210,308,000 as at 31 December 2013. Zongheng Co. is a company controlled by Mr. Lam and Ms. Kwok.
 - (vii) certain subsidiaries of the Group are required to place certain amounts at specific bank accounts as guarantee deposits for the use of the loan proceeds. As at 31 December 2014, the aggregate amount of such deposits was RMB134,368,000 (2013: RMB212,821,000).

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

- (B) Other loan of the Group and the Company are corporate bonds in an aggregate principal amount of HK\$1,500,000,000 due in 2019 issued by the Company to China Life Trustee Limited in July 2013 (the "2013 China Life Bonds"). The 2013 China Life Bonds have a term of six years and bear an interest at a rate of 10% per annum. The 2013 China Life Bonds are guaranteed by Mr. Lam and Ms. Kwok and certain subsidiaries of the Group and secured by share charge over 23.99% of the entire issued share capital of the Company held by Mr. Lam and Ms. Kwok. Under the terms and conditions of the 2013 China Life Bonds, Mr. Lam and Ms. Kwok shall collectively maintain an ultimate beneficial shareholding of not less than 51% in aggregate of the total issued share capital of the Company.
- (C) The Group's bank and other borrowings with carrying amounts of RMB6,258,750,000 (2013: RMB4,337,683,000), RMB1,717,870,000 (2013: RMB1,701,832,000) and RMB689,228,000 (2013: RMB401,814,000) are denominated in RMB, Hong Kong dollars and United States dollars, respectively.

28. SENIOR NOTES

	Group and Company					
	2014			2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Non-current and repayable in the third to fifth years, inclusive						
2012 Senior Notes – 11.75%	12.43	2017	1,527,403	12.43	2017	1,482,998
2013 Senior Notes – 8.75%	9.16	2018	1,838,350	9.16	2018	1,785,955
2014 Senior Notes – 8.625%	8.98	2019	1,840,219	–	–	–
2014 Senior Notes – 9%	9.32	2019	1,532,590	–	–	–
			6,738,562			3,268,953

In October 2012, the Company issued the 2012 Senior Notes – 11.75% with an aggregate principal value of US\$250,000,000 (approximately RMB1,575,000,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$243,790,000 (approximately RMB1,535,877,000). The 2012 Senior Notes – 11.75% will mature on 25 October 2017.

In October 2013, the Company issued the 2013 Senior Notes – 8.75% with an aggregate principal value of US\$300,000,000 (approximately RMB1,836,304,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$295,132,000 (approximately RMB1,806,503,000). The 2013 Senior Notes – 8.75% will mature on 4 October 2018.

In January 2014, the Company issued the 2014 Senior Notes – 8.625% with an aggregate principal value of US\$300,000,000 (approximately RMB1,814,745,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$295,797,000 (approximately RMB1,789,322,000). The 2014 Senior Notes – 8.625% will mature on 24 January 2019.

28. SENIOR NOTES (Continued)

In December 2014, the Company issued the 2014 Senior Notes – 9% with an aggregate principal value of US\$250,000,000 (approximately RMB1,547,665,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$246,860,000 (approximately RMB1,528,223,000). The 2014 Senior Notes – 9% will mature on 24 January 2019.

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

The senior notes of the Group and the Company are denominated in United States dollars and are secured by pledges over the equity interests of certain subsidiaries of the Company.

29. PROVISION FOR LAND APPRECIATION TAX

	Group	
	2014 RMB'000	2013 RMB'000
At 1 January	845,823	919,515
Charged to the consolidated statement of profit or loss during the year (note 10)	627,000	497,502
Overprovision in prior years	(11,327)	(152,080)
Deemed disposal of subsidiaries upon loss of control (note 34)	(10,147)	–
Payment during the year	(437,202)	(419,114)
At 31 December	1,014,147	845,823

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

30. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	252,374	209,209
Deferred tax liabilities recognised in the consolidated statement of financial position	(807,639)	(681,405)
	(555,265)	(472,196)

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

	Arising from revaluation on investment properties RMB'000	Arising from provision for LAT RMB'000	Total RMB'000
At 1 January 2013	(538,751)	226,875	(311,876)
Charged to the consolidated statement of profit or loss during the year (note 10)	(142,654)	(17,666)	(160,320)
At 31 December 2013 and 1 January 2014	(681,405)	209,209	(472,196)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	(115,142)	47,215	(67,927)
Deemed disposal of subsidiaries upon loss of control (note 34)	1,968	(4,050)	(2,082)
Acquisition of a subsidiary	(13,060)	–	(13,060)
At 31 December 2014	(807,639)	252,374	(555,265)

The Group had unutilised tax losses of approximately RMB479,708,000 as at 31 December 2014 (2013: RMB323,656,000) that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised for these tax losses due to the unpredictability of future profit streams (2013: Nil).

30. DEFERRED TAX (Continued)

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

As 31 December 2014 and 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB8,969,887,000 as at 31 December 2014 (2013: RMB6,345,231,000).

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

31. SHARE CAPITAL

SHARES

	2014 RMB'000	2013 RMB'000
Authorised:		
100,000,000,000 ordinary shares of HK\$0.1 each	8,813,679	8,813,679
Issued and fully paid:		
3,455,999,999 ordinary shares of HK\$0.1 each	296,439	296,439

In 2013, the Company made a bonus issue of 2 ordinary shares for every 10 existing ordinary shares held by members on the register of members on 5 July 2013, resulting in the issue of 575,999,999 shares of HK\$0.1 each.

32. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 24 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

32. SHARE OPTION SCHEME (Continued)

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

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

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

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

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

The following share options were outstanding under the Scheme during the year:

	2014		2013	
	Weighted* average exercise price HK\$ per share	Number of options	Weighted* average exercise price HK\$ per share	Number of options
At 1 January	1.889	54,077,200	1.875	44,028,000
Granted during the year	–	–	1.930	11,626,000
Forfeited during the year	1.917	(1,828,600)	1.875	(1,576,800)
At 31 December	1.886	52,248,600	1.889	54,077,200

32. SHARE OPTION SCHEME (Continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2014

Number of options	Exercise price* HK\$ per share	Exercise period
16,813,440	1.875	1-1-2016 to 31-12-2022
4,086,000	1.930	1-1-2017 to 31-12-2023
12,610,080	1.875	1-1-2018 to 31-12-2022
3,064,500	1.930	1-1-2019 to 31-12-2023
12,610,080	1.875	1-1-2020 to 31-12-2022
3,064,500	1.930	1-1-2021 to 31-12-2023
52,248,600		

2013

Number of options	Exercise price* HK\$ per share	Exercise period
16,980,480	1.875	1-1-2016 to 31-12-2022
4,650,400	1.930	1-1-2017 to 31-12-2023
12,735,360	1.875	1-1-2018 to 31-12-2022
3,487,800	1.930	1-1-2019 to 31-12-2023
12,735,360	1.875	1-1-2020 to 31-12-2022
3,487,800	1.930	1-1-2021 to 31-12-2023
54,077,200		

* Adjusted for the bonus issue of shares by the Company in July 2013.

Notes:

- (A) No share options were granted during the year. The fair value of the share options granted during the prior year was RMB3,478,000 (ranging from RMB0.273 to RMB0.328 each), of which the Group recognised a share option expense of RMB2,886,000 (2013: RMB2,178,000) during the year ended 31 December 2014.
- (B) No share options were exercised during the year (2013: Nil).

32. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

- (C) The fair value of equity-settled share options granted during the prior year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2013
Dividend yield (%)	6.000
Expected volatility (%)	31.798
Historical volatility (%)	31.798
Risk-free interest rate (%)	2.334
Expected life of options (year)	10.000
Weighted average share price (HK\$)	1.930

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

- (D) At the end of the reporting period, the Company had 52,248,600 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 52,248,600 additional ordinary shares of the Company and additional share capital of RMB4,183,000 and share premium of RMB74,707,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 67,623,600 share options outstanding under the Scheme, which represented approximately 2% of the Company's shares in issue as at that date.

33. RESERVES

(A) GROUP

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(i) Statutory surplus reserve

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

(ii) Capital reserve

Certain amount of gain or loss arising on the acquisition of non-controlling interests and disposal of the Group's subsidiaries without loss of control was recognised as capital reserve.

33. RESERVES (Continued)**(B) COMPANY**

	Share premium account RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2013	1,261,632	–	(154,545)	(653,163)	453,924
Total comprehensive loss for the year	–	–	(12,167)	(572,835)	(585,002)
Equity-settled share option arrangements	–	2,178	–	–	2,178
Bonus issue	(45,521)	–	–	–	(45,521)
At 31 December 2013 and 1 January 2014	1,216,111*	2,178	(166,712)	(1,225,998)	(174,421)
Total comprehensive income/(loss) for the year	–	–	(4,412)	357,636	353,224
Equity-settled share option arrangements	–	2,886	–	–	2,886
Final 2013 dividend	(404,779)	–	–	–	(404,779)
At 31 December 2014	811,332*	5,064	(171,124)	(868,362)	(223,090)

* These reserve accounts comprise the Company's reserves available for distribution amounting to RMB811,332,000 (2013: RMB1,216,111,000).

34. DEEMED DISPOSAL OF SUBSIDIARIES UPON LOSS OF CONTROL

	Notes	2014 RMB'000	2013 RMB'000
Net assets deconsolidated:			
Property, plant and equipment	14	3,218	–
Investment properties	15	13,200	–
Deferred tax assets	30	4,050	–
Properties held for sale		161,725	–
Properties under development		3,489,908	–
Prepayments, deposit and other receivables		88,512	–
Cash and bank balances		714,393	–
Trade payables		(122,350)	–
Other payables and accruals		(1,379,927)	–
Receipts in advance		(617,972)	–
Corporate income tax payables		(27,587)	–
Provision for land appreciation tax	29	(10,147)	–
Deferred tax liabilities	30	(1,968)	–
		2,315,055	–
Loss on deemed disposal of subsidiaries upon loss of control		(119,825)	–
Reclassification from interests in subsidiaries to investments in joint ventures		2,195,230	–

34. DEEMED DISPOSAL OF SUBSIDIARIES UPON LOSS OF CONTROL

(Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries upon loss of control is as follows:

	2014 RMB'000	2013 RMB'000
Cash and bank balances deconsolidated and net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries upon loss of control	(714,393)	–

35. ACQUISITION OF A SUBSIDIARY

In August 2014, the Group entered into a sale and purchase agreement with an independent third party for the acquisition of the entire issued capital of Great Bloom Holdings Limited (“Great Bloom”) and the assignment of shareholder’s loan to Great Bloom at an aggregate cash consideration of approximately HK\$374 million (approximately RMB299 million). As at the date of acquisition, Great Bloom had not carried out any significant business transactions except for holding a residential building in Hong Kong. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in October 2014 and Great Bloom then became a wholly-owned subsidiary of the Group.

36. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

	Group	
	2014 RMB'000	2013 RMB'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group’s properties	6,573,776	6,171,785

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

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

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

36. FINANCIAL GUARANTEES (Continued)

- (B) According to the relevant agreements signed by certain subsidiaries of the Group with their banks that property purchasers of the Group can arrange mortgage with these banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the bank. As at 31 December 2014, such deposits amounted to RMB161,556,000 (2013: RMB36,843,000).
- (C) The directors of the Company consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made in the financial statements.

37. PLEDGE OF ASSETS

Details of the Group's banks loans and senior notes which are secured by the assets of the Group are included in note 27(A) and 28 to the financial statements respectively.

38. OPERATING LEASE ARRANGEMENTS

(A) AS LESSOR

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to 15 years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions.

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

	Group	
	2014 RMB'000	2013 RMB'000
Within one year	48,743	37,939
In the second to fifth years, inclusive	10,911	–
	59,654	37,939

38. OPERATING LEASE ARRANGEMENTS (Continued)

(B) AS LESSEE

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

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

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within one year	2,275	2,817	1,984	2,015
In the second to fifth years, inclusive	827	2,854	827	2,854
	3,102	5,671	2,811	4,869

39. CAPITAL AND OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 38(B) above, the Group had the following capital and other commitments as at the end of the reporting period:

	Group	
	2014 RMB'000	2013 RMB'000
Contracted, but not provided for:		
Investment properties under construction and properties under development	3,363,412	3,181,981
Acquisition of land use rights	4,029,965	3,001,969
Acquisition of a project company	221,460	237,060
	7,614,837	6,421,010

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

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

	Group	
	2014 RMB'000	2013 RMB'000
Contracted, but not provided for	253,054	–

40. RELATED PARTY TRANSACTIONS

- (A) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Group	
	2014 RMB'000	2013 RMB'000
Service fees paid to Xiamen Zongheng Group Communication Management Co., Ltd. ("Zongheng Communication Management Co.")	3,303	7,544

The service fees were incurred for the design, installation and testing of house entrance intelligence systems provided by Zongheng Communication Management Co. in relation to properties held for sale, at rates similar to the terms and conditions set out in the contracts entered into with the major suppliers of the Group.

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

In the opinion of the Company's directors, the directors and the chief executive officer of the Company represented the key management personnel of the Group and details of the compensation of the key management personnel are set out in note 8 to the financial statements.

- (C) As at the end of the reporting period, certain bank and other borrowings of the Group in the amount of RMB1,198,670,000 (2013: RMB1,168,602,000) were guaranteed by Mr. Lam and Ms. Kwok, directors of the Company, and secured by a share charge over 829,094,000 shares in the Company held by Mr. Lam and Ms. Kwok.
- (D) As at the end of the reporting period, certain bank and other borrowings of the Group in the amount of RMB87,600,000 (2013: RMB101,813,000) were guaranteed by Mr. Lam and Ms. Kwok.
- (E) As at 31 December 2013, certain bank borrowings of the Group in the amount of RMB210,308,000 were guaranteed by Zongheng Co., a company controlled by Mr. Lam and Ms. Kwok.

41. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments being classified as financial assets at fair value through profit or loss as disclosed in note 26 to the financial statements, all financial assets and liabilities of the Company and the Group as at 31 December 2014 and 2013 were loans and receivables and financial liabilities stated at amortised cost, respectively.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial instruments as at 31 December 2014 and 2013 approximate to their fair values.

Management has assessed that the fair values of deposits and other receivables, derivative financial instruments, restricted cash, cash and cash equivalents, trade payables, other payables and accruals and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group uses fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly for determining and disclosing the fair value of financial instruments. As at 31 December 2014, the Group's financial instruments which comprise derivative financial instruments were measured at fair value and determined as level 2 financial instruments.

The Group and the Company did not have any financial assets measured at fair value other than derivative financial instruments as at 31 December 2014.

The Group and the Company did not have any financial liabilities measured at fair value as at 31 December 2014.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, the carrying amounts of the non-current portion of interest-bearing bank and other borrowings approximate to their fair values and determined as Level 3, and the fair value of the senior notes was RMB6,799,894,000 (2013: RMB3,562,199,000) and determined as Level 1.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the senior notes is calculated with reference to price quotations from financial institutions at the reporting date. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

The details of the valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 15 and note 26, respectively.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013: Nil).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**MARKET RISK**

The Group's assets are predominantly in the form of land held for property development for sale, investment properties, properties under development and properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

INTEREST RATE RISK

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same saving rate as unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Group		Company	
	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
2014				
Renminbi	50	20,854	50	-
Renminbi	(50)	(20,854)	(50)	-
Hong Kong dollar	50	1,848	50	1,848
Hong Kong dollar	(50)	(1,848)	(50)	(1,848)
United States dollar	50	3,446	50	3,446
United States dollar	(50)	(3,446)	(50)	(3,446)
2013				
Renminbi	50	19,188	50	-
Renminbi	(50)	(19,188)	(50)	-
Hong Kong dollar	50	3,697	50	3,011
Hong Kong dollar	(50)	(3,697)	(50)	(3,011)
United States dollar	50	978	50	612
United States dollar	(50)	(978)	(50)	(612)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for the Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain amounts due from/to related parties denominated in Hong Kong dollars, certain short term deposits denominated in Hong Kong dollars and certain bank and other borrowings denominated in Hong Kong dollars and United States dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

A reasonably possible appreciation of 1% in the exchange rate of the Hong Kong dollar or United States dollar against the Renminbi would have no material impact on the Group's profit during the year and this would result in an increase in other components of the Group's equity by RMB4,634,000 (2013: decrease of RMB8,619,000) in 2014.

CREDIT RISK

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 36, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**LIQUIDITY RISK**

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operation needs and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	At 31 December 2014				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	4,353,282	2,134,870	3,291,346	183,987	9,963,485
Senior notes	666,381	666,381	7,951,470	–	9,284,232
Trade payables	2,784,053	906,075	–	–	3,690,128
Other payables and accruals	3,870,987	–	–	–	3,870,987
	11,674,703	3,707,326	11,242,816	183,987	26,808,832
Financial guarantees issued: Maximum amount guaranteed (note 36)	6,573,776	–	–	–	6,573,776

	At 31 December 2013				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	2,422,632	1,851,577	2,103,747	1,574,829	7,952,785
Senior notes	347,990	347,990	4,056,924	–	4,752,904
Trade payables	2,345,824	157,678	–	–	2,503,502
Other payables and accruals	1,352,957	–	–	–	1,352,957
	6,469,403	2,357,245	6,160,671	1,574,829	16,562,148
Financial guarantees issued: Maximum amount guaranteed (note 36)	6,171,785	–	–	–	6,171,785

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK (Continued)

Company

	At 31 December 2014				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	941,731	403,723	1,507,696	–	2,853,150
Senior notes	666,381	666,381	7,951,470	–	9,284,232
Other payables and accruals	280,205	–	–	–	280,205
Due to subsidiaries	777,450	–	–	–	777,450
	2,665,767	1,070,104	9,459,166	–	13,195,037

	At 31 December 2013				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	346,790	435,269	620,724	1,237,117	2,639,900
Senior notes	347,990	347,990	4,056,924	–	4,752,904
Other payables and accruals	142,745	–	–	–	142,745
Due to subsidiaries	426,631	–	–	–	426,631
	1,264,156	783,259	4,677,648	1,237,117	7,962,180

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors working capital using a gearing ratio, which is net debt divided by the total equity of the Company. Net debt includes interest-bearing bank and other borrowings and senior notes less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Interest-bearing bank and other borrowings	8,665,848	6,441,329
Senior notes	6,738,562	3,268,953
Less: Cash and cash equivalents	(9,295,977)	(3,507,940)
Less: Restricted cash	(488,765)	(375,686)
Net debt	5,619,668	5,826,656
Total equity of the Company	9,389,799	7,471,905
Gearing ratio	59.9%	78.0%

44. EVENTS AFTER THE REPORTING PERIOD

- (a) In January 2015, a subsidiary of the Company won a bid to acquire a parcel of land located in Xiamen, the PRC, through public bidding. The consideration of the land is RMB2,740,000,000 which has been fully paid by the subsidiary as of the date of approval of these financial statements.
- (b) In March 2015, the Company declared an interim dividend of HK16 cents per ordinary share for the year ended 31 December 2014.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2015.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
RESULTS					
REVENUE	7,836,633	7,470,608	3,893,836	3,839,076	4,265,558
Cost of sales	(4,991,860)	(5,151,527)	(2,350,771)	(1,954,615)	(2,488,175)
Gross profit	2,844,773	2,319,081	1,543,065	1,884,461	1,777,383
Fair value gains/(losses) on investment properties, net	487,130	617,459	(132,386)	478,180	276,015
Fair value gain on derivative financial instruments	6,334	62,976	15,078	–	–
Other income and gains	75,230	142,157	53,356	93,366	18,402
Selling and distribution costs	(191,541)	(182,027)	(108,361)	(116,356)	(64,426)
Administrative expenses	(228,076)	(214,855)	(176,325)	(159,762)	(106,225)
Other expenses	(7,360)	(1,548)	(4,127)	(5,196)	(3,789)
Finance costs	(175,438)	(277,471)	(154,546)	(156,238)	(39,187)
Share of profits and losses of joint ventures, net	356	(2,826)	(3,174)	–	–
Loss on deemed disposal of subsidiaries upon loss of control	(119,825)	–	–	–	–
PROFIT BEFORE TAX	2,691,583	2,462,946	1,032,580	2,018,455	1,858,173
Income tax	(1,328,513)	(971,354)	(308,071)	(1,025,247)	(892,868)
PROFIT FOR THE YEAR	1,363,070	1,491,592	724,509	993,208	965,305
Attributable to:					
Owners of the parent	1,254,384	1,471,221	726,214	941,628	963,601
Non-controlling interests	108,686	20,371	(1,705)	51,580	1,704
	1,363,070	1,491,592	724,509	993,208	965,305
ASSETS, LIABILITIES AND EQUITY					
TOTAL ASSETS	39,075,007	27,362,321	22,277,843	18,253,111	14,592,592
TOTAL LIABILITIES	(29,685,208)	(19,890,416)	(16,186,358)	(12,597,191)	(9,768,563)
NET ASSETS	9,389,799	7,471,905	6,091,485	5,655,920	4,824,029
Represented by:					
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	8,173,324	7,361,632	6,000,684	5,351,298	4,567,404
NON-CONTROLLING INTERESTS	1,216,475	110,273	90,801	304,622	256,625
TOTAL EQUITY	9,389,799	7,471,905	6,091,485	5,655,920	4,824,029

Schedule of Major Properties

MAJOR INVESTMENT PROPERTIES

Project	Location	Use	Tenure	Attributable interest of the Group
The Mall of Yuzhou World Trade Center Phase I	Phase I of Yuzhou World Trade Center on Lot No. 75, Xiahe Road, Xiamen, Fujian Province, the PRC	Commercial and car parking space	Medium term lease	100%
The Mall of Yuzhou World Trade Center Phase II	Phase II of Yuzhou World Trade Center on Lot No. 76, Xiahe Road, Xiamen, Fujian Province, the PRC	Commercial and car parking space	Medium term lease	100%
The Commercial Podium of Yuzhou Jinqiao International Phase I	Phase II of Yuzhou Jinqiao International, No. 333 Jingang Road, Pudong New Area, Shanghai, the PRC	Commercial	Medium term lease	100%
The Commercial Podium of Yuzhou Jinqiao International Phase II	Phase I of Yuzhou Jinqiao International, Lane 50 Jinyu Road, Pudong New Area, Shanghai, the PRC	Commercial	Medium term lease	100%
The Commercial Podium of Yuzhou Jinqiao International Phase III	Phase III of Yuzhou Jinqiao International, Jinyu Road and Jinxian Road, Pudong New Area, Shanghai, the PRC	Commercial	Medium term lease	100%
The Commercial Podium of Yuzhou Jinqiao International Phase IV	Phase IV of Yuzhou Jinqiao International, No.69 Jinhu Road, Pudong New Area, Shanghai, the PRC	Commercial	Medium term lease	100%
Lot A of Yuzhou Haicang WTC Mall	Lot A of Yuzhou Golden Seacoast, West of the Xinggang Road, Haicang District, Xiamen, Fujian Province, the PRC	Commercial	Medium term lease	100%
Lot B of Yuzhou Haicang WTC Mall	Lot B of Yuzhou Golden Seacoast, West of the Xinggang Road, Haicang District, Xiamen, Fujian Province, the PRC	Commercial	Medium term lease	100%
Yuzhou Plaza	North of Minggong Building, Hubin South Road, Siming District, Xiamen, Fujian Province, the PRC	Office and car parking space	Medium term lease	100%
Yuzhou Plaza	Qiu 3/6, Qiu2, No 9 Street, Jinqiao Export Processing Zone, Pudong New Area, Shanghai, the PRC	Office and commercial	Medium term lease	100%

MAJOR PROPERTIES UNDER DEVELOPMENT

Project	Location	Use	Site area (sq.m.)	GFA (sq.m.)	Stage of Completion	Expected completion date	Attributable interest of the Group
Yuzhou Oriental Venice	Longjiang Village, Chengmen Town, Cangshan District, Fuzhou, Fujian Province, the PRC	Residential and commercial	706,397	559,266	Under-development	June 2016	45%
Yuzhou Central Coast	Area of 11-10, East of Xingbin Road and North of Xingdong Road, Jimei District, Xiamen, Fujian Province, the PRC	Residential and commercial	123,240	563,730	Under-development	November 2015	100%
Yuzhou Riverside City Town	Area of 12-07, North of Movie & TV City, South Wuxian Area, Tongan District, Xiamen, Fujian Province, the PRC	Residential and commercial	284,414	512,600	Under-development	November 2016	100%
Yuzhou Lucca Town	Southeast of the junction of Xiyan Road and Hongqian Central Road, Xiang'an District, Xiamen, Fujian Province, the PRC	Residential and commercial	54,323	136,000	Under-development	May 2017	100%
Yuzhou Skyline	West of Songlin Road, Northeast of Planning Road, Ranfang Village, Taohua Town, Feixi County, Hefei, Anhui Province, the PRC	Residential and commercial	446,757	1,230,259	Under-development	June 2016	100%
Yuzhou Jade Lakeshire	East of Ziyun Road, South of Feicui Road, Taohua Town, Feixi County, Hefei, Anhui Province, the PRC	Residential and retail	95,978	352,268	Under-development	June 2016	100%
Yuzhou Central Plaza	South of Changjiangdong Road, East of Liaoyuan Road, East Urban District, Hefei, Anhui Province, the PRC	Residential and commercial	279,535	918,698	Under-development	November 2016	72%
Yuzhou Royal Seal	South of Fanhua Avenue, West of Taishan Road, Taohua Town, Feixi County, Hefei, Anhui Province, the PRC	Residential and commercial	156,667	470,000	Under-development	June 2017	49%
Yuzhou City Plaza Phase I & II	South New Zone of Huian County, Quanzhou, Fujian Province, the PRC	Residential and commercial	366,707	1,370,325	Under-development	December 2016	100%
Yuzhou Palace Country	South of Beihua Road, East of Guihua Chunxi Avenue, Jinghai New Town, Tianjin, the PRC	Residential and retail	135,173	320,374	Under-development	June 2015	100%

MAJOR COMPLETED PROPERTIES HELD FOR SALE

Project	Location	Use	Site area (sq.m.)	GFA (sq.m.)	Stage of Completion	Expected completion date	Attributable interest of the Group
Yuzhou Golf	Maqing Road, Haicang District, Xiamen, Fujian Province, the PRC	Residential and car parking space	55,986	129,187	Completed	N/A	100%
Yuzhou Shoreline	Area of 05-11, East of Xinggang Road and North of Jiaosong Road, Haicang District, Xiamen, Fujian Province, the PRC	Residential and commercial	107,622	473,184	Completed	N/A	100%
Yuzhou Cloud Top International	South of West Lianqian Road, West of Yundingzhong Road, Siming District, Xiamen, Fujian Province, the PRC	Residential and commercial	15,652	98,294	Completed	N/A	100%

Corporate Information

EXECUTIVE DIRECTORS

Mr. Lam Lung On (*Chairman*)
Ms. Kwok Ying Lan (*Vice Chairman*)
Mr. Lin Longzhi
Mr. Lin Conghui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gu Jiande
Mr. Lam Kwong Siu
Mr. Wee Henny Soon Chiang

AUDIT COMMITTEE

Mr. Wee Henny Soon Chiang (*Chairman*)
Mr. Gu Jiande
Mr. Lam Kwong Siu

REMUNERATION COMMITTEE

Mr. Gu Jiande (*Chairman*)
Mr. Lam Lung On
Mr. Wee Henny Soon Chiang

NOMINATION COMMITTEE

Mr. Gu Jiande (*Chairman*)
Mr. Lam Lung On
Mr. Wee Henny Soon Chiang

COMPANY SECRETARY

Mr. Hui Chun Yip (appointed as Company Secretary on 31 March 2015)
Mr. Chiu Yu Kang (cessation to act as Company Secretary on 31 March 2015)

AUTHORIZED REPRESENTATIVES

Mr. Lam Lung On
Ms. Kwok Ying Lan

REGISTERED OFFICE

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

PRINCIPAL ADMINISTRATION AND MANAGEMENT CENTER IN THE PRC

39 West Hubin Road
Xiamen
Fujian
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 4905-06, 49th Floor
The Center
99 Queen's Road Central
Central
Hong Kong

COMPANY'S WEBSITE

www.xmyuzhou.com.cn

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited

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

AUDITOR

Ernst & Young

LEGAL ADVISORS

Paul, Hastings, Janofsky & Walker (as to Hong Kong law)
Conyers Dill & Pearman (as to Cayman Islands law)

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
China Construction Bank Corporation
Agricultural Bank of China
Bank of China
Bank of China (Hong Kong)
Hongkong and Shanghai Banking Corporation
Hang Seng Bank
Oversea Chinese Banking Corporation



禹洲地產股份有限公司
YUZHOU PROPERTIES COMPANY LIMITED

Stock Code : 01628.HK

www.xmyuzhou.com.cn

Principal administration and management center in the PRC

39 West Hubin Road Xiamen Fujian
People's Republic of China

Principal place of business in Hong Kong

Units 4905-06, 49th Floor, The Center
99 Queen's Road Central, Central, Hong Kong