FRANSHION PROPERTIES (CHINA) LIMITED

A Sinochem Member Company

UNLEASHING FUTURE VITALITY OF THE CITY

Annual Report 2014

(Incorporated in Hong Kong with limited liability)
Stock Code: 00817

OUR MISSION

Unleashing future vitality of the city

OUR VISION

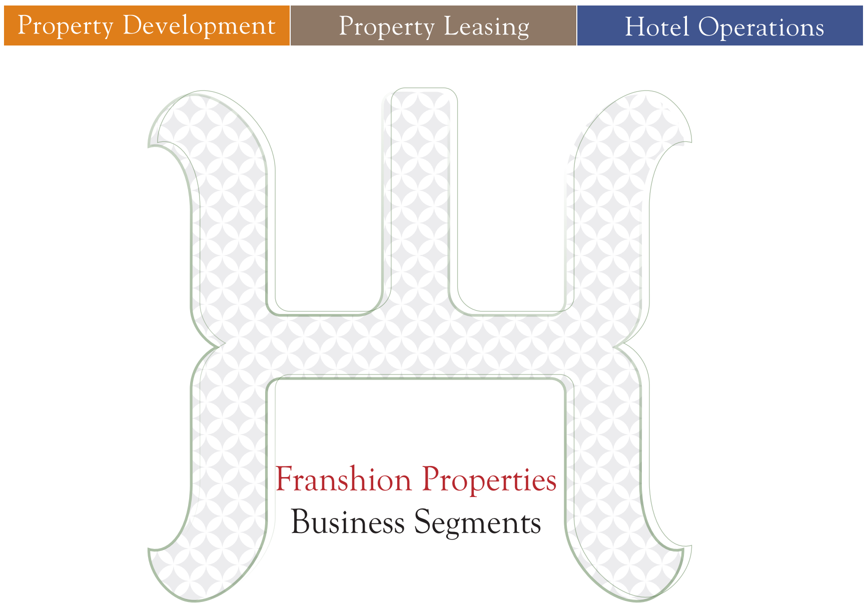
Becoming a well-respected and leading quality property developer

OUR BRAND PHILOSOPHY

Aim high with vision Building for the future

CONTENTS

COMPANY OVERVIEW



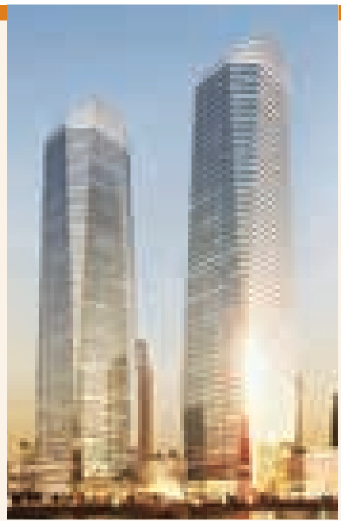
Franshion Properties (China) Limited (stock code: 00817) is a platform enterprise under the real estate and hotel segments of Sinochem Group, one of the top 500 world's enterprises (ranking the 107th among the top 500 world's enterprises in 2014 by "Fortune"). On 17 August 2007, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited. It is now one of the component stocks of the Hong Kong Hang Seng Composite Index. Sinochem Group is a state-owned enterprise that is approved by the State-owned Assets Supervision and Administration Commission of the State Council to engage in property development and hotel operations as one of its main business.

Franshion Properties is a large-scale and high-end property developer and operator specialising in developing world-class artistic urban landmarks in pursuit of harmony between man, architecture and nature in adherence to its corporate mission of "Unleashing Future Vitality of the City". Its business segments cover high-end property development, business and commercial leasing as well as hotel investments and operations, generating synergies from the segments. It has established a series of high-end products that feature "Jin Mao" as the core brand. Franshion Properties has developed several top quality real estate projects in Beijing, Shanghai, Sanya and Changsha, and has a number of landmark projects in many cities such as Shanghai Jin Mao Tower, Beijing Chemsunny World Trade Centre and Nanjing Xuanwu Lake Jin Mao Plaza. It has also invested in a number of five-star luxury hotels. Through successful development and operation of a series of prime quality projects, Franshion Properties has gained a significant foothold in the real estate industry in China. Leveraging on its unique growth pattern, experienced management team and the strong backing from its parent company, Sinochem Group, Franshion Properties can capitalise on tremendous opportunities arising from the fast-growing PRC real estate industry and win more opportunities in the acquisition and integration of resources.

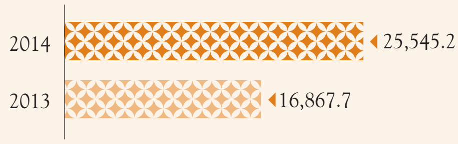
PROPERTY DEVELOPMENT
Strong Performance

Property development projects and primary land development projects with a total gross floor area of approximately 9.79 million square metres and approximately 20.85 million square metres respectively

During the year, sales results of property development projects were good and land reserves were expanded with the successful acquisitions in Beijing, Shanghai, Hangzhou, Chongqing and Guangzhou



Sales Revenue
(HK$ million)



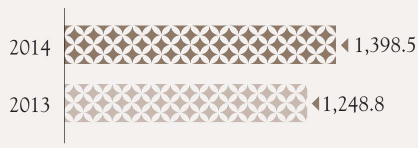
+51%

PROPERTY LEASING
Stable Income

Six high-end investment properties with a total gross floor area of approximately 550,000 square metres

High rental level and high occupancy rate of investment properties, outperforming its peers

Rental Revenue
(HK$ million)



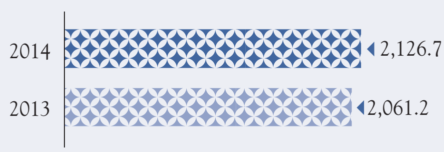
+12%

HOTEL OPERATIONS
Industry Leader

Nine luxury hotels offering 3,695 guest rooms

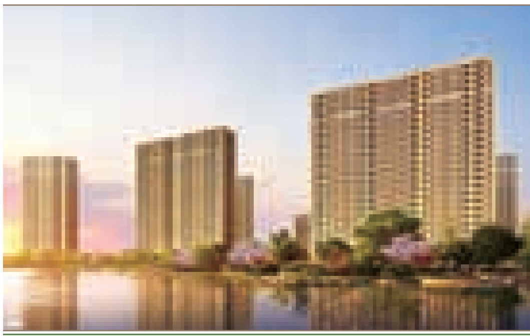
Remarkable performance of hotel operations, outperforming its peers

Hotel Revenue
(HK$ million)



+3%

MAJOR EVENTS

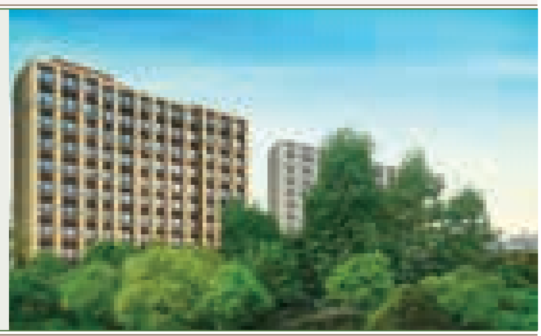


JANUARY 2014

- Franshion Properties acquired the land parcel of Hangzhou Huanglong Jin Mao Yue Project and the land parcel of Shanghai Daning Jin Mao Palace Project.

FEBRUARY 2014

- Franshion Properties acquired the land parcel of Beijing Yizhuang Jin Mao Noble Manor Project.



MARCH 2014

- The opening ceremony of Hyatt Regency Chongming was held.

JULY 2014

- Jinmao Investments and Jinmao (China) Investments Holdings Limited was successfully listed on the Main Board of the Hong Kong Stock Exchange.

AUGUST 2014

- The opening ceremony of Renaissance Beijing Wangfujing was held.

SEPTEMBER 2014

- The opening ceremony of Grand Hyatt Lijiang was held.
- Franshion Properties acquired the land parcel of Guangzhou Guanggang Project.

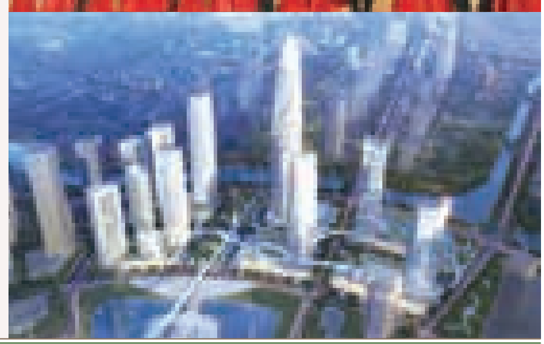
OCTOBER 2014

- Franshion Properties acquired the land parcel of Chongqing Konggang Project.

DECEMBER 2014

- The opening ceremony of Lijiang J-Life was held.

- Franshion Properties won the bid for the land parcel of Changsha Meixi Lake Land Parcel F-13 Project.



2015

- Franshion Properties acquired the primary development right to the shanty town renewal project in the city centre of Shangfang, Jiangning, Nanjing.
- Franshion Properties acquired the land parcels of Qingdao High-Tech Zone Project.

CORPORATE INFORMATION

COMPANY NAME
Franshion Properties (China) Limited

PRINCIPAL OFFICE
Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No. 1 Harbour Road
Wan Chai, Hong Kong

NON-EXECUTIVE DIRECTORS
Mr. YANG Lin
Ms. SHI Dai

EXECUTIVE DIRECTORS
Mr. HE Cao (Chairman)
Mr. LI Congrui (Chief Executive Officer)
Mr. HE Binwu (Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. LAU Hon Chuen, Ambrose, G.B.S., J.P.
Mr. SU Xijia
Mr. LIU Hongyu

CHIEF FINANCIAL OFFICER
Mr. JIANG Nan

QUALIFIED ACCOUNTANT
Mr. LIAO Chi Chiun

COMPANY SECRETARY
Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES
Mr. HE Cao
Mr. LI Congrui

LEGAL ADVISORS
Latham & Watkins
18th Floor, One Exchange Square
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Beijing, People's Republic of China

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STOCK CODE
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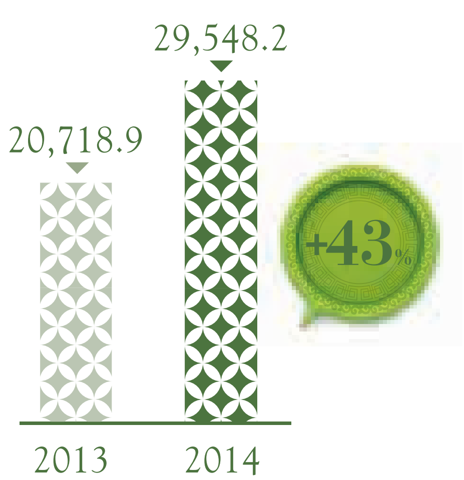
FINANCIAL HIGHLIGHTS

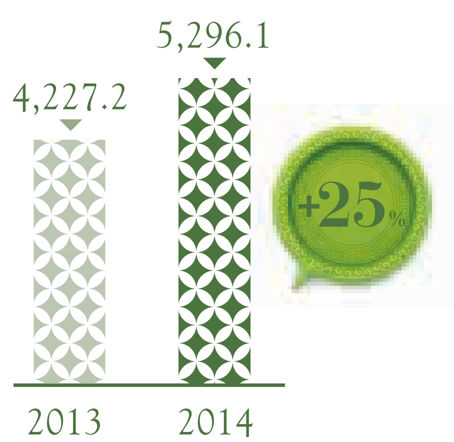
	2014 (HK$ million)	2013 (HK$ million)	Percentage change (%)
Revenue	29,548.2	20,718.9	43
Gross profit	11,558.8	9,200.3	26
Profit attributable to owners of the parent – less: fair value gains on investment properties (net of deferred tax)	3,610.3	2,910.3	24
Add: fair value gains on investment properties (net of deferred tax)	1,685.8	1,316.9	28
Profit attributable to owners of the parent	5,296.1	4,227.2	25
Total assets	138,025.8	120,843.3	14
Equity attributable to owners of the parent	37,650.4	33,561.9	12
Basic earnings per share (HK cents)	57.86	46.14	25
Basic earnings per share – less fair value gains on investment properties (net of deferred tax) (HK cents)	39.44	31.77	24
Dividend (HK cents)			
– final dividend per ordinary share	11.5	9.5	21
Net debt-to-adjusted capital ratio (%)	56	41	N/A

Note: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances and pledged deposits – other financial assets (financial products))/(total equity + amount due to related parties).

REVENUE
(HK$ million)



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT
(HK$ million)



CHAIRMAN'S STATEMENT

"We have strong confidence in the long-term development of the real estate market in the PRC and remain determined to become a well-respected quality property leader adhering to our two-wheel driven operating strategy of both property sales and holdings. We will constantly adopt a customer-oriented approach and reinforce our quality property positioning that features 'exquisite quality, green health and smart technology', complemented by an innovative property model that provides 'multi-dimensional ancillary, premium value experience, convenient and carefree' services."

HE Cao
Chairman

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of Franshion Properties (China) Limited ("Franshion Properties" or the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2014 (the "Period under Review" or the "Year").

During the Period under Review, profit attributable to owners of the parent amounted to HK$5,296.1 million, representing an increase of 25% over that of last year. Basic earnings per share amounted to HK57.86 cents. If the fair value gains on investment properties, net of deferred tax, are excluded, the profit attributable to owners of the parent would be HK$3,610.3 million, representing an increase of 24% over that of last year. The Board has recommended the payment of a final dividend of HK11.5 cents per share, which will be subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

In 2014, the real estate sector in the PRC underwent internal correction and adapted to the "new normal state" from high-speed growth. The market generally took a wait-and-see attitude. Accordingly, the residential market in a number of cities saw a decline both in terms of volume and price and faced greater pressure on stock clearance. Despite the fact that the risks associated with office, retail commercial and hotel segments were basically controllable, there were worries over the emergence of structural imbalance.

Under this environment, the Group continued to reinforce its "two-wheel driven" strategy and follow the "proactive, sound, sustaining and healthy" principle to ensure achievement of its overall performance targets. In 2014, each of business segments saw good growth momentum. Indicators such as revenue and profit attributable to owners of the parent increased significantly and contracted sales amount also increased slightly under poor market sentiments with continuous growth in quality land reserves. The "green strategy" also achieved significant progress, and the capability of speedy, healthy and sustainable growth was further strengthened.

As for property development, adhering to its core positioning of maintaining prime quality, the Group currently owns approximately 30 projects under construction in 12 cities nationwide such as Beijing, Shanghai and Guangzhou, and occupies an area of more than 4.7 million square metres for projects that have commenced or resumed construction, growing steadily as compared to last year. In 2014, the Company strengthened the operational management, as a result of which, construction and sales of various projects progressed on schedule, and development and operation efficiency enhanced significantly. Among those projects, Hangzhou Huanglong Jin Mao Yue Project commenced sales in eight months after land acquisition and achieved the benchmark standard in the industry. At the same time, in face of growing sales pressure, the Company adopted proactive and innovative sales and marketing concepts and measures including the Hundred Regiments Offensive (百團大戰), the first online November 11 Sales Festival (雙十一光盤節) in the real estate sector and the December 12 E-Commerce Dual Platform Annual Celebration ("雙十二"電商雙平臺年終盛會). Amid a tough market environment, such series of "mega sales and marketing" activities helped stabilise the sales results of the Company and the sales results grew slightly.

As for commercial leasing, Grade A offices in core regions in the first-tier cities such as Beijing and Shanghai remained short in supply with high demand for renewal and upgrade. Given that substantially all office buildings held by the Group are located at prime locations in first-tier and second-tier cities, the performance targets such as revenue and profit set at the beginning of the Year were exceeded. In particular, Chemsunny World Trade Centre and Sinochem Tower in Beijing and Jin Mao Tower in Shanghai recorded year-on-year increase in rental level with full occupancy in general, which further consolidated the image of landmark office building within the region. Xuanwu Lake Jin Mao Plaza in Nanjing also overcame the influence of project revamp and continued to outperform its peers in the region.

As for retail and commercial development and operation, on the basis of the success of high-end commercial developments, i.e. Shanghai J-Life and Sanya J-Life, the Group stepped up its efforts in developing commercial projects while adapting to the local landscape and seeking new changes. Combining a Naxi architectural design with a unique business mix, Lijiang J-Life had its grand opening at the end of the Year, which not only filled the local vacancy in the quality commercial market, but also provided strong impetus for upgrading tourism in Lijiang city. Following the launch of subsequent commercial projects in Nanjing, Changsha and Qingdao, our four retail and commercial product lines including commercial ancillary business, tourism real estate business, city commercial centre and community business will be enhanced, offering customers a comprehensive range of shopping and life experiences and strengthening our industry position and brand influence in the area of commercial real estate.

As for hotel investments and operations, since the joint listing of Jinmao Investments and Jinmao (China) Investments Holdings Limited ("Jinmao Holdings") on 2 July 2014, its brand was well recognised by the market, giving extra room for future capital operation of the Company. Sound capital market performance lies in distinguished operating results over its peers in the region. Grand Hyatt Shanghai, The Ritz-Carlton, Sanya and Westin Beijing, Chaoyang continued to maintain leading positions amongst their competitors in the region, whereas Hilton Sanya Resort & Spa and JW Marriot Shenzhen also topped the market rankings in the region. Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Grand Hyatt Lijiang opened successively during the Year were also widely acclaimed and recognised by the market, which fully displayed the image of industry benchmark of its hotel segment with high-end positioning, sound operations and stable performance.

Since 2014, the Group has pushed ahead its efforts in the acquisition of key resources including land and capital funding in a prudent and sound manner. The additional development projects focus on first-tier and second-tier core cities, of which 70% of the investment in secondary development projects was in first-tier cities. Seizing the market opportunities, the Group, for the first time, entered Hangzhou market and won the bid for a number of quality land parcels in Beijing, Shanghai, Guangzhou, Nanjing, Chongqing and Changsha, which further expanded its land reserves. As at the end of February 2015, the land reserves exceeded 30 million square metres. As for capital funding, the Company continued to diversify its capital operation channels, optimise its financing structure and step up its cooperation on equity funding. These provided abundant funding for the speedy development of the Group.

In 2014, the Group continued to implement the "green strategy" as a crucial "soft power" in achieving innovative development and differentiated competition. On the one hand, the Company continued to promote green technology R&D and application. As to public infrastructure, Shanghai International Shipping Service Center was the world's largest building complex that has been awarded the three-star green building, LEED and BREEAM certifications, and Shanghai Xingwaitan Project was titled the National Green Building Model Site in Eastern China and granted the Shanghai Green Building Contribution Award (上海市綠色建築貢獻獎). As to residential properties, Franshion Properties launched the green community management model and developed a number of state green standards three-star green residential projects such as Suzhou Gusu Jin Mao Palace, Ningbo Nantang Jin Mao Palace and Qingdao Shinan Jin Mao Bay adhering to the "green gold label". Shanghai Daning Jin Mao Palace was the first project in the PRC to receive BREEAM residential system certification. On the other hand, the Company continued to strengthen its green platform development, actively cooperated with relevant government authorities and industry associations and participated in the formulation of a number of national standards including the "Evaluation Standards on Green Renovation of Existing Buildings" (《既有建築改造綠色評價標準》) and "Building Carbon Emission Measurement Standards"

(《建築碳排放計算標準》) to drive the development of the national green management industry and become the industry leader in green ecology.

In addition to speedy business development, the Group also attaches great importance to fulfilling the social responsibility as a state-owned enterprise and a listed company. The Company successfully built green campuses at primary and secondary schools and kindergartens ancillary to the residential projects. Beijing Experimental No.2 Chaoyang Primary School introduced by Beijing Guangqu Jin Mao Palace was awarded the US LEED-School Platinum Certification, representing the only school in Asia that has been granted such honour. Chongqing Jin Mao Long Yue Project has green campuses under construction. The Group actively participated in the construction of affordable housing and social welfare activities. Affordable housing occupying an area of 233,000 square metres was committed, reflecting the close connection between the growth of the Company and urban development. Meanwhile, the Group actively promoted donations to the schools for children of rural migrant workers and welfare institutions as well as subsidies for distressed employees in adherence to the Company's corporate culture and philosophy of giving back to the community.

Looking into year 2015, with the downward pressure on the PRC economy, the real estate industry will continue to undergo a period of profound correction where property developers will face challenges including shrinking profit margins and intensifying competition. However, as the favourable urbanisation policies on new town development and urban renewal gradually take effect, coupled with the trend shifting to personalised and diversified consumption, demand for improved housing and related ancillary services gradually increases. Developers offering quality properties and whole life cycle services will usher in opportunities. We have strong confidence in the long-term development of the real estate market in the PRC and remain determined to become a well-respected quality property leader adhering to our two-wheel driven operating strategy of both property sales and holdings. We will constantly adopt a customer-oriented approach and reinforce our quality property positioning that features "exquisite quality, green health and smart technology", complemented by an innovative property model that provides "multi-dimensional ancillary, premium value experience, convenient and carefree" services. The Group firmly believes that, by leveraging on its unparalleled strategy, top-notch team management, quality product support and continuous service innovation, we will achieve greater development progress in the course of profound industry correction and reform.

On behalf of the Board, I would like to express our sincere gratitude to our customers, business partners, shareholders, and all employees of the Company. Franshion Properties is strongly determined and will continue to use its best endeavours and exert its innovative ideas to make progress, achieve better results and create greater value for its shareholders.

HE Cao
Chairman

Hong Kong
26 March 2015

HONOURS AND AWARDS

MAJOR INTEGRATED AWARDS

- In May 2014, at the "Chinese Listed Real Estate Developers Research Conference 2014" (2014中國房地產上市公司研究成果發布會) jointly organised by the Enterprise Research Institute under the Development Research Centre of the State Council, the Real Estate Research Institute of Tsinghua University and China Index Academy, Franshion Properties was named one of the "Top 10 Hong Kong Listed China Real Estate Developers in Overall Performance" (中國大陸在港上市房地產公司綜合實力TOP10) and "2014 Top 10 Hong Kong Listed China Real Estate Developers in Investment Value" (2014中國大陸在港上市房地產公司投資價值TOP10).
- In June 2014, Franshion Properties was titled one of the "Top 20 Hong Kong Listed China Real Estate Stocks in Value" by China Business News.
- In June 2014, Franshion Properties was accredited the "Golden Bee • Eco-Civilisation Award" (金蜜蜂•生態文明獎) at the "2013 Golden Bee CSR • China" (2013金蜜蜂企業社會責任•中國幫) contest.
- In June 2014, Franshion Properties was granted the "China Blue Chip Real Estate" (中國藍籌地產企業) award by Economic Observer.
- In June 2014, Franshion Properties was granted the "2014 New-Type Urbanisation CSR Award" (2014年度新型城鎮化企業社會貢獻獎) at the 2014 New-Type Urbanisation CSR Report Release cum China New-Type Urbanisation Summit (2014新型城鎮化企業社會責任報告發佈暨中國新型城鎮化高峰論壇) jointly organised by China Business Operation Bulletin, China Association for Regional Economy (中國區域經濟學會) and National Regional Development and Industry Upgrade Research Alliance (全國區域發展和產業升級研究聯盟).
- In September 2014, Franshion Properties was named the first batch "Responsible Property Developers in China"(中國責任房企) by www.news.cn/house.
- In November 2014, Franshion Properties was titled "2014 Top 100 City Property Operators in China" (2014中國城市運營商百強) and Changsha Meixi Lake International New City was titled "2014 Charming Urban City Benchmark" (2014中國魅力新城鎮標桿) at the first City Property Operator Conference in China(首屆中國城市運營商大會) jointly organised by www.china.org.cn and CRECC.

MAJOR PROPERTY DEVELOPMENT AWARDS

- In January 2014, Shanghai Star Bund Project was listed as the first batch of the national green building site by China Green Building Council (中國綠建委) – the National Green Building Model Site in Eastern China (華東地區國家綠色建築示範推廣基地).
- In January 2014, Beijing Asian Olympics Jin Mao Yue Project was granted the "Best Potential Value Property Project" (最佳潛力價值樓盤) by www.focus.cn.
- In May 2014, Beijing Yizhuang Jin Mao Yue Project was granted the "Best Performance-Price Property Project – Gold Award" (最佳性價比樓盤金獎) by www.house.sina.com.cn.
- In July 2014, Changsha Meixi Lake Jin Mao Yue Project was named "1H2014 Top 10 Ordinary Commodity Housing Projects in Changsha in Overall Performance" (2014上半年長沙樓市普通商品房類綜合競爭力十強樓盤).
- In August 2014, Guangzhou Nansha Jin Mao Bay Project was titled "2014 Most Influential Stylistic Project in China" (2014中國最具影響力風尚專案) at "Boao Real Estate Forum • Stylistic Chinese Property Awards" (博鼇房產論壇•中國地產風尚大獎) presentation ceremony.
- In October 2014, Guangzhou Nansha Jin Mao Bay Project was named "2014 Best City Complex" (2014年度最佳城市綜合體) at the Top 100 List of Chinese Property Projects (中國地產時代百強榜) organised by the Time Weekly.
- In November 2014, Shanghai Daning Jin Mao Palace Project obtained China's first BREEAM's residential system certification.
- In December 2014, at the 11th Jing Rui Science and Technology Award organised by China Real Estate Chamber of Commerce, Franshion Properties' Ningbo Nantang Jin Mao Palace Project and Suzhou Gusu Jin Mao Palace Project received the "Best Living Residential Model Project" (最佳人居住區範例) Award, and Changsha Meixi Lake Jin Mao Plaza Project received the "Best Living Commercial Model Project" (最佳人居商業範例) Award.
- In December 2014, Shanghai International Shipping Service Center Project was granted BREEAM Outstanding Certification. The project is the world's first skyscraper project that has received BREEAM's highest-level acclaim – Outstanding Certification.

MAJOR HOTEL AWARDS

CHINA JIN MAO (GROUP) COMPANY LIMITED

- In November 2014, Jin Mao Group was named the "Best Hotel Owner for 2014" at the Golden Pillow Award of China Hotels.

GRAND HYATT SHANGHAI

- In March 2014, Grand Hyatt Shanghai was named the "Best City Hotel" (最佳城市酒店) by Institutional Investor.
- In June 2014, Grand Hyatt Shanghai was granted "Best of the Best 2014 – China's Leading Luxury Brand Award" (2014年極品奢萃中國領先奢華品牌獎) by Gafencu.

THE RITZ-CARLTON, SANYA

- In April 2014, The Ritz-Carlton, Sanya received the "Most Popular Hotel Among Consumers" (最受消費者青睞酒店) Award by Hurun Report.
- In April 2014, The Ritz-Carlton, Sanya received the "Best Resort Hotel (Beachside) in China" (中國區最佳度假酒店(海邊)) Award by TTG Magazine.

HILTON SANYA RESORT & SPA

- In August 2014, Hilton Sanya Resort & Spa was granted "2014 Excellence Award" (2014年度卓越獎) by TripAdvisor.

WESTIN BEIJING, CHAOYANG

- In May 2014, Mai at Westin Beijing, Chaoyang won the "Best Restaurant Award in Beijing and Shanghai for 2014" by Tatler.

JW MARRIOTT SHENZHEN

- In April 2014, JW Marriott Shenzhen received the "Best Luxurious Resort Hotel Award" (最佳奢華度假酒店獎) at the contest jointly organised by International Channel Shanghai and City Traveler.
- In August 2014, JW Marriott Shenzhen was granted "2014 Excellence Award" (2014年度卓越獎) by TripAdvisor.

WESTIN NANJING

- In April 2014, Westin Nanjing was granted the "Best Business Resort Hotel Award" (最佳商務度假酒店獎) at the contest jointly organised by International Channel Shanghai and City Traveler.
- In June 2014, Westin Nanjing was honoured the "Award of Excellence of the Year" (年度卓越獎) by TripAdvisor, the world's largest travel website, for the third consecutive year.

HYATT REGENCY CHONGMING

- In November 2014, Hyatt Regency Chongming was granted "2014 China Travel Awards – Best New Hotel" (2014中國旅行獎－最佳新開業酒店) Award by Travel Plus (私家地理).

GRAND HYATT LIJIANG

- In November 2014, Grand Hyatt Lijiang was granted one of the "Top 10 Most Popular New Hotels" (十大最受歡迎新開酒店獎) at the Golden Pillow Award of China Hotels.

OFFICE AND OTHER PROJECT AWARDS

- In March 2014, Beijing Chemsunny World Trade Centre received the national three-star green building design label certificate, representing the first office project in China that has been awarded both the three-star green building certification and LEED-EB Platinum Certification.
- In July 2014, Beijing Chemsunny World Trade Centre was received the "Commercial Office Building Rating Standards" (商務寫字樓等級評價標) five-star certification.
- In August 2014, Jin Mao Tower was nominated for the "Building Function" (建築性能) award by Council on Tall Buildings and Urban Habitat.
- In April 2014, Lijiang J-Life was granted "2014 Potential Star Project" (2014年潛力星秀項目) cup by www.mallchina.org.

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2014 was an extraordinary year faced with increasing pressure of economic downturn in China and intertwined with a tough market environment and adjustments. Amid such macroeconomic backdrop, the real estate industry quickly decelerated and declined in both sales volume and price in various major cities, resulting in a high level of inventory. Amid such severe external environment, all the employees of the Company were determined to tackle the difficulties capitalising on the "high-end with quality" and "two-wheel driven" strategies. Adhering to the "proactive, sound, sustaining and healthy" principle, the Company took a proactive approach and strived for excellence. It not only continued to enhance the quality of its products, but also achieved steady growth in operating results, which gradually increased the value and core competitiveness of the Company and gained another victory for the Company.

Looking back to 2014, the Group's three major business segments all forged ahead with remarkable results performance. As to property development, the scale of development increased steadily. During the Year, a number of projects commenced sales with contracted sales amount of approximately RMB21.5 billion, which increased slightly as compared with last year amid such poor market sentiments. As to property leasing, the Group firmly grasped the market opportunities arising from the booming demand for high-end office buildings in Beijing and Shanghai. Occupancy rate remained high and rental level continued to rise. In particular, two office buildings in Beijing had full occupancy for consecutive months and rental level continued to rise. Occupancy rate of the offices in Jin Mao Tower in Shanghai remained high with its rental level substantially higher than that of the same period of last year. The office portion of Xuanwu Lake Jin Mao Plaza in Nanjing also overcame the impacts of project renovation and continued to record growth in rental level while maintaining high occupancy rate. For hotel operations, under market downturn, the Group aggressively coped with the effects of policies, flexibly adjusted the pricing strategies, expanded the sales channels and implemented strict cost control, the effects of which were eminent. As the two hotels in Sanya continued to consolidate its leading edge, Westin Beijing, Chaoyang was ranked first within the region among its competitive hotel peers, and Westin Nanjing and JW Marriott Shenzhen recorded steady growth in operating results. Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Grand Hyatt Lijiang that were opened successively during the Year also received wide acclaim and recognition from the market.

The Share Stapled Units jointly issued by Jinmao Investments and Jinmao Holdings were listed on the Main Board of the Hong Kong Stock Exchange on 2 July 2014 (stock code: 06139), which realised the strategy of the Company for spin-off and listing of its hotel operations segment. The spin-off and listing of the hotel operations segment effectively released the value of the hotel assets, expanded the investment and financing channels and improved the capital structure of the Company. At the same time, a listing platform specialising in hotel holdings and operations was established to generate synergies in terms of strategies and funding capital with the property development business which continued to strengthen the Company's two-wheel driven strategy. The initial property portfolio of Jinmao Holdings upon listing includes: Jin Mao Tower (comprising Grand Hyatt Shanghai, office, retail and tourist areas), The Westin Beijing Chaoyang, JW Marriott Shenzhen, The Ritz-Carlton, Sanya, Hilton Sanya Resort and Spa, Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Grand Hyatt Lijiang.

In striving for the best results for the period, the Group also attached much importance to the management of projects under construction and availability of strategic resources with a view to establishing a solid foundation for performance growth in the future. In 2014, all of the Group's projects under construction were well under way. All key project nodes were completed on schedule or in advance. At the same time, the Group successfully acquired Hangzhou Huanglong Jin Mao Yue Project and Shanghai Daning Jin Mao

OUR PROPERTY MAP

Palace Project in January; Beijing Yizhuang Jin Mao Noble Manor Project in February; Guangzhou Guanggang Project in September; Chongqing Konggang Project in October; and Qingdao High-Tech Zone Project and Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project in early 2015, respectively. The newly acquired projects since 2014 had a total gross floor area of approximately 7.2 million square metres, providing the Company with important strategic resources for its sustainable development.

In 2014, Franshion Properties endeavoured to implement the green strategy and further strengthened the green competitive strengths of the products, which consolidated the green leading position in the industry. During the Year, Franshion Properties and Building Research Establishment ("BRE") of UK entered into strategic cooperation to strengthen the R&D capability of its green technology in shaping Shanghai Daning Jin Mao Palace, being the first green residential project in China that has won UK BREEAM's excellence category certification, and Shanghai International Shipping Service Center, being the first public infrastructure project in China that has won BREEAM's merit category certification. As to hotel operations, Franshion Properties joined hands with the Chinese green development experts, hotel owners and management groups to prepare the Evaluation Standards on High Star-Rated Green Hotels and actively promote the green and low-carbon transition across the hotel industry. In connection with eco-city development, Franshion Properties actively implemented the operational management of Meixi Lake National Eco-City and replicated such leading eco-city development and operational experience into the preliminary planning of Qingdao High-Tech Zone Project and Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project. In addition, Franshion Properties obtained 14 national green label certifications, one state-level honour and eight provincial and municipal honours, and received government subsidies of RMB21.62 million in 2014. At the green property developer election held by www.china-crb.cn (中國房地產報) in 2014, Franshion Properties was among the top 5 green property developers in China in overall performance.

In 2014, Franshion Properties was granted a number of awards in various areas and was increasingly accredited in the industry with its remarkable performance recognised and affirmed by its peers, the capital market and the media. In May, it was granted one of the "Top 10 Hong Kong Listed China Real Estate Developers in Overall Performance" (中國大陸在港上市房地產公司綜合實力TOP10) and "2014 Top 10 Hong Kong Listed China Real Estate Developers in Investment Value" (2014中國大陸在港上市房地產公司投資價值TOP10). In September, it was named the first batch "Responsible Property Developers in China" (中國責任房企) by www.news.cn/house. In November, it was titled "2014 Top 100 City Property Operators in China" (2014中國城市運營商百強). The basis of these accolades and awards is the perseverance of Franshion Properties towards responsibility, green efforts and high quality, which are the constant virtues that Franshion Properties strives for.

GENERAL INFORMATION BY SEGMENTS

Franshion Properties Total gross floor area: 31,766,596 square metres					
Property Leasing Total gross floor area: 552,950 square metres	Hotel Operations Total gross floor area: 576,295 square metres Number of guest rooms: 3,695	Property Development Total gross floor area: 30,637,351 square metres			
		Completed projects: ***(unsold portion)***	**Projects under development:**	**Reserved projects:**	**Land primary development:**
Beijing Chemsunny World Trade Centre: 110,760 square metres	Grand Hyatt Shanghai: 76,013 square metres, 555 rooms	Parking spaces of Beijing Chemsunny World Trade Centre: 42,117 square metres	Shanghai International Shipping Service Center Project: 404,481 square metres*	Nanjing Xuanwu Lake Jin Mao Plaza Phase II: 227,300 square metres*	Changsha Meixi Lake Primary Land Development Project Phase I: 2,623,024 square metres*
Jin Mao Tower (excluding hotel): 216,462 square metres	Hilton Sanya Resort & Spa: 75,208 square metres, 501 rooms	Zhuhai Every Garden: 4,269 square metres	Qingdao Jin Mao Bay Project: 401,237 square metres*	Beijing Yizhuang Jin Mao Noble Manor Project: 558,922 square metres*	Changsha Meixi Lake Primary Land Development Project Phase II: 12,680,000 square metres*
Sinochem Tower: 49,066 square metres	Renaissance Beijing Wangfujing: 44,435 square metres, 329 rooms	Portion above ground of Building No.11 of Shanghai Port International Cruise Terminal Project: 6,165 square metres	Changsha Jin Mao Meixi Lake Project: 366,061 square metres*	Guangzhou Guanggang Project: 314,321 square metres*	Changsha Meixi Lake Land Block A Primary Development Project: 828,966 square metres*
Nanjing Xuanwu Lake Jin Mao Plaza Phase I (excluding hotel): 139,806 square metres	The Ritz-Carlton, Sanya: 83,772 square metres, 450 rooms	Nanjing Xuanwu Lake Jin Mao Plaza Project Phase I: 8,160 square metres	Lijiang Jin Mao Snow Mountain Whisper Project: 187,998 square metres*	Chongqing Konggang Project: 825,666 square metres*	Sanya Yazhou Primary Land Development Project: 916,741 square metres*
Changsha Meixi Lake International R&D Centre: 14,963 square metres	Westin Beijing, Chaoyang: 77,945 square metres, 550 rooms	Beijing Guangqu Jin Mao Palace Project: 88,983 square metres	Lijiang Snow Mountain Jin Mao Noble Manor Project: 15,520 square metres*	Changsha Meixi Lake Land Parcel F-13 Project: 191,264 square metres*	Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project: 3,798,000 square metres*
Lijiang J-Life: 21,893 square metres	JW Marriott Shenzhen: 51,730 square metres, 411 rooms	Shanghai Dongtan Jin Mao Noble Manor Project: 76,254 square metres	Chongqing Jin Mao Long Yue Project: 350,341 square metres*	Changsha Meixi Lake Land Block F Project: 498,605 square metres*	
	Westin Nanjing: 32,514 square metres, 234 rooms		Beijing Asian Olympics Jin Mao Yue Project and Beijing Wangjing Jin Mao Palace Project: 213,143 square metres*	Qingdao High-Tech Zone Project: 480,626 square metres*	
	Hyatt Regency Chongming: 48,992 square metres, 235 rooms		Changsha Meixi Lake International R&D Centre Project: 107,595 square metres*		
			Beijing Yizhuang Jin Mao Yue Project: 414,782 square metres*		
			Shanghai Star Harbour International Centre Project: 426,060 square metres*		

Franshion Properties
Total gross floor area: 31,766,596 square metres

Property Leasing Total gross floor area: 552,950 square metres	Hotel Operations Total gross floor area: 576,295 square metres Number of guest rooms: 3,695	Property Development Total gross floor area: 30,637,351 square metres			
		Completed projects: ***(unsold portion)***	**Projects under development:**	**Reserved projects:**	**Land primary development:**
	Grand Hyatt Lijiang: 85,686 square metres*, 430 rooms*		Changsha Meixi Lake Jin Mao Plaza Project: 954,770 square metres*		
			Changsha Meixi Lake Jin Mao Yue Project: 448,246 square metres*		
			Suzhou Gusu Jin Mao Palace Project: 342,422 square metres*		
			Ningbo Nantang Jin Mao Palace Project: 225,160 square metres*		
			Guangzhou Nansha Jin Mao Bay Project: 778,652 square metres*		
			Chongqing Panlong Jin Mao Yue Project: 300,000 square metres*		
			Hangzhou Huanglong Jin Mao Yue Project: 242,300 square metres*		
			Shanghai Daning Jin Mao Palace Project: 289,200 square metres*		

1. PROPERTY LEASING PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area sold (square metres)	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
Beijing Chemsunny World Trade Centre	Nos. 26, 28 and 30, Fuxingmen Nei Avenue, Xicheng District, Beijing, China	21,659	194,530	Office	Holding and selling	100%	2006	41,653	42,117	110,760	–
Sinochem Tower	No. A2 Fuxingmen Wai Avenue, Xicheng District, Beijing, China	5,833	49,066	Office	Holding	100%	1995	–	–	49,066	–
Jin Mao Tower (including hotel)	No. 88 Century Avenue, Pudong New Area, Shanghai, China	23,611	292,475	Office	Holding	66.53%	1999	–	–	216,462	76,013
Nanjing Xuanwu Lake Jin Mao Plaza Project Phase I (including hotel)	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	19,852	225,846	Complex	Holding and selling	(Note 2)	2011	45,366	8,160	139,806	32,514
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	46,353	132,856	Office	Holding and selling	80%	2016	10,298	–	122,558 (Note 10)	–
Lijiang J-Life	Ganhaizi, Yulong Snow Mountain, Lijiang, Yunnan Province, China	20,761	21,893	Commercial	Holding	100%	2014	–	–	21,893	–

2. HOTEL OPERATION PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing	No. 57 Wangfujing Avenue, Dongcheng District, Beijing, China	9,858	44,435	Hotel	Holding	66.53%	1995	329
Grand Hyatt Shanghai	No. 88 Century Avenue, Pudong New Area, Shanghai, China	(Note 1)	76,013	Hotel	Holding	66.53%	1999	555
Hilton Sanya Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	108,610	75,208	Hotel	Holding	66.53%	2006	501
The Ritz-Carlton, Sanya	Yalong Bay Resort, Sanya, Hainan Province, China	153,375	83,772	Hotel	Holding	66.53%	2008	450
Westin Beijing, Chaoyang	Nos. 1-3 Xinyuan South Road, Chaoyang District, Beijing, China	8,642	77,945	Hotel	Holding	66.53%	2008	550
JW Marriott Shenzhen	No. 6005 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, China	4,471	51,730	Hotel	Holding	66.53%	2009	411
Westin Nanjing	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	(Note 2)	32,514	Hotel	Holding	(Note 2)	2011	234
Hyatt Regency Chongming	Lane 799, Lanhai Road, Chenjia Town, Chongming County, Shanghai, China	(Note 3)	48,992	Hotel	Holding	66.53%	2014	235
Grand Hyatt Lijiang (Note 6)	No. 8 Xiangjiang Road, Old Town, Lijiang, Yunnan Province, China	131,738	85,686	Hotel	Holding	66.53%	2014	430

3. PROPERTY DEVELOPMENT PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area sold (square metres)	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
A. Completed projects											
Site B of Shanghai Port International Cruise Terminal Project	No.610 Dong Da Ming Road, Hongkou District, Shanghai, China	85,089	302,080	Commercial	Selling	50%	2011	302,080	–	–	–
Of which: Portion above ground of Building No.11 of Shanghai Port International Cruise Terminal Project	No.610 Dong Da Ming Road, Hongkou District, Shanghai, China		6,165	Commercial	Selling	50%	2011	–	6,165	–	–
Zhuhai Every Garden	No. 11 North of Zhuhai Qinglv Avenue, Xiangzhou District, Zhuhai, Guangdong Province, China	43,499	137,225	Residential	Selling	100%	2008	132,956	4,269	–	–
Beijing Guangqu Jin Mao Palace Project	Northwest of Dajiaoting Bridge, Chaoyang District, Beijing, China	155,918	368,342	Residential	Selling	100%	2014	279,359	88,983	–	–
Shanghai Dongtan Jin Mao Noble Manor Project	Riverside Leisure Sport and Residential Community, Chenjia Town, Chongming Island, Shanghai, China	220,000	173,899	Commercial/ Residential	Holding and selling	100%	2014	48,653	76,254	–	48,992 (Note 3)

For information of the completed but unsold portion of Beijing Chemsunny World Trade Centre and Nanjing Xuanwu Lake Jin Mao Plaza Phase I, please see "1. PROPERTY LEASING PROJECTS".

3. PROPERTY DEVELOPMENT PROJECTS (Continued)

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area sold (square metres)	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
B. Projects under development											
Shanghai International Shipping Service Center Project	Jie Fang 81 Ti Lan Qiao Street, Hongkou District, Shanghai, China	95,594	530,933*	Complex	Holding and selling	50%	2016	126,452	314,878	89,603 (Note 8)	–
Qingdao Jin Mao Bay Project	West of Sichuan Road, Shinan District, Qingdao, Shandong Province, China	131,202	513,189*	Commercial/ Residential	Holding and selling	100%	2017	111,952	339,942	61,295 (Note 9)	–
Lijiang Jin Mao Snow Mountain Whisper Project	Lijiang World Heritage Park, Lijiang, Yunnan Province, China	525,108	315,736*	Commercial/ Residential	Holding and selling	100%	2017	20,159	187,998	21,893	85,686 (Note 6)
Lijiang Snow Mountain Jin Mao Noble Manor Project	Ganhaizi, Yulong Snow Mountain, Lijiang, Yunnan Province, China	45,356	15,520*	Commercial/ Residential	Holding and selling	100%	2017	N/A	N/A	N/A	N/A
Changsha Jin Mao Meixi Lake Project	Xiangjiang New District, Changsha, Hunan Province, China	156,767	525,940*	Commercial/ Residential	Selling	51%	2015	159,879	366,061	–	–
Chongqing Jin Mao Long Yue Project	West of Pedestrian Street, Yangjiaping, Jiulongpo District, Chongqing, China	101,096	500,644*	Residential	Selling	100%	2015	150,303	350,341	–	–
Beijing Asian Olympics Jin Mao Yue Project and Beijing Wangjing Jin Mao Palace Project	Three land parcels B1, B2 and B3 in Laiguangying Village, Chaoyang District, Beijing, China	92,768	395,831*	Residential	Selling	51%	2016	182,688	213,143	–	–
Beijing Yizhuang Jin Mao Yue Project	Yizhuang Economic Development Area, Beijing, China	134,858	414,782*	Residential	Selling	51%	2016	N/A	N/A	N/A	N/A
Changsha Meixi Lake Jin Mao Plaza Project	Xiangjiang New District, Changsha, Hunan Province, China	152,995	954,770*	Complex	Holding and selling	100%	2016	N/A	N/A	N/A	N/A
Changsha Meixi Lake Jin Mao Yue Project	Xiangjiang New District, Changsha, Hunan Province, China	154,607	485,577*	Commercial/ Residential	Selling	70%	2016	37,331	448,246	–	–
Suzhou Gusu Jin Mao Palace Project	Gusu District, Suzhou, Jiangsu Province, China	86,018	342,422*	Residential	Selling	80%	2018	N/A	N/A	N/A	N/A
Ningbo Nantang Jin Mao Palace Project	Haishu District, Ningbo, Zhejiang Province, China	62,458	225,160*	Commercial/ Residential	Selling	51%	2017	N/A	N/A	N/A	N/A
Guangzhou Nansha Jin Mao Bay Project	Nansha District, Guangzhou, Guangdong Province, China	243,400	778,652*	Complex	Holding and selling	90%	2019	N/A	N/A	N/A	N/A
Chongqing Panlong Jin Mao Yue Project	Prime Location, Panlong Area, Jiulongbo District, Chongqing, China	47,036	300,000*	Commercial/ Residential	Selling	100%	2015	N/A	N/A	N/A	N/A
Hangzhou Huanglong Jin Mao Yue Project	Lot GS04-01-R21-18, Qinglong Unit, Gongshu District, Hangzhou, Zhejiang Province, China	61,160	242,300*	Commercial/ Residential	Selling	85%	2016	N/A	N/A	N/A	N/A
Shanghai Daning Jin Mao Palace Project	Jie fang 325 Daning Road, Zhabei District, Shanghai, China	96,429	289,200*	Residential	Selling	36%	2017	N/A	N/A	N/A	N/A
Shanghai Star Harbour International Centre Project	Central Area of North Bund, Shanghai, China	40,577	426,060*	Complex	Holding and selling	50%	2017	N/A	N/A	N/A	N/A

3. PROPERTY DEVELOPMENT PROJECTS (Continued)

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area sold (square metres)	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
C. Reserved projects											
Nanjing Xuanwu Lake Jin Mao Plaza Project Phase II	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	18,068	227,300*	Complex	Holding and selling	(Note 2)	2019	N/A	N/A	N/A	N/A
Beijing Yizhuang Jin Mao Noble Manor Project	Hexi District, Beijing Economic and Technological Development Area (Yizhuang), Beijing, China	159,300	558,922*	Residential	Selling	25.5% and 50% (Note 5)	2019	N/A	N/A	N/A	N/A
Guangzhou Guanggang Project	West of Fangcun Avenue South, Liwan District, Guangzhou, Guangdong Province, China	47,367	314,321*	Residential	Selling	50%	2019	N/A	N/A	N/A	N/A
Chongqing Konggang Project	Lianglu Land Block, Yubei District, Chongqing, China	217,221	825,666*	Commercial/ Residential	Selling	39.96% (Note 7)	2021	N/A	N/A	N/A	N/A
Qingdao High-Tech Zone Project	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	277,586	480,626*	Commercial/ Residential	Selling	100%	2024	N/A	N/A	N/A	N/A
Changsha Meixi Lake Land Parcel F-13 Project	Xiangjiang New District, Changsha, Hunan Province, China	18,543	191,264*	Commercial	Selling	100%	2019	N/A	N/A	N/A	N/A
Changsha Meixi Lake Land Block F Project	Xiangjiang New District, Changsha, Hunan Province, China	119,862	498,605*	Commercial/ Residential	Selling	100%	2019	N/A	N/A	N/A	N/A

For information of the property under development, Changsha Meixi Lake International R&D Centre, please see "1. PROPERTY LEASING PROJECTS".

4. PRIMARY LAND DEVELOPMENT PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area sold (square metres)	Area unsold (square metres)
Changsha Meixi Lake Primary Land Development Project Phase I	Xiangjiang New District, Changsha, Hunan Province, China	2,808,428	9,402,328*	Primary	Selling	80%	2017	6,779,304	2,623,024
Changsha Meixi Lake Primary Land Development Project Phase II	Xiangjiang New District, Changsha, Hunan Province, China	4,535,600	12,680,000*	Primary	Selling	70% (Note 4)	2020	N/A	N/A
Changsha Meixi Lake Land Block A Primary Development Project	Xiangjiang New District, Changsha, Hunan Province, China	276,322	828,966*	Primary	Selling	80%	2015	N/A	N/A
Sanya Yazhou Primary Land Development Project	Riverbank of Yanzao, Yazhou District, Sanya, Hainan Province, China	1,000,005	916,741*	Primary	Selling	51%	2018	N/A	N/A
Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project	City Centre of Shangfang, Jiangning, Nanjing, Jiangsu Province, China	3,230,000	3,798,000*	Primary	Selling	80%	2020	N/A	N/A

PROJECT ACQUISITION SINCE 2014

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area sold (square metres)	Area unsold (square metres)
Hangzhou Huanglong Jin Mao Yue Project	Lot GS04-01-R21-18, Qinglong Unit, Gongshu District, Hangzhou, Zhejiang Province, China	61,160	242,300*	Commercial/ Residential	Selling	85%	2016	N/A	N/A
Shanghai Daning Jin Mao Palace Project	Jie fang 325 Daning Road, Zhabei District, Shanghai, China	96,429	289,200*	Residential	Selling	36%	2017	N/A	N/A
Beijing Yizhuang Jin Mao Noble Manor Project	Hexi District, Economic and Technological Development Area (Yizhuang), Beijing, China	159,300	558,922*	Residential	Selling	25.5% and 50% (Note 5)	2019	N/A	N/A
Guangzhou Guanggang Project	West of Fangcun Avenue South, Liwan District, Guangzhou, Guangdong Province, China	47,367	314,321*	Residential	Selling	50%	2019	N/A	N/A
Chongqing Konggang Project	Lianglu Land Block, Yubei District, Chongqing, China	217,221	825,666*	Commercial/ Residential	Selling	39.96% (Note 7)	2021	N/A	N/A
Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project	City Centre of Shangfang, Jiangning, Nanjing, Jiangsu Province, China	3,230,000	3,798,000*	Primary	Selling	80%	2020	N/A	N/A
Qingdao High-Tech Zone Project	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	277,586	480,626*	Commercial/ Residential	Selling	100%	2024	N/A	N/A
Changsha Meixi Lake Land Parcel F-13 Project	Xiangjiang New District, Changsha, Hunan Province, China	18,543	191,264*	Commercial	Selling	100%	2019	N/A	N/A
Changsha Meixi Lake Land Block F Project	Xiangjiang New District, Changsha, Hunan Province, China	119,862	498,605*	Commercial/ Residential	Selling	100%	2019	N/A	N/A

* Estimated gross floor area

(Note 1) Grand Hyatt Shanghai situated in Jin Mao Tower

(Note 2) Westin Nanjing situated in Nanjing Xuanwu Lake Jin Mao Plaza. The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jin Mao Plaza Phases I and II.

(Note 3) Hyatt Regency Chongming, held as to 66.53% interest by the Group, is situated in Shanghai Dongtan Jin Mao Noble Manor Project.

(Note 4) The Company received an official letter from the Management Committee of Dahexi Pilot Zone in Changsha, confirming that the Company has been selected as the second investor of Phase II of the Project of Meixi Lake Primary Land Development Project. According to the Confirmation Letter, the total investment required for the Company, as the second investor, to complete all its related works under the Project, is estimated to be 70% of the estimated investment of the Project. At the same time, the Company will be entitled to a full refund of its development costs, as well as a gain representing 70% of the appreciation of land within the area of the Project which is available for distribution to the investors.

(Note 5) Beijing Yizhuang Jin Mao Noble Manor Project is developed on the land parcels X87 and X91 in Beijing. Currently, the Group holds 25.5% interest in land parcel X87 (GFA: 259,234 square metres) and 50% interest in land parcel X91 (GFA: 299,688 square metres).

(Note 6) Grand Hyatt Lijiang, held as to 66.53% interest by the Group, is situated in Lijiang Snow Mountain Whisper Project.

(Note 7) As at the date of this report, the Group, Dingxin Changcheng and Ping An Real Estate are entitled to 39.96%, 32.808% and 27.232% interests in Chongqing Konggang Project respectively.

(Note 8) The area held by Shanghai International Shipping Service Center Project refers to the office premises under construction and commercial properties under construction.

(Note 9) The area held by Qingdao Jin Mao Bay Project refers to the commercial properties under construction.

(Note 10) Out of 122,558 square metres held by Changsha Meixi Lake International R&D Centre Project, the office premises in operation occupy an area of 14,963 square metres and the office premises under construction occupy an area of 107,595 square metres.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We have not only created benchmark properties that lead the industry, but also formed a driving force into the future, which guides us to create high quality real estate with sustainable development and continuous value enhancement under the mission of operational excellence.

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Six high-end investment properties with a total gross floor area of approximately 550,000 square metres.

High rental income and occupancy rate of investment properties, outperforming its industry peers.

/ PROPERTY LEASING SEGMENT/

The Group endeavours to hold high-end commercial properties at the prime locations in cities and has holdings in high-end properties with a total gross floor area of approximately 550,000 square metres in Beijing, Shanghai and Nanjing. Beijing Chemsunny World Trade Centre, Jin Mao Tower and Nanjing Xuanwu Lake Jin Mao Plaza held by the Group are landmarks at the prime CBDs in China. Jin Mao Tower was once the highest skyscraper in China. It is a perfect combination of the world's modern architectural design and the traditional Chinese architectural style (pagoda), and enjoys a high reputation nationwide and even worldwide. Beijing Chemsunny World Trade Centre distinguishes itself from other high-end office buildings in Beijing by its unique overall design style as well as its high-end ancillary facilities. Capitalising on its superior geographical location, scenic and cultural resources as well as business circle synergies, Nanjing Xuanwu Lake Jin Mao Plaza is well received by renowned enterprises or institutions locally and abroad. Lijiang J-Life of approximately 21,900 square metres commenced commercial operation during the Period under Review.

The Group's strategy is to retain the properties with the highest investment value in the commercial property development project for rental income so as to ensure that stable cash inflows will be generated to the Group in the future to resist risks. As our properties are situated at favourable geographical locations and are of superior quality, the Group can achieve satisfactory operating performance and receive value-added gains from the appreciation of investment properties. The Group will also actively adjust the proportion of properties for holding and properties for sales with a view to achieving balanced operations and sustainable growth in performance.

In 2014, the occupancy rate and rental level of the properties held by the Group remained relatively high. In 2014, the market demand for offices in first-tier cities continued to rise. The Group firmly made use of the favourable market conditions, raised rental level, maintained the occupancy rate at a high level and further optimised its tenant structure, resulting in the increase in overall quality of leased properties.

As the Group's leased properties under construction commence commercial operation, the property leasing segment of the Group will grow substantially, generating long-term and stable revenue to the Group and becoming a key driver of profit contributions to the Group.

During the Year, the overall sales revenue from property leasing segment amounted to HK$1,398.5 million, which further increased over that of last year. The rental income was mainly derived from Beijing Chemsunny World Trade Centre and Jin Mao Tower.

Sales revenue from property leasing segment for the past three years (HK$ million)

2012	2013	**2014**
1,106.4	1,248.8	**1,398.5**

/ PROPERTY LEASING SEGMENT/

Percentage of sales revenue attributable to leasing of each office building for 2014

Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower	Nanjing Xuanwu Lake Jin Mao Plaza	Changsha Meixi Lake International R&D Centre
51%	8%	38%	2%	1%

*Percentage of commercial leasing revenue for 2014**

Shanghai J-Life	Nanjing Xuanwu Lake Jin Mao Place	Sanya J-Life
72%	17%	11%

* Lijiang J-Life commenced operation on 28 December 2014 and no material leasing revenue was generated during the Year accordingly.

Occupancy rate of office buildings (%)

	Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower	Nanjing Xuanwu Lake Jin Mao Plaza	Changsha Meixi Lake International R&D Centre
2014	98.9%	96.8%	97.9%	100%	100%
2013	99.3%	100%	98.7%	97.9%	100%

/ PROPERTY LEASING SEGMENT / Office Premises /

BEIJING CHEMSUNNY WORLD TRADE CENTRE

(100% owned by the Group)

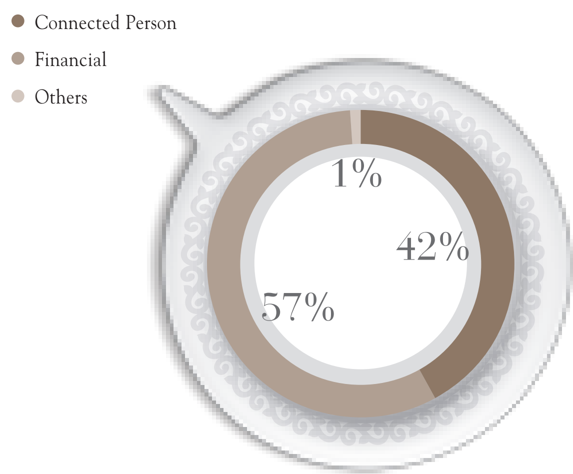
Situated on Fuxingmen Nei Avenue within the financial district of Beijing, Beijing Chemsunny World Trade Centre is adjacent to West Chang'an Avenue and opposite to Jinrong Street. The complex is less than ten minutes' walk from two subway lines and only one block to the west of the Second Ring Road.

The project comprises three parallel and interconnected 14-storey office buildings, being the East, Central and West Towers, respectively. The three office buildings comprise a total gross floor area of approximately 194,530 square metres. Construction of Beijing Chemsunny World Trade Centre commenced in April 2004 and the main body of the construction was completed in December 2006. The complex can provide separate offices for approximately 80 to 120 companies, and house as many as 5,000 employees. It distinguishes itself from other high-end office buildings in Beijing by the incorporation of a number of distinctive design elements and features. The Group holds 100% interests in the project.

The Central and West Towers and some floors in the East Tower of Beijing Chemsunny World Trade Centre are the Group's long-term investment and are held for leasing to external parties, with a total rentable area of approximately 110,760 square metres.

Due to its prime location, superior quality, advanced product design and high-end ancillary facilities, the property is widely recognised by its clients throughout the market, and a large number of renowned international and domestic enterprises have moved into Beijing Chemsunny World Trade Centre. As at 31 December 2014, the occupancy rate of Beijing Chemsunny World Trade Centre was 98.9% (as at 31 December 2013: 99.3%). Occupancy was basically full throughout the Year. The primary tenants of this property are Sinochem Group and its members, and some of the top companies from other fields including finance and consultancy.

Tenant structure of Beijing Chemsunny World Trade Centre



SINOCHEM TOWER

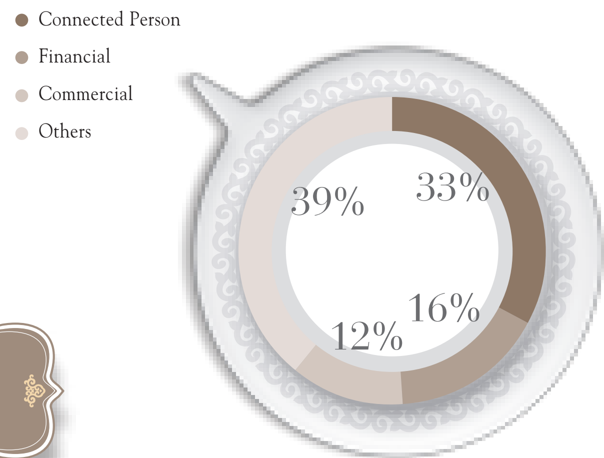
(100% owned by the Group)

Situated at the heart of Beijing on Fuxingmen Wai Avenue, the prime location of the business circle of the financial street which is less than 50 metres away from the subway station of the Beijing Subway Line One, Sinochem Tower is an office building supported by sophisticated office facilities and personalised services.

The 26-storey Sinochem Tower has a total gross floor area of approximately 49,066 square metres. The Group holds 100% interest in the Sinochem Tower.

During the Year, the tenant structure of such property continued to improve and the quality of the building was enhanced with a significant increase in average rental level over that in 2013. As at 31 December 2014, the occupancy rate was 96.8% (as at 31 December 2013: 100%). Occupancy was basically full throughout the Year. The principal tenants are eminent enterprises of the finance, software, and consultancy industries and the members of Sinochem Group.

Tenant structure of Sinochem Tower



/ PROPERTY LEASING SEGMENT / Office Premises /

OFFICE PORTION OF JIN MAO TOWER

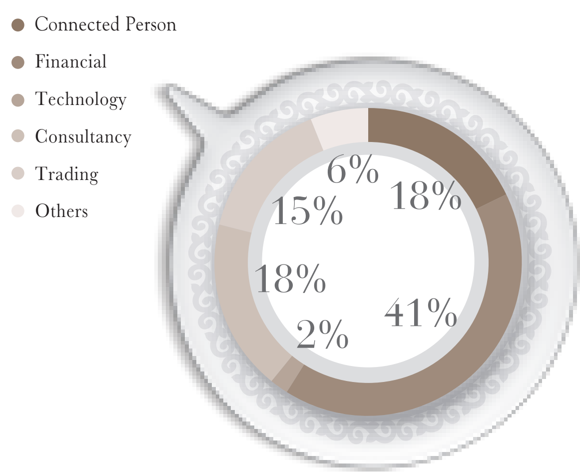
(66.53% owned by the Group)

Situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, Jin Mao Tower is one of China's landmark buildings attracting numerous businessmen, tourists and sightseers at home and abroad. The 420.5-metre-high 88-storey tower, with a total gross floor area of approximately 292,475 square metres, represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology.

The spacious, bright and imposing entrance hall of Jin Mao Tower is located on the first two floors. On the 3rd-50th floors are commodious office areas without poles, with a height between floors of 4 metres and a ceiling height of 2.7 metres. The 51st-52nd floors are designed for mechanical and electric rooms, and the 53rd-87th floors house the Grand Hyatt Shanghai Hotel, a superior luxury five-star hotel. The indoor observation deck is on the 88th floor. Shanghai J-Life was constructed on the podium building connected to Jin Mao Tower and has become the brand new landmark of fashion in Shanghai. The Group owns 66.53% interest in Jin Mao Tower.

The 3rd-50th floors of Jin Mao Tower are made up of grade A offices, and the leaseable office area has a total gross floor area of approximately 112,752 square metres. Its excellent location, along with its superior landmark effects, makes the tower one of the first choices as place of business in Shanghai for prestigious corporations at home and abroad. During the Period under Review, seizing the favourable market conditions of a limited supply of new offices in Lujiazui Central Financial District and seizing the opportunity arising from occupants replacing their offices, the average rental level grew substantially over that of 2013 and the occupancy rate remained high as proactive measures were adopted for such project. As at 31 December 2014, the occupancy rate of the offices in Jin Mao Tower was 97.9% (as at 31 December 2013: 98.7%).

Tenant structure of Jin Mao Tower



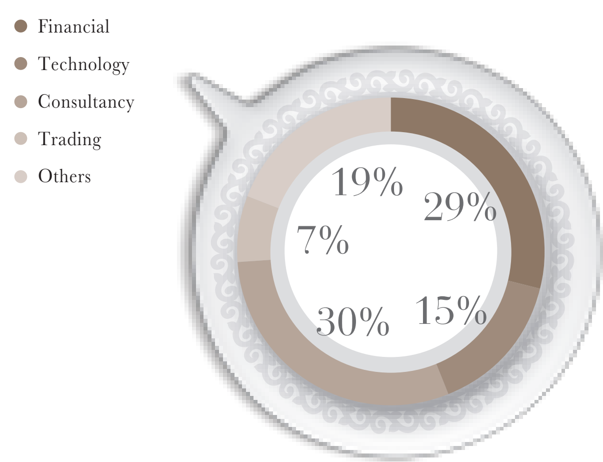
OFFICE PORTION OF NANJING XUANWU LAKE JIN MAO PLAZA PHASE I

Situated at the heart of Zhongyang Road, Gulou District, Nanjing City, Nanjing Xuanwu Lake Jin Mao Plaza faces Xuanwu Lake, enjoying a unique natural landscape and abundant commercial and cultural resources. Occupying a site area of 37,920 square metres and an estimated total gross floor area of approximately 453,146 square metres, it represents a perfect blend of the essence of Nanjing City with an international horizon, and one of the Top Ten New Landmark Complexes in China (中國十大新地標城市綜合體).

The Group successfully acquired Nanjing Xuanwu Lake Jin Mao Plaza Project in February 2013. Nanjing Xuanwu Lake Jin Mao Plaza comprises one super high-rise Main Tower, North Tower and South Tower as well as an 8-storey podium. The project is developed in two phases. Construction works of Phase I were completed and operation commenced in March 2011. The leasing business of Nanjing Xuanwu Lake Jin Mao Plaza includes the Grade A offices on the 11th to 16th floors of the South Tower of Phase I and Nanjing Jin Mao Place on the 1st to 8th floors of the podium of Phase I.

Nanjing Xuanwu Lake Jin Mao Plaza Phase I offices are constructed according to 5A standards recognised in North America. It has a total rentable area of 14,012 square metres and has officially commenced operation since 2011. In spite of the intensifying competition among office buildings due to the completion of a number of new office buildings within the region, the rental level continued to increase over that of last year and the occupancy rate remained at its historical high as proactive measures were adopted for such project. As at 31 December 2014, the occupancy rate reached 100% (31 December 2013: 97.9%). Capitalising on its superior geographical location, scenic and cultural resources as well as business circle synergies, it is one of the most popular venues for renowned enterprises or institutions locally and abroad to set up their offices in Nanjing.

Tenant structure of Nanjing Xuanwu Lake Jin Mao Plaza



CHANGSHA MEIXI LAKE INTERNATIONAL R&D CENTRE

(80% owned by the Group)

Changsha Meixi Lake International R&D Centre is located in Xiangjiang New District, Changsha City, Hunan Province, China and forms part of Changsha Meixi Lake. Situated at the south of Taohua Ridge of Yuelu Mountain Range and at the front door of Meixi Lake International New City. It enjoys convenient transportation connecting Metro Line No. 2, taking three minutes to the transportation hub of Dahexi in Changsha, five minutes to expressway, 15 minutes to Wuyi business circle in Changsha, 30 minutes to the airport and 40 minutes to the express rail link station with enormous potentials for capital appreciation.

In October 2012, the Group acquired Changsha Meixi Lake International R&D Centre Project. The project is positioned as an R&D industrial park with a site area of approximately 46,353 square metres and an estimated total gross floor area of approximately 132,856 square metres. With the perfectly blended landscape of mountains and the lake, the project is a very rare high-end office building in Changsha or even Hunan. The project is developed and constructed in three phases where Phase I consists of nine villa-type R&D office buildings. Currently, five buildings have been sold and the other four have been leased out. Phase II and Phase III consist of office buildings. Currently, the construction of Phase II has been basically completed and the proposal and initial design of Phase III has been completed. Various subsequent works are conducted on schedule. The project is expected to be fully completed in 2016.

/ PROPERTY LEASING SEGMENT / Office Premises under Construction /

In addition to the above office premises that are situated at the prime locations in the cities and new town cities, the Group also invests in the high-end office premises which are under construction in Shanghai, Nanjing and Changsha for long-term holding. Currently, the Group's office premises under construction are as follows:

Name of project	Location	Estimated gross floor area of the portion held by the Group (square metres)	Type of project	Equity attributable to the Group	Estimated date of completion
Office portion of Shanghai Star Harbour International Centre	Central Area of North Bund, Shanghai, China	92,994	Office	50%	2017
Office portion of Shanghai International Shipping Service Center	Jie Fang 81 Ti Lan Qiao Street, Hongkou District, Shanghai, China	66,175	Office	50%	2016
Office portion of Nanjing Xuanwu Lake Jin Mao Plaza Phase II	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	72,200	Office	**	2019
Office portion of Changsha Meixi Lake International R&D Centre Phase II and Phase III	Xiangjiang New District, Changsha, Hunan Province, China	107,595	Office	80%	2016
		338,964			

* Gross floor area and date of completion are the estimated results of the feasibility study.

** The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jin Mao Plaza Phases I and II.

/ PROPERTY LEASING SEGMENT / Commercial /

LIJIANG J-LIFE

(100% owned by the Group)

Located inside the complex of Lijiang Jin Mao Snow Mountain Whisper Project, Lijiang J-Life is a high-end tourist resort and commercial flagship project carefully crafted by Franshion Properties with a gross floor area of approximately 21,893 square metres. It enjoys convenient transportation and superior geographical environment being in the high-end tourist resort living area at the north of the Old Town of Lijiang.

As an integral part of the city complex, Lijiang Jin Mao Snow Mountain Whisper Project, Lijiang J-Life aims to offer high-quality, rich experience and one-stop ancillary living services for domestic and overseas tourists with the mission of providing dedicated resort services to satisfy their needs for comprehensive resort experience. Phase I of the retail portion was launched officially at the end of 2014, which houses a number of segments including international cuisines, unique experiences and high-end retail shops.

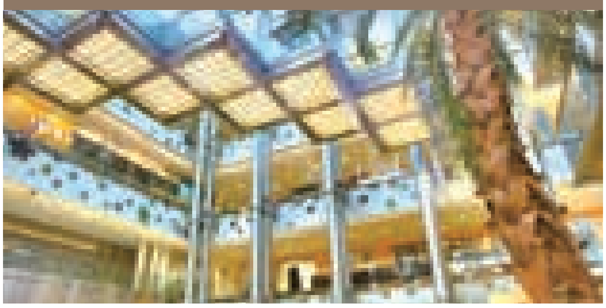
Lijiang J-Life targets at international fashion brands and has eventually introduced more than 10 gourmet businesses offering cuisines of a number of countries and regions including Spain, Japan, Mexico, the US, Sichuan and Yunnan of China. It also houses a range of boutique retail brands from trendy fashion to unique ethnic handicrafts as well as featured experience shops including flying experience. Introducing international fashion brands, Lijiang J-Life has shaken off the seriously homogenised commercial nature in the Old Town of Lijiang and emerged as a new namecard of business in Lijiang City.

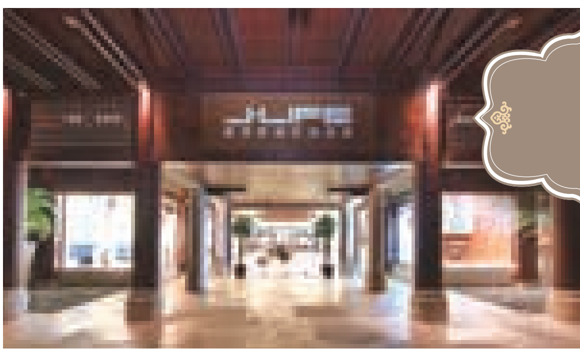
The successfully opening of Lijiang J-Life has created a new business segment for resort tourism in China. Looking ahead, Franshion Properties will develop Lijiang J-Life into a benchmark project of resort tourism in China through adopting effective operational management and will help shape Lijiang Jin Mao Snow Mountain Whisper as a high-end tourist resort complex landmark in China.

SHANGHAI J-LIFE

(66.53% owned by the Group)

Shanghai J-Life, constructed on a gross floor area of approximately 35,659 square metres and located in the podium building of Jin Mao Tower, is anchored by many flagship stores of famous brands engaging in the provision of retailing services, private nursing services, personalised services and Chinese and western catering services, and has become one of the high-end lifestyle service centres in Pudong, Shanghai.





SANYA J-LIFE

(66.53% owned by the Group)

Situated in The Ritz-Carlton, Sanya, Jin Mao's J-Life has a leaseable area of approximately 667 square metres, housing a number of flagship stores of renowned brands. It has become one of the high-end lifestyle hubs in Yalong Bay, Sanya, which greatly enhances the overall quality of The Ritz-Carlton, Sanya.

/ PROPERTY LEASING SEGMENT / Commercial /

NANJING JIN MAO PLACE

With a gross floor area of approximately 86,009 square metres, Nanjing Jin Mao Place is situated on 1-8 floors of the podium in Phase I of Nanjing Xuanwu Lake Jin Mao Plaza, offering a one-stop diversified experience. It commenced operation in July 2011. During the Period under Review, Nanjing Jin Mao Place commenced project renovation and revamp for full-scale upgrade and capacity expansion. The project, upon revamp, will re-commence business recruitment and is scheduled to be opened on 28 September 2015. The project, being the first city commercial centre of Franshion Properties, is aimed to offer commercial experiences of a number of segments covering "high-end retail + high-end services + international cuisines + family entertainment" adhering to the development concept of "light luxury, fashion, taste and life styles" as one of the most representative commercial and cultural experience shopping malls in Nanjing.

/ PROPERTY LEASING SEGMENT / Commercial Properties under Construction /

Name of project	Location	Estimated gross floor area (square metres)	Type of project	Equity attributable to the Group	Estimated date of completion
Qingdao Jin Mao Bay Shopping Mall	West of Sichuan Road, Shinan District, Qingdao City, Shandong Province, China	61,295	Commercial	100%	2017
Commercial portion of Shanghai Star Harbour International Centre Project	Central Area of North Bund, Shanghai, China	109,964	Commercial	50%	2017
Nanjing Jin Mao Place Phase II	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	48,500	Commercial	**	2019
Changsha Jin Mao Place	Xiangjiang New District, Changsha, Hunan Province, China	106,707	Commercial	100%	2016
Commercial portion of Shanghai International Shipping Service Center	Jie Fang 81 Ti Lan Qiao Street, Hongkou District, Shanghai, China	23,428	Commercial	50%	2016
		349,894			

* Gross floor area and date of completion are the estimated results of the feasibility study.

** Nanjing Jin Mao Place Phase II is situated in Nanjing Xuanwu Lake Jin Mao Plaza. The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jin Mao Plaza Phases I and II.

Begin the lead in Lofty Ambiance

Hotel Operations Segment

We believe in the power of persistence and adhere to people-oriented hospitality, long-term service commitments and ultimate hardware standards. Our unfailing persistence transforms customer's expectation and recognition into a power which drives us to constant advancement.

Hotel Revenue

HK$2,126.7 million

+3%

Nine luxury hotels offering 3,695 guest rooms. Remarkable performance of hotel operations, outperforming its peers.

/ HOTEL OPERATIONS SEGMENT /

As the leading luxury hotel investor nationwide, the Group steadily expands the size and capability of the hotel operations segment according to the market conditions and its own needs with a view to providing long-term stable revenue to the Group. Through development and successful operation of a series of high-end hotel projects, the Group has equipped itself with comprehensive and matured ability to design, develop and invest in high-end hotels, and has established sound working relationship with internationally renowned hotel conglomerates such as Marriott, Hyatt, Hilton and Starwood. Under the Group's principle of developing exquisite and high-end hotels, its hotels are identified with high-quality services and are popular among, and well recognised by, high-income consumers. In addition to generating profit, this enhances the Group's brand and overall reputation, and promotes the image and popularity of the other business segments of the Group, thereby generating higher profitability.

On 2 July 2014, Jin Mao Tower and certain of its hotel business were spun off by the Group and the share stapled units jointly issued by Jinmao Investments and Jinmao (China) Investments Holdings Limited were listed on the Main Board of the Hong Kong Stock Exchange. As at 31 December 2014, the Group owned nine hotels in China, which are located in Beijing, Shanghai, Sanya, Shenzhen, Nanjing and Lijiang respectively. With a total gross floor area of approximately 580,000 square metres, these hotels offer 3,695 guest rooms. These hotels are all located at the prime and favourable locations in first-tier cities or tourist hot spots, manifesting the superior capabilities of the Group in hotel investment in China. In 2014, affected by policies and market supply, the hotel market in China faced slowing demand as well as intensifying competition within the region. The Group's hotels, by proactively coping with the unfavourable market environment and taking flexible sales strategies, were able to maintain their leading position amongst its competitors in the region. During the year, in face of the drastic decrease in the demand for hotel in Hainan, Hilton Sanya Resort & Spa and The Ritz-Carlton, Sanya continued to maintain their leading position in Yalong Bay through actively adjusting the sales strategies and pricing strategies. Westin Beijing, Chaoyang actively coped with the adverse conditions and was able to maintain a top position amongst its competitors in the region. JW Marriott Shenzhen and Westin Nanjing's operating results showed steady growth as a result of the strategy of optimising customer structure. During the Year, three hotels of the Group opened, among which, Hyatt Regency Chongming, being the first five-star resort hotel in Chongming Island, commenced operation on 29 March 2014, Renaissance Beijing Wangfujing completed project revamp and was re-opened on 29 August 2014, and Grand Hyatt Lijiang was opened on 28 September 2014.

During the Year, the overall sales revenue from hotel operations segment amounted to HK$2,126.7 million. The revenue from hotel operations for the Year was mainly derived from Grand Hyatt Shanghai, The Ritz-Carlton, Sanya and Westin Beijing, Chaoyang.

Sales revenue from hotel operations segment for the past three years (HK$ million)

2012	2013	2014
2,010.2	2,061.2	**2,126.7**

/ HOTEL OPERATIONS SEGMENT /

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2014

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	The Ritz-Carlton, Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing	Grand Hyatt Lijiang
Average room rate	1,572	1,529	2,661	1,215	1,060	861	892	668	875
Average occupancy rate	63.7%	70.7%	70.0%	77.9%	77.0%	66.8%	42.4%	34.7%	15.8%
Average revenue per available room	1,001	1,081	1,864	946	817	576	378	232	139

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2013

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	The Ritz-Carlton, Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing
Average room rate	1,640	1,666	2,773	1,365	1,039	862
Average occupancy rate	58.6%	65.8%	69.1%	71.7%	75.0%	67.0%
Average revenue per available room	961	1,096	1,916	979	779	577

/ HOTEL OPERATIONS SEGMENT / Shanghai /

GRAND HYATT SHANGHAI

(66.53% owned by the Group)

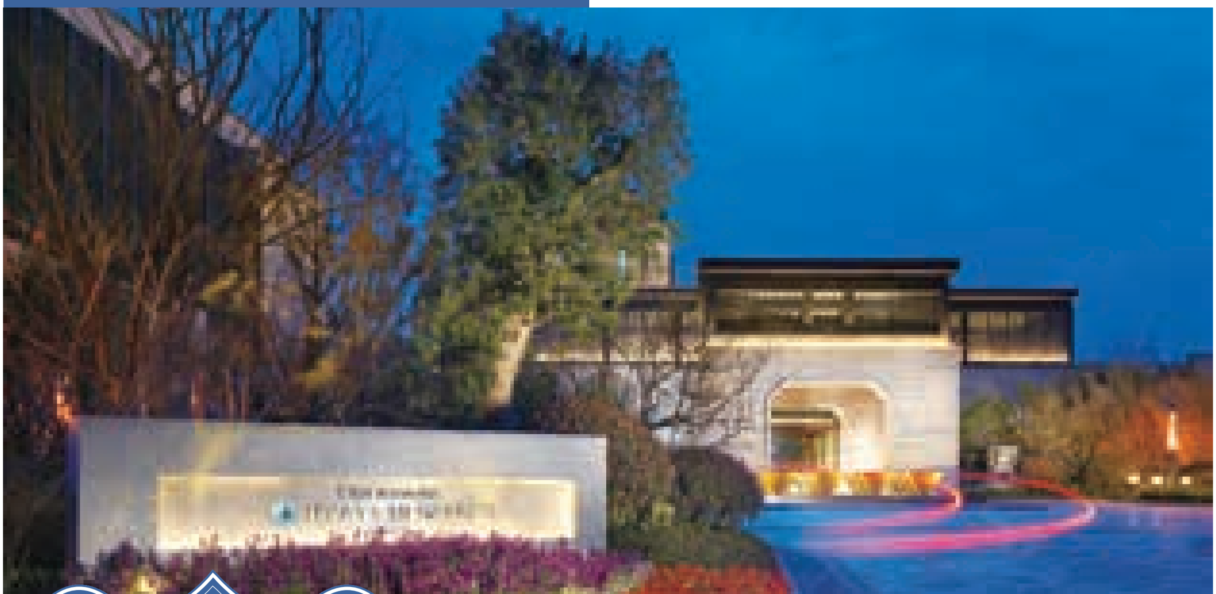
Situated on 53rd to 87th floors of Jin Mao Tower, Grand Hyatt Shanghai is operated and managed by Global Hyatt Corporation (one of the world famous international hotel management companies) entrusted by the Group.

Grand Hyatt Shanghai was opened in 1999 with a total gross floor area of 76,013 square metres. The 35-storey hotel has 555 luxury guest rooms, each decorated with panorama glass curtain walls, allowing guests to enjoy the breathtaking scenery of Shanghai city.

Since its inauguration, the hotel has been granted more than 100 hotel-related awards in China and abroad, and has successfully hosted a series of significant activities such as the Fortune Global Forum, APEC Conference, Asian Bankers' Annual Conference, Forbes' Global CEO Conference and Shanghai Expo.

During the Period under Review, in face of the impacts brought by the increasing supply of five-star hotels in Shanghai and the revamp of some guest rooms, Grand Hyatt Shanghai maintained a occupancy rate and average room rate higher than its competitors in the same region by leveraging on its unique landmark advantages and high-quality standard of services. The hotel will endeavour to offer outstanding and refined quality services to the customers at home and abroad, upholding the title of Grand Hyatt Shanghai as the "First Luxury Hotel".

Grand Hyatt Shanghai	2014	2013
Average occupancy rate	**63.7%**	58.6%
Average room rate (RMB)	**1,572**	1,640
Average revenue per available room (RMB)	**1,001**	961



HYATT REGENCY CHONGMING

(66.53% owned by the Group)

Hyatt Regency Chongming is located at the east of Chongming Island, being the third largest island in China and known as the Fishing Village, which is home to a number of geological and cultural landscapes including the national forest park, wetland park and eco-village, and enjoys the reputation of the "Best Eco-Wetland in China" (中國生態保護最佳濕地).

Situated at the riverside leisure, sport and residential community in Chenjia Town, Chongming Island, Shanghai, Hyatt Regency Chongming is the first five-star resort hotel in Chongming Island. It is the fourth Hyatt resort hotel worldwide following its presence in Honolulu, Maldives and Bali as well as the first one in China. The hotel design adopts an approach in line with the local landscape where the style of the hotel completely blends with local nature and architecture environment. Integrating the best elements on the island, a very Chongming-featured Hyatt Regency hotel was born. The hotel has a total gross floor area of approximately 48,992 square metres and 235 guest rooms (including 21 suites), consisting of lodging, restaurants, business meeting rooms, entertainment and a sports gym. It commenced operation on 29 March 2014.

Hyatt Regency Chongming	2014
Average occupancy rate	42.4%
Average room rate (RMB)	892
Average revenue per available room (RMB)	378

/ HOTEL OPERATIONS SEGMENT / Sanya /

HILTON SANYA RESORT & SPA

(66.53% owned by the Group)

Situated at the enchanting Yalong Bay, Hainan Province, Hilton Sanya Resort & Spa is operated and managed by Hilton International Corporation (one of the world's famous international hotel management companies) entrusted by the Group.

Hilton Sanya Resort & Spa was opened in 2006 with a total gross floor area of approximately 75,208 square metres, and has 501 guest rooms, suites and villas as well as 400 metres of powdery white beachfront. This hotel is designed and built with unique features and services to provide a "True Resort Experience", a basic concept embodying strong southern China's characteristics.

During the Period under Review, Hilton Sanya Resort & Spa proactively adjusted its sales strategies to cope with the increasing supply of hotels in Hainan and the intensifying market competition. The occupancy rate was increased effectively and the hotel continued to be in a leading position among its peers in the same region.

Hilton Sanya Resort & Spa	2014	2013
Average occupancy rate	**70.7%**	65.8%
Average room rate (RMB)	**1,529**	1,666
Average revenue per available room (RMB)	**1,081**	1,096

/ HOTEL OPERATIONS SEGMENT / Sanya /

THE RITZ-CARLTON, SANYA

(66.53% owned by the Group)

Situated at the charming Yalong Bay, Hainan Province, The Ritz-Carlton, Sanya is operated and managed by the Ritz-Carlton Hotel Company (one of the world's famous international hotel management companies) entrusted by the Group.

The Ritz-Carlton, Sanya was opened in April 2008. It has a total gross floor area of approximately 83,772 square metres and 450 luxury guest rooms. Each guest room has a floor area of more than 60 square metres. 21 of the guest rooms are luxury suites and 33 are villas with private housekeepers and independent swimming pools, all of which are situated between the fine and silvery white sand recesses and the conservation zone of the mangrove forest of Yalong Bay.

During the Period under Review, The Ritz-Carlton, Sanya, through adopting active marketing strategies and flexible pricing policies to cope with the increasing market supply and intensifying market competition. The hotel continued to take the lead in Yalong Bay's hotel industry.

The Ritz-Carlton, Sanya	2014	2013
Average occupancy rate	**70.0%**	69.1%
Average room rate (RMB)	**2,661**	2,773
Average revenue per available room (RMB)	**1,864**	1,916

/ HOTEL OPERATIONS SEGMENT / Beijing /

WESTIN BEIJING, CHAOYANG

(66.53% owned by the Group)

Situated at Yansha Business Circle, Chaoyang District, Beijing and adjacent to Beijing's embassy area, Westin Beijing, Chaoyang is only 25 minutes' ride from Beijing Capital International Airport. The hotel is operated and managed by Starwood Hotels & Resorts Worldwide (one of the world's famous international hotel management companies) entrusted by the Group.

Westin Beijing, Chaoyang was opened in June 2008. The 34-storey hotel has a total gross floor area of approximately 77,945 square metres and 550 guest rooms (including 53 suites), which, from luxury guest rooms of 40 square metres to presidential suites of 320 square metres, provide various comfortable and convenient facilities to cater to each guest's favourite way of recreation. Since its opening, the hotel served numerous foreign heads of state and business elites, thereby establishing a high-end brand image.

During the Period under Review, facing the unfavourable market environment, Westin Beijing, Chaoyang actively adjusted the marketing strategies by fully capitalising on its product strengths and geographical location. Compared with last year, the average room rate decreased. The occupancy rate increased by 6 percentage points comparing to last year and the average revenue per available room decreased by 3%. Relative to its competitors, the hotel continued to maintain its leading position.

Westin Beijing, Chaoyang	2014	2013
Average occupancy rate	**77.9%**	71.7%
Average room rate (RMB)	**1,215**	1,365
Average revenue per available room (RMB)	**946**	979

RENAISSANCE BEIJING WANGFUJING

(Formerly known as Wangfujing Grand Hotel, 66.53% owned by the Group)

Situated on the northern section of Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing enjoys an unparalleled location, which is surrounded by a cluster of cultural and historical sites and facilities. It is within a short distance to The Forbidden City, Tian'anmen Square and Beihai Park, and offers a bird's-eye view of The Forbidden City.

Renaissance Beijing Wangfujing, formerly known as Wangfujing Grand Hotel opened in 1995, has a total gross floor area of approximately 44,435 square metres. This 14-storey building has 329 guest rooms as well as a number of conference rooms, restaurants and other facilities.

Over the years, the hotel has attracted a large number of tourists due to its favourable location and is highly acclaimed in the industry. In order to provide a superior quality living environment and service experience to the customers in China and abroad, the Group carried out a full-scale revamp of the hotel and commenced operation upon completion of refurbishment on 29 August 2014. The revamped hotel will also focus on high-end hotel operations with a view to generating stable long-term revenue and increasing brand value.

Renaissance Beijing Wangfujing	2014
Average occupancy rate	34.7%
Average room rate (RMB)	668
Average revenue per available room (RMB)	232

/ HOTEL OPERATIONS SEGMENT / Shenzhen /

JW MARRIOTT SHENZHEN

(66.53% owned by the Group)

JW Marriott Shenzhen is located in Futian District, Shenzhen, in close proximity to the Shenzhen Golf Club. The hotel is operated and managed by Marriott Hotel International (one of the world's famous international hotel management companies) entrusted by the Group.

JW Marriott Shenzhen was officially opened in March 2009, occupying a total gross floor area of approximately 51,730 square metres and 411 guest rooms (including 20 suites). Its modern tropical design concept blends into the architectural style of the hotel and the seasonal characteristics of the South China city, making the hotel one of Shenzhen's top-grade superior deluxe five-star rating business hotels.

During the Period under Review, JW Marriott Shenzhen seized the market opportunities and continued to optimise the customer structure whilst actively expanding the niche markets such as businessmen and wedding feasts. The revenue per room increased despite poor market sentiments, along with significant growth in market position and market share.

JW Marriott Shenzhen	2014	2013
Average occupancy rate	**77.0%**	75.0%
Average room rate (RMB)	**1,060**	1,039
Average revenue per available room (RMB)	**817**	779

WESTIN NANJING

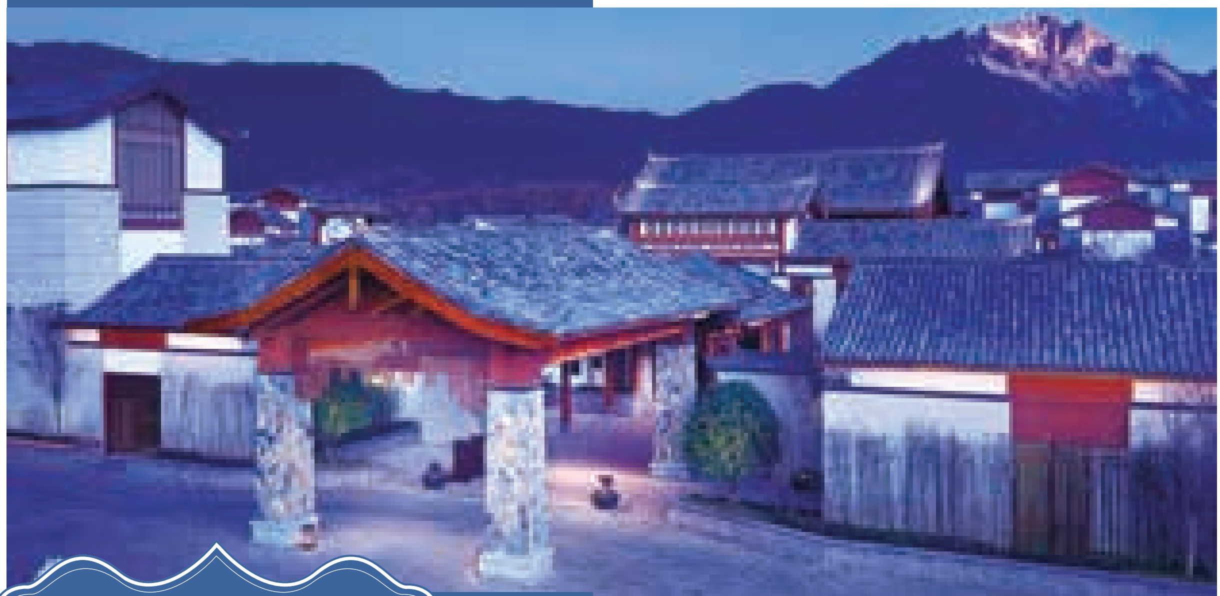
Westin Nanjing is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jin Mao Plaza. The hotel is operated and managed by Starwood Hotels & Resorts Worldwide (one of the world's famous international hotel management companies) entrusted by the Group.

Westin Nanjing commenced operations in 2011. With a total gross floor area of approximately 32,514 square metres, the hotel occupies a total of 13 floors with 234 guest rooms each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.

The hotel strives to offer a brand new hotel experience to its customers through introducing a series of innovative programmes and tailored facilities including Westin gym, heavenly bed and delicious healthy dining menu to provide customers with distinctive quality services and a wholesome and rejuvenating environment. During the Period under Review, the occupancy rate and average room rate of Westin Nanjing remained stable and ranked second among its competitors.

Westin Nanjing	2014	2013
Average occupancy rate	**66.8%**	67.0%
Average room rate (RMB)	**861**	862
Average revenue per available room (RMB)	**576**	577

/ HOTEL OPERATIONS SEGMENT / Lijiang /



GRAND HYATT LIJIANG

(66.53% owned by the Group)

Located in Ganhaizi, Yulong County, Lijiang, Grand Hyatt Lijiang is located in three land parcels in Yulong Snow Mountain adjacent to Yulong Snow Mountain Golf Course and Xiangjiang Road, and is the only hotel within the scenic Yulong Snow Mountain area.

Grand Hyatt Lijiang is the first five-star hotel that the Group invests in Yunnan. Close to the foot of the world famous Yulong Snow Mountain, the hotel has an estimated total gross floor area of 85,686 square metres and 430 guest rooms. The room design guarantees approximately more than 80% of the rooms enjoy the view of Yulong Snow Mountain from different angles. The hotel perfectly integrates the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their room. Not only does it represent the flagship high-end, branded and distinguished hotel in Lijiang, it also creates a new world in the high-end resort and leisure hotel sector in Lijiang. The grand opening of Grand Hyatt Lijiang was held on 28 September 2014.

Grand Hyatt Lijiang	2014
Average occupancy rate	15.8%
Average room rate (RMB)	875
Average revenue per available room (RMB)	139

/ HOTEL OPERATIONS SEGMENT / Hotels under Construction /

In addition to the above nine hotels that are in operation, the Group also invests in luxury hotels which are under construction at the favourable locations in the core cities or popular tourist spots in China to expand the size and strength of the hotel operations segment with a view to generating long-term and stable revenue to the Group.

Currently, the Group's hotels under construction are as follows:

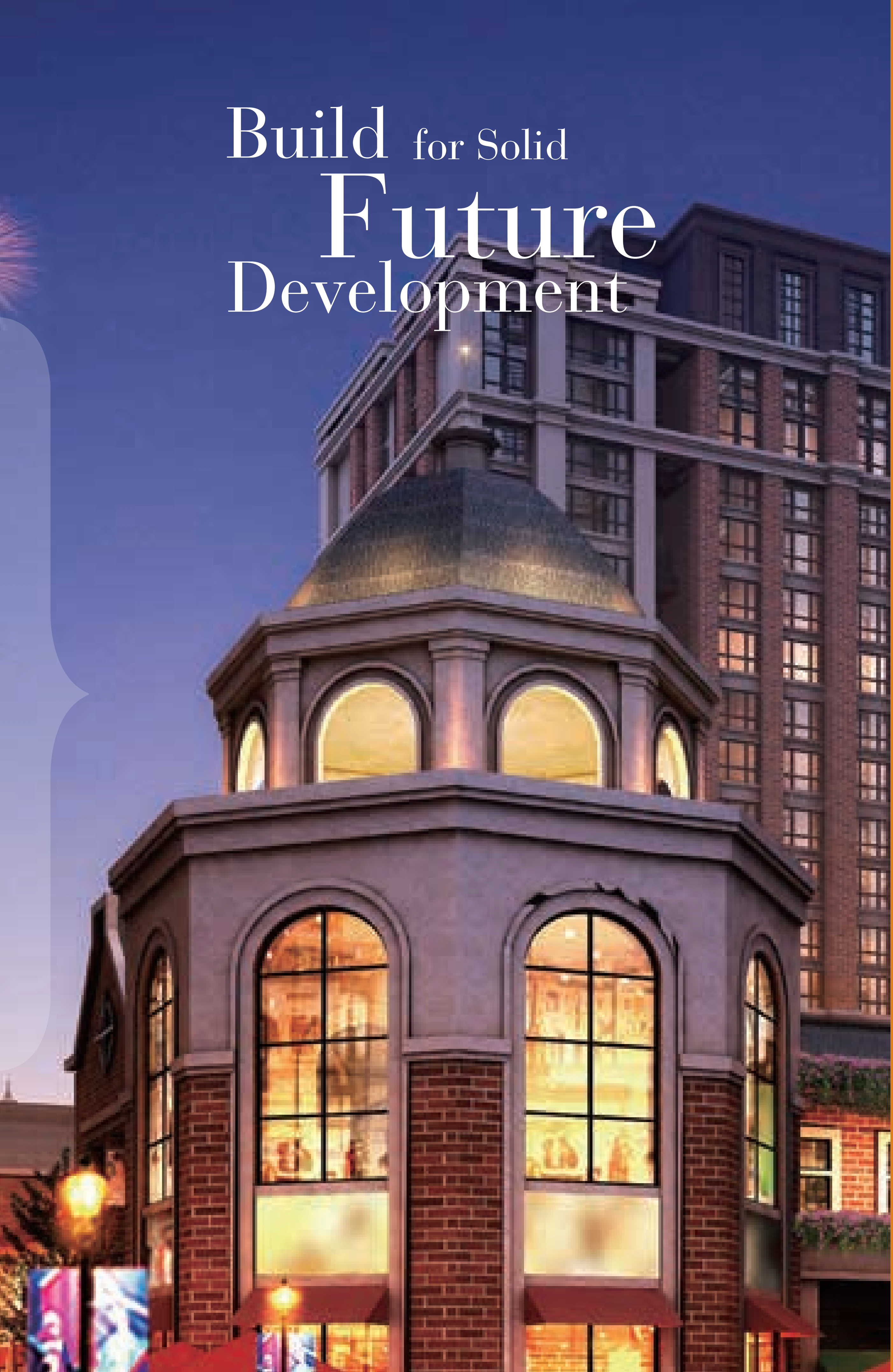
Name of project	Location	Estimated gross floor area (square metres)	Type of project	Equity attributable to the Group	Estimated date of completion	Estimated number of guest rooms
Nanjing Xuanwu Lake Jin Mao Plaza Phase II Hotel	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	23,500	Hotel	**	2019	200
Changsha Meixi Lake Jin Mao Plaza Hotel	Xiangjiang New District, Changsha, Hunan Province, China	48,592	Hotel	100%	2016	350
Guangzhou Nansha Jin Mao Bay Hotel	Jin Mao, Nansha, Guangzhou, Guangdong Province, China	28,000	Hotel	90%	2019	270
		100,092				820

* Gross floor area, date of completion and number of guest rooms are the estimated results of the feasibility study.

** The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jin Mao Plaza Phases I and II.

The completion and commencement of operation of the above hotels will further consolidate the Group's position as the leading luxury hotel investor in the PRC, and enhance the position and recognition of the Group in other operating segments to achieve a higher premium level.

Build for Solid Future Development



Property Development Segment

In our relentless pursuit of a habitat for arts and life philosophy, we focus on the future organic and endless growth of Chinese cities and high quality buildings, continuously reflect upon the relationship between the beauty of the present moment and the unlimited future, and through project development, business life, regional vitality and city prosperity put them into practice comprehensively.

Sales Revenue

(HK$25,545.2 million)

+51%

Property development projects and primary land development projects with a total gross floor area of approximately 9.79 million square metres and approximately 20.85 million square metres respectively. During the year, sales results of property development projects were good and land reserves were expanded with the successful acquisitions in Beijing, Shanghai, Hangzhou, Chongqing, and Guangzhou

/ PROPERTY DEVELOPMENT SEGMENT /

Franshion Properties specialises in developing urban landmarks featuring a high-class artistic mood with the mission of unleashing future vitality of the city, pursuing harmonious development between man, architecture and nature. Taking a forward-looking vision and thought, innovative planning and design, as well as an honest attitude and quality product, we drive the progress of quality urbanisation. Our architecture signifies the urban dimension of modern metropolitan civilisation and a comprehensive enhancement of regional functions and urban vitality, thus fulfilling the dream of future habitual residence and the city as well as unleashing the vitality for sustainable development.

Since the completion of construction of Jin Mao Tower in 1998, we have been committed to developing architectural classics on the most precious lands in China in the past 16 years. Our representative projects include Shanghai Fortune Plaza, Beijing Chemsunny World Trade Centre and Shanghai Port International Cruise Terminal Project. Projects under development currently, including Shanghai International Shipping Service Center Project, Shanghai Daning Jin Mao Palace Project, Hangzhou Huanglong Jin Mao Yue Project, Shanghai Dongtan Jin Mao Noble Manor Project, Lijiang Jin Mao Snow Mountain Whisper Project, Changsha Jin Mao Meixi Lake Project and Qingdao Jin Mao Bay Project, form our quality residential product series featuring "Jin Mao Palace, Jin Mao Yue, Jin Mao Villa, Jin Mao Mountain, Jin Mao Lake and Jin Mao Bay" and our high-end public property product series featuring "Jin Mao Plaza", creating an outstanding landscape and a brand new classical image for future city development.

After years of project development, the Group has formed an experienced development team and established sound cooperation relationships with local governments, enabling us to obtain quality land resources more easily. We have also developed a unique management model covering the selection, operation and management of property development projects and promoting the synergistic development with other economic entities of the same region.

As at 31 December 2014, the Group had property development projects in China in different development stages located in Beijing, Shanghai, Changsha, Qingdao, Lijiang, Chongqing, Suzhou, Hangzhou, Ningbo and Guangzhou. In 2014, the Group accelerated the development of high-end quality property projects and commenced sales for a number of high-end residential projects.

During the Year, the property development segment recognised aggregate sales revenue of HK$25,545.2 million, representing an increase of 51% over that of last year. As at 28 February 2015, the accumulated property contracted sales of the Group (not including sales amount for primary land development) yet to be delivered and settled was approximately HK$19.5 billion in aggregate.

/ PROPERTY DEVELOPMENT SEGMENT /

SALES REVENUE FROM PROPERTY DEVELOPMENT SEGMENT FOR THE PAST THREE YEARS (HK$ MILLION)

2012	2013	**2014**
13,445.4	16,867.7	**25,545.2**

PROPERTY CONTRACTED SALES AND SALES AMOUNT FOR PRIMARY LAND DEVELOPMENT FOR 2014

	Amount (RMB million)	Area (square metres)
Property contracted sales	18,544.6	884,912
Sales amount for primary land development	2,958.5	1,027,491
Total	21,503.1	N/A

PROPERTY CONTRACTED SALES AND SALES AMOUNT FOR PRIMARY LAND DEVELOPMENT FOR 2013

	Amount (RMB million)	Area (square metres)
Property contracted sales	14,590.5	572,949
Sales amount for primary land development	6,403.5	2,125,741
Total	20,994.0	N/A

SHANGHAI DANING JIN MAO PALACE PROJECT

(formerly known as Shanghai Zhabei Daning International Community Project, 36% owned by the Group)

The project is located in between Inner Ring and Mid Ring Shanghai, which is 6 kilometres from the People's Square in the downtown of Shanghai, adjacent to Metro Line No. 1 and North-South Elevated Road. It is situated at the heart of one of the five major international communities in Shanghai – Daning International Community. Revolving around the community, a cultural and creative industrial park occupying an area of 6.42 square kilometres jointly developed by Shanghai Municipal Administration of Culture, Radio, Film & TV, Culture and Education Commission, Government of Zhabei District and Shanghai University, forms a global base for post-production of movies. This will attract more high quality talents to Daning area or even make Daning a region comparable to USA Hollywood in the future.

On 28 January 2014, the Group won the bid for the land parcel of Shanghai Daning Jin Mao Palace Project. The project has a site area of 96,429 square metres and a total gross floor area of 289,200 square metres. Adjacent to Daning International Plaza (an integrated commercial complex occupying an area of 250,000 square metres), Jiu Guang Department Store (the second branch in Shanghai) and Daning Lingshi Park (the largest city green area in the downtown of Puxi City), the project is also a school-surrounded neighbourhood where the finest education resources in Zhabei District or even Shanghai are available, including Daning International Kindergarten, Daning International Primary School, Shanghai Fenghua Secondary School and Shanghai University.

The project, upon completion, will become the fifth Jin Mao Palace project in China and another city centre landmark of the Group in Shanghai following Jin Mao Tower in Lujiazui, Shanghai Port International Cruise Terminal Project and Shanghai International Shipping Service Center in the North Bund. The acquisition of project signifies the presence of "Jin Mao Palace" as a high-end residential brand in Shanghai and also the setting of foothold of its high-end hotels, office buildings, commercial properties and residences in Shanghai.

During the Period under Review, the project was granted UK BREEAM's residential certification, representing the first residential project in China to obtain such certification following the application of BREEAM standards on Hyde Park No.1 in the UK. This is also the best recognition to our Jin Mao Palace series for its persistent efforts in building high-tech and healthy luxury residence. Modelled after the UK's Hyde Park No.1, the project is designed and developed in accordance with the BREEAM standards followed by innovative refinement. It creates a healthier, more comfortable and liveable indoor and outdoor environment with effective energy saving, marking another landmark model residence in the luxury residence market of Shanghai. Construction of the project progressed well and all construction works were conducted on schedule.

/ PROPERTY DEVELOPMENT SEGMENT / Quality Residence /

Beijing Guangqu Jin Mao Palace Project

Northwest of Dajiaoting Bridge, Chaoyang District, Beijing

Gross floor area (sq. m.)

368,342

Beijing Wangjing Jin Mao Palace Project

Laiguangying Village, Chaoyang District, Beijing

Gross floor area (sq. m.)

162,742

Suzhou Gusu Jin Mao Palace Project

Gusu District, Suzhou City, Jiangsu Province

Gross floor area (sq. m.)

342,422

Ningbo Nantang Jin Mao Palace Project

Haishu District, Ningbo City, Zhejiang Province

Gross floor area (sq. m.)

225,160

Jin Mao Yue Series

HANGZHOU HUANGLONG JIN MAO YUE PROJECT

(formerly known as Hangzhou Gongshu District Project, 85% owned by the Group)

Gongshu District, where the project is located, is one of the six main districts in Hangzhou City. There are four metro lines under urban zoning, two of which run across the district. In addition, there are expressways linking Xiaoshan Airport and Hangzhou East Railway Station, enjoying a favourable geographical location with convenient transportation.

On 10 January 2014, the Group successfully won the bid for the land parcel of Hangzhou Huanglong Jin Mao Yue Project. The project has a site area of 61,160 square metres and a total gross floor area of 242,300 square metres. Qinglong Unit Area, Shenhua Segment, Gongshu District, where the project is located, is an integral area under Hangzhou Twelfth Five-Year Plan. The area will be developed into a large-scale residential community that encompasses commercial functions. There are a comprehensive range of commercial, education, living and medical facilities within a radius of 2 kilometres from the project. The project has a well-functioning network with two main expressways connecting to the old town area and is only a 15 minutes' ride from Wulin Plaza. There are two metro lines running in the region, which is only 1.5 kilometres from Fengtan Road Station of Metro Line No. 2 and is only 0.6 kilometre from Yile Road Station of Metro Line No. 5.

Adhering to its values of innovation and creativity and the corporate culture of striving for excellence, the Group incorporates the elements of extravagance into this project and develops it into a new landmark of quality liveable residence in Hangzhou.

As Franshion Properties' first project in Hangzhou, Huanglong Jin Mao Yue Project has held high the brand of "green gold quality – Jin Mao legend" since its launch and created a high-end brand image.

During the Period under Review, Hangzhou Huanglong Jin Mao Yue Project accomplished the remarkable target of commencing sales in eight months from winning the bid and set new record in terms of single day subscription in the property market in Hangzhou in recent years. Being Hangzhou's "most popular property" in 2014, the project achieved "three sell-outs with sales amount topping the charts in Hangzhou" and successfully established its brand.

Other Jin Mao Yue Series Projects

Beijing Asian Olympics Jin Mao Yue Project

Laiguangying Village, Chaoyang District, Beijing

Gross floor area (sq. m.)

233,089

Beijing Yizhuang Jin Mao Yue Project

Yizhuang Economic Development Zone, Beijing

Gross floor area (sq. m.)

414,782

Changsha Meixi Lake Jin Mao Yue Project

Xiangjiang New District, Changsha, Hunan Province

Gross floor area (sq. m.)

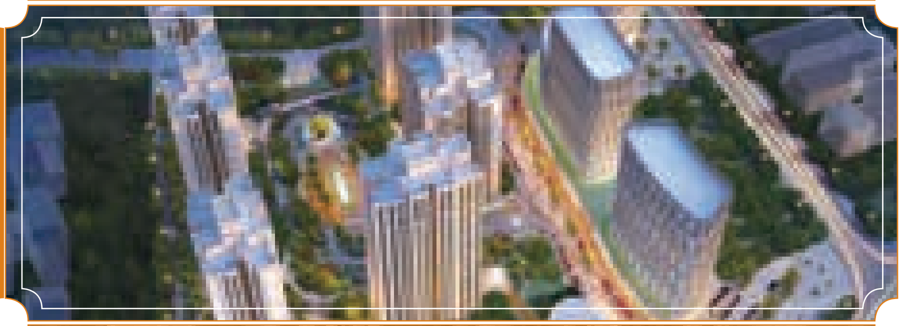
485,577

Chongqing Jin Mao Long Yue Project

West of Pedestrian Street, Yangjiaping, Jiulongpo District, Chongqing

Gross floor area (sq. m.)

500,644

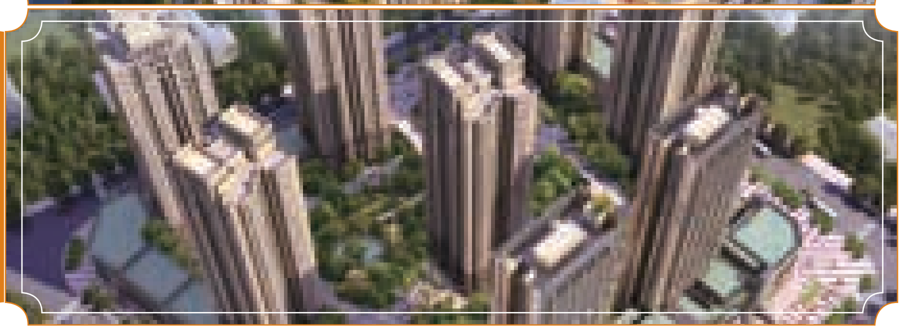


Chongqing Panlong Jin Mao Yue Project

Prime Location, Panlong Area, Jiulongbo District, Chongqing

Gross floor area (sq. m.)

300,000



/ PROPERTY DEVELOPMENT SEGMENT / Quality Residence /

Jin Mao Noble Manor Series

SHANGHAI DONGTAN JIN MAO NOBLE MANOR PROJECT

(100% owned by the Group)

The investment value of Shanghai Chongming Island has been increasingly highlighted for its excellent ecological environment and unique geographical location. With the opening of Yangtze River Tunnel Bridge, the steady development of "International Eco-Island" plan, and the gradually improved infrastructure, Shanghai Chongming Island is expecting new opportunities for development.

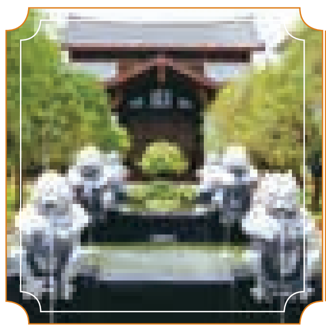
Shanghai Dongtan Jin Mao Noble Manor Project is located in a riverside leisure sport and residential community in Chenjia Town, Chong Ming Island, Shanghai. In November 2008, the Group acquired the land use rights of Site No. 4 land parcel of the community. The land has an area of approximately 220,000 square metres.

The Group plans to develop it into a riverside high-end leisurely resort centre, comprising low-density residential properties, hotels and property right hotels. In particular, the world's renowned hotel management giant "Hyatt" will be engaged to manage and operate the hotel* in this project. The project widely utilised low carbon technology and was granted several state awards and government's special subsidies. The project has been completed entirely and is ready for delivery or operation.

During the Period under Review, sales performance of the villas and apartments ranked first in the region. The grand opening of Hyatt Regency Chongming* was held in March 2014.

* Hyatt Regency Chongming, 66.53% owned by the Group, has been included in the property portfolio of Jinmao Holdings.

Other Jin Mao Villa Series Project



Lijiang Snow Mountain Jin Mao Noble Manor Project

Ganhaizi, Yulong Snow Mountain, Lijiang City, Yunnan Province

Gross floor area (sq. m.)

15,520

Beijing Yizhuang Jin Mao Noble Manor (Reserve Project)

Beijing Yizhuang Economic Development Area, Beijing

Gross floor area (sq. m.)

558,922

LIJIANG JIN MAO SNOW MOUNTAIN WHISPER PROJECT

(100% owned by the Group)

The project is located at the foot of Yulong Snow Mountain where high-end resort hotels and recreational properties are gathered. Adjacent to tens of internationally renowned hotels including Banyan Tree, Pullman and St. Regis, it is the closest to the only snow mountain golf course in the north hemisphere offering a comprehensive range of amenities including tourism, sightseeing, high-end consumption, entertainment and leisure.

Jin Mao Mountain Series

The project has a site area of approximately 525,108 square metres and alongside develops a variety of segments including Jin Mao Snow Mountain Whisper – Wutong Micro Hotel, Grant Hyatt Lijiang, boutique property vacation hotels and Lijiang J-Life, offering over a hundred resort and living ancillary experiences. The project aims to combine the Naxi culture with international design concepts, and strives to develop it into a landmark high-end tourism and resort complex in the southwestern region or even in China.

In September 2014, the grand opening of Grand Hyatt Lijiang* was held, followed by the grand opening of Lijiang J-Life in December 2014. Currently, construction of the project progresses well and all construction works are conducted on schedule. The entire project is expected to be completed in 2017.

* Grand Hyatt Lijiang, 66.53% owned by the Group, has been included in the property portfolio of Jinmao Holdings.

Jin Mao Lake Series

CHANGSHA JIN MAO MEIXI LAKE PROJECT

(51% owned by the Group)

Changsha Jin Mao Meixi Lake Project is located in the core region of Xiangjiang New District, Changsha City, Hunan Province, China and is inside Changsha Meixi Lake area, facing a stunning superb lake view, with Festival Island to its north and Taohua Ridge to its south. The project is conveniently located, close to transportation mainlines in Changsha such as West Second Ring Road and Jinxing Road and in the proximity of Metro Line No.2.

In October 2011, the Group acquired the land use rights of the project with a site area of 156,767 square metres and an estimated total gross floor area of 525,940 square metres. The project is positioned as an international lakefront model region in Changsha, covering a number of residential buildings such as small high-rise buildings, big flat-floor buildings and townhouses. Through blending the residential landscape with the distinctive lakefront and mountain views, the project maximises its locale advantages by offering an unparalleled view. Leveraging its excellent natural resources, well-developed transportation network, high-end commercial facilities and quality education resources, Franshion Properties carefully crafted Jin Mao Meixi Lake Project in a way that perfectly enhances the value of Changsha as a liveable city.

During the Period under Review, Phase I of the project was completed entirely and sales performance was satisfactory. Most of the buildings were successfully delivered to the owners. The warm and comfy community environment and the superior quality were well received by the owners and the value of Meixi Lake International New City was highly recognised by the public. The "green gold quality" of Franshion Properties blended perfectly with the lake. Phase II of the project was a hot sale despite adverse market sentiments, again outperforming its peers in the core region at the south shore of Meixi Lake. In late November 2014, some of the buildings were delivered to the owners. Currently, construction of the project progresses well and the entire project is expected to be completed in 2015.

QINGDAO JIN MAO BAY PROJECT

(100% of the 200-mu Southern Site of the project owned by the Group)

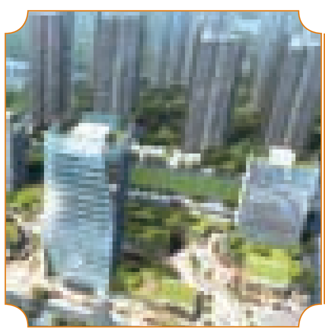
Jin Mao Bay Series

Qingdao Jin Mao Bay Project is located at the inner coastline of Jiaozhou Bay opposite to Qianwan Port in Huangdao. It is an integral part of Qingdao city's strategy of "Environmental Protection and By-Bay Development". The entire project occupies a land area of approximately 23 hectares and a gross floor area of approximately 800,000 square metres. In particular, the 200-mu Southern Site of the project is independently developed by the Group.

The Group and Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") entered into a partnership to jointly develop Lanhai Xingang City Project in Qingdao. The project is located in the land blocks in Zhongdao, west coast of the town area, Qingdao, west to Sichuan Road and in the vicinity of Qingdao Railway Station, Zhongshan Road CBD and Xiaogang Region. With the Old City at its back and Jiaozhou Bay at its front, the project faces Huangdao across the sea. Having a favourable geographical location, the project is well-equipped with tourism resources and cultural innovations and is highly accessible with comprehensive facilities and convenient transportation. Pursuant to the relevant agreement, parties to the agreement agree to divide the 340-mu land parcel into two parts for separate development. The Group enjoys exclusive development rights to the 200-mu Southern region ("Qingdao Jin Mao Bay Project").

The Southern Site, with a land area of 131,202 square metres and a gross floor area of 513,189 square metres, is independently developed by the Group. Qingdao Jin Mao Bay Project is developed in accordance with the international green building standards featuring the concepts of "health, energy-saving and low-carbon". As to architectural design, it focuses on the layer minimalism with intelligent and dynamic changes. As to landscape gardening, an EDSA landscape gardening architect was invited to design a variety of landscape systems. Qingdao Jin Mao Bay Project, as a high-end bayfront masterpiece crafted by Franshion Properties, actively strives to turn the southwestern part of Qingdao City into the new face of Qingdao City comparable to the Olympics sailing base.

During the Period under Review, Phase I of the project was completed entirely and sales performance was satisfactory. Some of the buildings were successfully delivered to the owners and business recruitment works were conducted on schedule. The entire project is expected to be completed in 2017.



Guangzhou Nansha Jin Mao Bay Project (City Complex)

Nansha District, Guangzhou City, Guangdong Province

Gross floor area (sq. m.)

778,652

/ PROPERTY DEVELOPMENT SEGMENT / City Complex /

The Shanghai Xingwaitan Project, consisting of the Shanghai Port International Cruise Terminal Project, the Shanghai International Shipping Service Center Project and the Shanghai Star Harbour International Centre Project, is situated at the riverfront downtown of the North Bund in Hongkou, where the headquarters of many of the world's renowned enterprises gather and where the new CBD of the city lies. Enjoying a favourable geographical location, it is a south-facing and sun-facing riverfront project which has Waibaidu Bridge located to its west that connects to the Old Bund. It is located directly across the river from the trade area of Lujiazui and enjoys a magnificent view of a mixture of undulating ancient architecture and skyscrapers across the bank, forming a "golden delta" with the Bund and Lujiazui in Shanghai . A convenient public transportation hub with metro lines and key bus interchanges, and the spacious and comfortable shopping area along with the shopping gallery provide convenient and attentive commercial ancillary services to the office buildings and the residents in the neighbourhood. The Shanghai Port International Cruise Terminal, the Shanghai International Shipping Service Center and the Shanghai Star Harbour International Centre will jointly shape a new core region in the city and be a new driver for development of Shanghai.

The Shanghai Port International Cruise Terminal Project is jointly developed by the Group and Shanghai International Port (Group) Co., Ltd. ("SIPG"). The land parcel, comprising Site A and Site B, is split into two parts, closely connected with each other making up the whole of the Shanghai Port International Cruise Terminal Project. Site A is intended for the International Passenger Transport Terminal and the Port Administration Building, while Site B is reserved for office buildings, commercial centres and related structure groups. The Group holds a 50% interest in the Site B development. Site B of the Shanghai Port International Cruise Terminal Project occupies a total area of approximately 85,089 square metres and a total gross floor area of approximately 302,080 square metres. Construction work was completed in 2011. In 2012, delivery of all eleven office buildings of the project was completed.

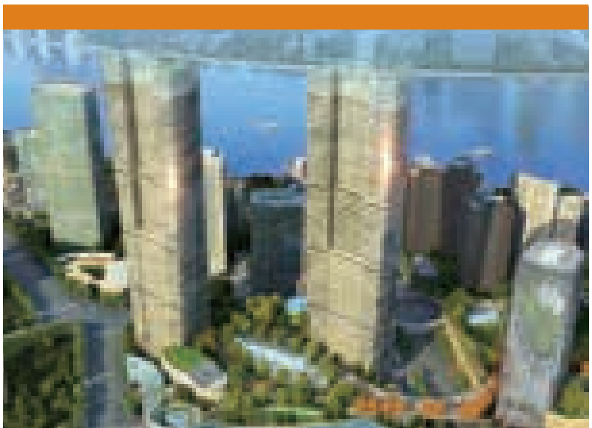
The Shanghai International Shipping Service Center Project is also jointly developed by the Group and SIPG and comprises offices, commercial properties and apartment offices, as well as other facilities including a yacht harbour. The entire project comprises the Eastern, Central, and Western Sites. The Group and SIPG acquired the land use rights of the Eastern Site of the project in 2007, with an area of approximately 35,210 square metres. In March 2008, the Group and SIPG acquired the land use rights of the Central Site of the project, with an area of approximately 19,039 square metres. In August 2010, the Group completed the acquisition of 50% equity interests in Shanghai Yin Hui. Through the acquisition, the Group obtained the land use rights of the Western Site of the project with an area of approximately 41,345 square metres held by Shanghai Yin Hui, and therefore holds 50%

interests in the Eastern, Central and Western Sites of the project. The Group intends to integrate the development of the Eastern, Central and Western Sites. Upon completion, the project will have a total gross floor area of approximately 530,933 square metres. The project is listed as one of the key projects in Shanghai city and has become a key integral part of the urban growth strategies of Shanghai.

The Shanghai Star Harbour International Centre Project was jointly secured by the Group and SIPG at the end of 2012. The project stretches to Haimen Road to the east, Dongdaming Road to the south, Gongping Road to the west and Dongchangzhi Road to the north. With a site area of approximately 40,577 square metres, an estimated gross floor area above ground of approximately 243,400 square metres and an estimated total gross floor area of 426,060 square metres, the Group will create an urban complex comprising Grade A office buildings and integrated commercial and apartment offices with direct metro access and riverfront landscapes.

The Shanghai Xingwaitan Project aims to become the green landmark in China. It is the first project to apply for three internationally acclaimed green certifications at the same time and the largest green office and commercial building cluster in Asia. It has been awarded the title of "National Green Building Model Site" (國家綠色建築示範推廣基地) and obtained the three-star green building design label certificate (三星級綠色建築設計標識證書) by the Ministry of Housing and Urban-Rural Development of China, the LEED-CS gold certification by the U.S. Green Building Council and the BREEAM outstanding category certification by BRE.

During the Period under Review, office building No.17A and some parking spaces in the Western Site of the Shanghai International Shipping Service Center Project were delivered successfully. The construction of other parcels of land of the project progressed well and the entire project is expected to complete construction in 2016. The Shanghai Star Harbour International Centre completed project establishment, planning and design and such works progressed well as a whole. The entire project is expected to be completed in 2017.



/ PROPERTY DEVELOPMENT SEGMENT / City Complex /

NANJING XUANWU LAKE JIN MAO PLAZA PROJECT

Situated at the heart of Zhongyang Road, Gulou District, Nanjing City, Nanjing Xuanwu Lake Jin Mao Plaza faces Xuanwu Lake, enjoying a unique natural landscape and abundant commercial and cultural resources. Occupying a site area of 37,920 square metres and an estimated total gross floor area of approximately 453,146 square metres, it represents a perfect blend of the essence of Nanjing City with an international ideals, and is one of the Top Ten New Landmark Complexes in China (中國十大新地標城市綜合體).

The Group successfully acquired the Nanjing Xuanwu Lake Jin Mao Plaza Project in February 2013. The Nanjing Xuanwu Lake Jin Mao Plaza Project comprises one super high-rise Main Tower, North Tower and South Tower as well as an 8-storey podium. It has a total site area of 37,920 square metres and an estimated total gross floor area of approximately 453,146 square metres. The project is developed in two phases. Construction of Phase I, occupying a site area of approximately 19,852 square metres and a gross floor area of approximately 225,846 square metres, was completed and operation commenced in March 2011. It comprises five segments including a super five-star hotel, Grade A offices, international shopping malls, view apartments and top luxury residences. Scenic apartments and royal scenic luxury residences on the 11th to 38th floors of the North Tower and some office units in the South Tower sold externally are under the property development segment with a gross floor area of approximately 53,526 square metres.

The Nanjing Xuanwu Lake Jin Mao Plaza Project Phase II has an estimated total gross floor area of approximately 227,300 square metres. It is a 285-metre high multi-functional commercial complex comprising a 70-storey main tower and an 8-storey podium. The gross floor area above ground is 197,300 square metres. The podium is designed to house a shopping mall and hotel conference rooms, whereas the main tower is designed to contain international Grade A offices, hotel service apartments and a super five-star hotel. The podium is connected to Phase I, which effectively enhances the interaction between Phase I and Phase II. Upon completion, Nanjing International Center will be a new landmark project in Nanjing.

During the Period under Review, sales of Nanjing Xuanwu Jin Mao Plaza Project Phase I were satisfactory, while the preliminary design work of the Phase II project progressed well. The entire project is expected to be completed in 2019.

/ PROPERTY DEVELOPMENT SEGMENT / City Complex /

CHANGSHA MEIXI LAKE JIN MAO PLAZA PROJECT

(100% owned by the Group)

The Changsha Meixi Lake Jin Mao Plaza Project is located in Xiangjiang New District, Changsha City, Hunan Province, China and within the Changsha Meixi Lake Region. Situated at the core region of the north bank of Meixi Lake International New City, which has Meixi Lake and Festival Island to the south, Metro Line No.2 (under construction) to the north and an international cultural and art centre to the east, the project enjoys a favourable geographical location.

The Changsha Meixi Lake Jin Mao Plaza Project has a site area of approximately 152,995 square metres and a total gross floor area of approximately 954,770 square metres. The project will be developed into a high-end large-scale urban complex consisting of five-star hotels, shopping malls, office buildings and residences and will become an architectural landmark in the Dahexi Pilot Zone, Changsha. The urban complex will carry out the mission of leading the high-end property market in the Dahexi Zone in Changsha and will further consolidate Meixi Lake's position as the future urban centre, banking on its cultural background, scenic landscape and cutting edge trend.

During the Period under Review, the Changsha Meixi Lake Jin Mao Plaza Project was a hot commodity despite poor market sentiments, setting record high prices in individual sales among large-floor luxury residential properties in Changsha. This consolidated Jin Mao Plaza's position as a top-notch complex in Changsha and landmark residence in Meixi Lake. Currently, construction of the project is progressing well. Many large-scale enterprises have also shown strong interest in leasing the offices of the project. The entire project is expected to be completed in 2016.

/ PROPERTY DEVELOPMENT SEGMENT / City Complex /

GUANGZHOU NANSHA JIN MAO BAY PROJECT

(formerly known as Guangzhou Nansha Project, 90% owned by the Group)

The project is located in the Nansha District, Guangzhou City. As the sixth state-level new area, Nansha District officially obtained the approval for the Development Plans of Nansha New Area in Guangzhou by the State Council in September 2012. Situated in the southernmost end of Guangzhou, Nansha District is approximately 50 kilometres from the city centre and is around 50 minutes' ride from the downtown area by Metro Line No. 4, the Nanshagang Express and the Beijing-Zhuhai Expressway. Under the Development Plans, seven additional metro lines within the city will be constructed in the future, directly linking the airports in Guangzhou, Shenzhen and Hong Kong and Guangzhou South Railway Station to build a half-hour commute zone within the Pearl River Delta Area.

The Group successfully won the bid for Guangzhou Nansha Jin Mao Bay Project at the end of September 2013. The project has a site area of 243,400 square metres and a total gross floor area of 778,652 square metres. The project is favourably located at the CBD of Nansha Pearl Bay with the government offices in its immediate vicinity. Adjacent to the Guangzhou Foreign Language School and the Asian Games Stadium, the region is also planning the Nansha Central Hospital Phase II, thus offering a comprehensive range of education, medical and living facilities.

The project is a starting point of Franshion Properties' expansion into Southern China and one of the first projects in the pilot area of the Pearl Bay region, a national new area in Nansha, Guangzhou. Adhering to the principle of "green technology and Jin Mao quality", the Company aims to shape it into a waterfront city CBD landmark project in Guangzhou, displaying Nansha's position as the National New Area Model Site of Cooperation between Hong Kong, Macau and Guangdong. The project will comprise a super five-star hotel, super Grade A offices, a Hong Kong-Guangdong commercial centre, seaview apartments, waterfront townhouses and corporate CEO residences, surrounded by a range of concepts including waterfronts mangroves, the Asian Games Stadium, the Guangzhou Foreign Language School and underground metro lines. It will become the first internationalised waterfront city complex in Guangzhou, shaping Guangzhou from a riverfront city to a waterfront city and representing the future of Nansha.

During the Period under Review, the Guangzhou Nansha Jin Mao Bay Project commenced sales in November 2014 and remained a hot commodity, earning the title of the best-selling property project in Guangzhou. The first attempt of southward expansion of the "Jin Mao" brand was a great success and established a good reputation. The gratifying sales performance also won the best title of "No.1 in sales of commercial properties in Guangzhou City (10 regions)" (廣州市(十區)商業物業銷售冠軍"). In October 2014, the Guangzhou Nansha Jin Mao Bay Project was named the "Best Investment Value Complex in Guangzhou for 2014" (2014年廣州最具投資價值綜合體). Currently, construction of the project is progressing well and all key modules are conducted on schedule. The entire project is expected to be completed in 2019.

CHANGSHA MEIXI LAKE PROJECT

(Changsha Meixi Lake Primary Land Development Project Phase I, Changsha Meixi Lake Primary Land Development Project Phase II and Changsha Meixi Lake Land Block A Primary Development Project)

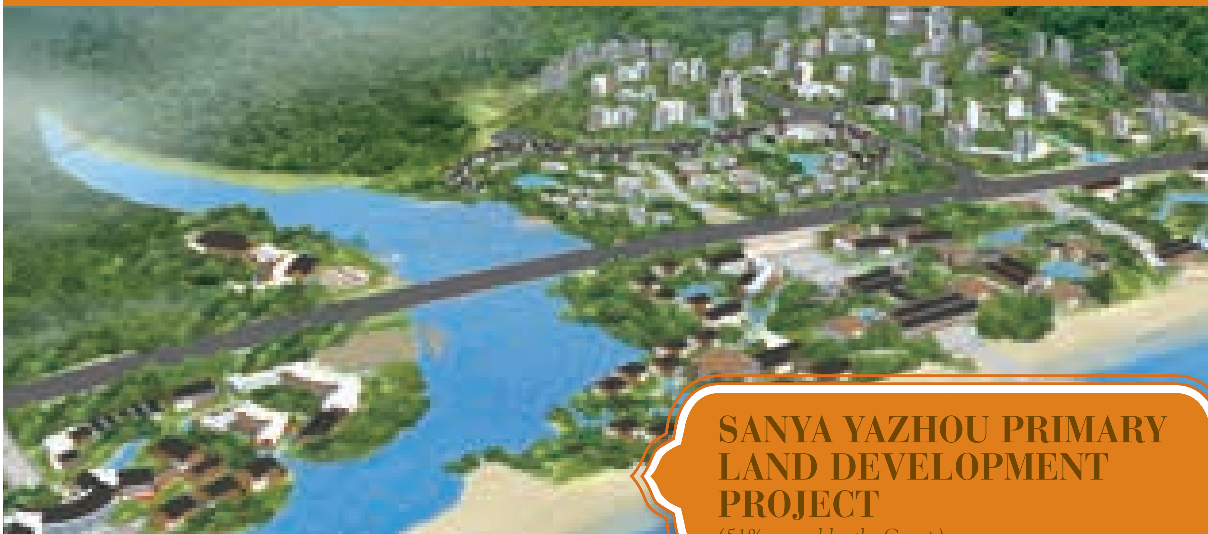
The Changsha Meixi Lake Project, with an aggregate area of approximately 28,411.9-mu, is located in the core region of Xiangjiang New District, Changsha City, Hunan Province, China, which is 6 kilometres from the city centre. Backed by Taohua Ridge and the Yuelu Mountain Range, it is surrounded by the 3,000-mu of Meixi Lake with a long islet inside and a water city nearby. The project, featuring the elements of mountains, lake, islets and city, will be developed into a green and ecological region suitable for residence, business and leisure. According to the plan of the Hunan Provincial Committee, Meixi Lake will be developed into a model, benchmark and world-class development zone in Changsha City and the Changsha-Zhuzhou-Xiangtan Comprehensive Experimental Community. Under the "Changsha City Twelfth Five-Year Plan" of the Municipal Committee and the Municipal Government of Changsha, it is proposed that the Meixi Lake district will be developed into a model ecological and liveable city and a new city centre of Hexi, Changsha. Changsha Meixi Lake Project will be developed in two phases.

On 26 January 2011, the Group entered into an agreement with the Management Committee of Dahexi Pilot Zone in Changsha and other relevant parties, confirming that the Group is the investor in the project for developing Meixi Lake International Service and Technology Innovation City Phase I (hereinafter referred to as "Changsha Meixi Lake Primary Land Development Project Phase I"), by which the Group would be in charge of land requisition, compensation and resettlement, all preliminary municipal infrastructure and urban public facilities, and other related subsequent developments within the area. Changsha Meixi Lake Primary Land Development Project Phase I has a total site area of 11,452-mu and a total gross floor area of approximately 9.40 million square metres, comprising a variety of premium segments including high-end residences, a super five-star hotel, Grade 5A office buildings, serviced apartments, a cultural and arts centre and a technology and innovation centre. According to the bidding invitation announcement, the filing procedure for the completion of Phase I of the project is expected to be fully completed in June 2016, whilst the procedures for the grant of land where the project is located will be completed in June 2017. Through reasonable planning optimisation, Changsha Meixi Lake Primary Land Development Project Phase I restructured the functional system in the area, diversified the urban land planning and rationalised the use of the land, thereby increasing the land value in the area as a whole. In an attempt to actively introduce quality education resources, the Group arranged for a number of secondary and primary schools in the province to be established there, which further enhanced the ancillary resources. In implementing the green strategy, the Group also completed the planning of the green ecological city project with advanced design indicators in line with international levels, and became one of the first batch of the state-level "green and ecological model cities" (綠色生態示範城區) and "smart cities" (智慧城). The Group implemented the arrangements of primary and secondary development and applied the concepts of digital technology, ecological civilisation, resource conservation and sustainable development in the course of the entire development. To cater for the development needs in the northwestern area of Changsha Meixi Lake Primary Land Development Project Phase I, on 30 October 2012, the Group entered into an agreement with the Management Committee of Dahexi Pilot Zone in Changsha and Changsha Meixi Lake Industrial Co., Ltd., pursuant to which the Group became a party responsible for the primary land development of land block A in the Meixi Lake area and would cooperate in the land requisition and reserve, development as well as business recruitment of the target land parcel. The land area available for development of high-end commercial and residential properties in the northwestern area will be increased by 414.9-mu, translating into quality land resources with a total gross floor area of approximately 830,000 square metres. The development model adopted by the Group for the Meixi Lake Project is known as the “Meixi Lake Model” in the industry. The Group owns 80% equity interest in both the Changsha Meixi Lake Primary Land Development Project Phase I and the Changsha Meixi Lake Land Block A Primary Development Project.

On 14 October 2013, the Company received an official letter from the Management Committee of Dahexi Pilot Zone in Changsha, confirming that the Company was selected as the second investor of Changsha Meixi Lake Primary Land Development Project Phase II, by which the Group would be in charge of part of the land requisition, compensation and resettlement, preliminary infrastructure construction, and part of other related developments within the area. Located in the west of Changsha Meixi Lake Primary Land Development Project Phase I, Changsha Meixi Lake Primary Land Development Project Phase II has a total site area of 16,545-mu and a total gross floor area of approximately 12.68 million square metres, with the Third Ring Road to the east, the Yuelu Mountain Xiangbiwo Forest Park and the Taohua Ridge Forest Park to the south, Tianlei Road to the north and Yuanjiachong Road North and Yuanjiachong Road South to the west. It has a convenient transportation network including Metro Lines No.2 and No. 6 (extension line) and the Changsha-Changde City Light Rail that run through Phase II. Phase II will solve the problem of insufficient land for CBD development in Meixi Lake Primary Land Development Project Phase I and the lack of certain urban ancillary facilities, and will expand the transportation network of the new city centre. According to the agreement for developing Phase II, all of the supply of land for business use under Phase II shall be released no later than 31 December 2020.

During the Period under Review, all construction work of Changsha Meixi Lake Project were conducted on schedule. Adhering to the Group’s “high-end with quality” and “two-wheel driven” strategic thinking, the Group fully utilised its resources and endeavoured to develop Changsha Meixi Lake International New City into a “city guesthouse” representative of the new city image of Changsha and a new model city that is the most internationalised in Central China and which encompasses the concept of “two-type (environmentally friendly and resources–saving) community” model district.

/ PROPERTY DEVELOPMENT SEGMENT / Primary Land Development /



SANYA YAZHOU PRIMARY LAND DEVELOPMENT PROJECT

(51% owned by the Group)

The project is located at the heart of new city of western Sanya within a 40-minute ride to Sanya Phoenix International Airport and the downtown area of Sanya, enjoying a favourable geographical location and rich ecological resources. With the prime seafront and bay resources, the project is generally positioned as the "national cultural seafront" core region and will be developed into a pioneer project introducing new lifestyles and a new way of travel to Sanya City.

In 2012, the Group and Hainan LongHigh Industrial Group Company Limited jointly acquired the primary development right to the 1,500-mu land parcel in Yazhou Bay, Sanya City. The project enjoys a favourable geographical location and rich ecological resources. It is the last remaining prime seafront quality land parcel in Sanya City. The project is generally positioned as the "national cultural seafront" core region and will be developed into a pioneer project introducing new lifestyles and a new way of travel to Sanya City. At the same time, the long-term cooperation with the LongHigh Group and the Sanya Municipal Government is conducive for the Company to further expand its foothold in Sanya and allows the Group to have the opportunity to participate in the secondary development of the land parcel and other projects in Sanya. Currently, construction of the project is progressing well and all construction works is conducted on schedule. The entire project is expected to be completed in 2018.

/ PROPERTY DEVELOPMENT SEGMENT / Reserved Projects /

NANJING JIANGNING SHANGFANG CITY CENTRE SHANTY TOWN RENEWAL PROJECT

(80% owned by the Group)

Situated at the southeastern part of Nanjing City, Jiangsu Province of China and at the northeastern corner of Dongshan Vice City in Jiangning District, the Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project enjoys abundant industrial resources in the surrounding region with Qilin Park to the northeast and Jiangning University Town to the south. It is the key location for development and upgrade in Nanjing City in coming years. The project is only 12 kilometres from the downtown of Nanjing City at the interchange of the Nanjing-Hangzhou expressway and Ring-road expressway of Nanjing. It is the "southeastern gate" to Nanjing. As the southern new city continues to develop, the project will be connected seamlessly with the main city area.

In February 2015, the Group successfully obtained the primary development right to the Nanjing Jiangning Shangfang City Centre Shanty Town Renewal Project by which the Group would be in charge of land requisition, compensation and resettlement, construction and other related subsequent developments within the area. The project has a site area of approximately 3.92 square kilometres with planned land for construction of approximately 3.23 square kilometres and a planned gross floor area of approximately 3.80 million square metres. The district performs a number of functions covering a CBD, quality residences, ancillary public infrastructure and scenic district. Its business segments include quality residence, a five-star hotel, office buildings and apartments.

The commercial portion of the project is expected to be fully completed by 31 December 2020. As the first shanty town renewal project, in addition to its social responsibility of shanty town renewal, the Group will develop a brand new model for shanty town renewal fully capitalising on the essence of "Meixi Lake Model" in Changsha. Currently, the temporary dwellings under Phase I of the project have been included in the shanty town renewal proposal for 2013 to 2017 of the Housing and Construction Bureau of Jiangsu Province.

As the key development project in Jiangning District, Nanjing City, the Group, by upholding a forward-looking vision and thinking, innovative planning and design, as well as effective communication and cooperation, will fully make use of its experience in city development and operation to develop the city centre of Shangfang into a "smart quality new city and international living community".

BEIJING YIZHUANG JIN MAO NOBLE MANOR PROJECT

(25.5% in Land Parcel X87 Project and 50% in Land Parcel X91 Project owned by the Group, respectively)

The project forms part of the Beijing Yizhuang Development Zone. Adjacent to the Beijing Yizhuang Jin Mao Yue Project, it is 4 kilometres away from the Southeast Fifth Ring Road and faces the Beijing-Shanghai Expressway, enjoying convenient transport and a favourable geographical location. With Nanhaizi Park to the north, the Green Corridor to the west and the Xinfeng River to the south, it is surrounded by a pleasant environment and is a highly liveable area.

The Group won the bid for the land parcels X87 and X91 in the Yizhuang Development Zone on 20 February 2014. The project has a site area of 159,300 square metres and a total gross floor area of 558,922 square metres. The land parcels of the project are within the 3.8 square kilometres residential area, which is expected to be developed into a residential area with well-established amenities and pleasant environment in the future. It is also a key development area of Yizhuang New City with tremendous growth potential.

The project will be jointly developed with Beijing Yizhuang Jin Mao Yue Project. Adhering to Franshion Properties' "green gold strategy", the project, together with the Beijing Yizhuang Jin Mao Yue Project will be jointly developed into the "Jin Mao Green Gold Mega Community" with an area of approximately one million square metres, which integrates twelve major technological systems and provides a wide range of products from high-rise residences, duplex villas and featured shops. It will become a large-scale improved housing project which is the largest in terms of scale, most comprehensive in terms of product types and the highest quality in terms of living conditions within the region.

GUANGZHOU GUANGGANG PROJECT

(50% owned by the Group)

Situated at the west of Fangcun Avenue South in Liwan District, Guangzhou City with Hedong Road to the south, the land parcel is located at the city centre of Guanggang New City under the new planning of Guangzhou City, enjoying abundant ancillary resources including transportation, healthcare, education and commerce. Adjacent to major functional regions in the city such as Yuexiu, Haizhu and Tianhe, it has a favourable geographic location which allows access to a cluster of cultural and historical sites and facilities.

On 29 September 2014, a consortium comprising the Company and Financial Street Holding (Guangzhou) Co., Ltd. (金融街廣州置業有限公司) won the bid for the land parcel of Guangzhou Guanggang Project. The project has a site area of 47,367 square metres and an estimated gross floor area of 314,321 square metres. The project has a well-developed transportation network linking major ring roads and major routes to the downtown area, allowing convenient access to the core areas in the city. It takes a 90-minute ride to the major cities within the Pearl River Delta Economic Zone.

Upholding Franshion Properties' "green gold strategy", the project will be developed into a high quality improved and comfortable residential project which features value-added products such as large-floor and duplex properties and highlights the culture of Guangdong Province. The project is the second project acquired by Franshion Properties in Guangzhou following its Nansha Jin Mao Bay Project in Guangzhou and is of significant strategic importance for its layout distribution in Southern China and its penetration into Guangzhou. At the same time, it provides strong support for the establishment of our high-end properties brand image.

/ PROPERTY DEVELOPMENT SEGMENT / Reserved Projects /

CHONGQING KONGGANG PROJECT

(39.96% owned by the Group)*

The land parcel is located at the northwestern corner of the Central Park of Konggang in Yubei District, Chongqing and forms part of the core area in the segment of Konggang New City. It is in the core region of Liangjiang New Area and the future new city centre under the planning of Chongqing City. It will be developed into an administrative, retail and office centre supplemented by a range of municipal public infrastructure amenities.

On 15 October 2014, a consortium comprising the Group and Dingxin Changcheng won the bid for the land parcel of the Chongqing Konggang Project. The project has a total site area of 217,221 square metres. The land use ranges from class 2 residential land, retail land to office land with a total gross floor area of 825,666 square metres. It is adjacent to the Central Park with abundant scenic resources and a comprehensive range of quality amenities including transportation, education, healthcare and retail shops, enjoying unparalleled living conditions. The Chongqing Konggang New City segment, where the project is located, is the only city new area where the headquarters of renowned primary and secondary schools are found. The project is currently the only project that fulfils the standards of the renowned Bashu Primary School in Chongqing.

Capitalising on its quality education resources, the Group will develop the project into the most sophisticated education-featured property product in China, providing basis for Franshion Properties to develop its education product lines and to shape Jin Mao's image as a high-end property developer. Currently, many branded property developers including Sunac, Luneng and Hongkong Land have presence in the surrounding region. This helps push up land prices, reflecting significant value appreciation of the segment.

* As at the date of this report, the Group, Dingxin Changcheng and Ping An Real Estate are entitled to 39.96%, 32.808% and 27.232% interests in Chongqing Konggang Project respectively.

QINGDAO HIGH-TECH ZONE PROJECT

(100% owned by the Group)

The project forms part of the Qingdao National High-Tech Industrial Development Zone in Shandong Province, which is located at the "geometric centre" of Qingdao and the core region of Qingdao's North Shore New Town, representing the primary line among the three towns in Qingdao. Qingdao National High-Tech Industrial Development Zone is the centre of Greater Qingdao planning and development, guiding the development direction of the city in shaping a technological and cultural new eco-city.

The project, located at the core region of a high-tech zone software technology city which is a key project of the government, comprises a range of functions from offices, retail shops, residences to education. Taking regional development as the core driver, the government plans to introduce a number of business sectors to drive city development, change its regional image and accelerate the urbanisation of Qingdao with a view to shaping a new city namecard.

On 16 January to 22 January 2015, the Group won the bid for 8 land parcels in the core region of software technology city in the Qingdao High-Tech Zone. The project has a site area of 277,586 square metres and a total gross floor area of 480,626 square metres. Upholding the principle of value creation and the corporate culture of striving for excellence, the project will be developed into a model composite new city area consisting of high-end villas, demand residences, apartments for professionals and commercial offices, putting the overall image and planning concept of a high-tech zone software technology city into practice.

CHANGSHA MEIXI LAKE LAND PARCEL F-13 PROJECT

(100% owned by the Group)

The project is located in the CBD at Phase I of the Changsha Meixi Lake Primary Land Development Project and the very central area of the international CBD in one of the nine unique composite core function areas in the Meixi Lake region.

In December 2014, the Group won the bid for the land parcel of the project, which has a site area of approximately 28-mu, a planned plot ratio of 8.0 and a planned total gross floor area of approximately 191,264 square metres. The project is composed of super high-rise Grade A offices and commercial podium. It is intended to be developed into a super high-rise landmark building in Xiangjiang New District of Dahexi, Changsha City. The 70-storey building tower goes all the way up along the central axis with an estimated height of 350 metres.

The Changsha Meixi Lake Land Parcel F-13 Project implements a new practice of the Group combining primary and secondary land development in the Meixi Lake region. The project development not only enriches the retail amenities in Phase I of the Changsha Meixi Lake Primary Land Development Project, but also facilitates the concentration of commercial functions in the core region. The development of the Phase II of the Changsha Meixi Lake Primary Land Development Project is progressing well, generating synergies for the development of both Phase II and Phase I of the Changsha Meixi Lake Primary Land Development Project.

* For details of reserved projects and Nanjing Xuanwu Lake Jin Mao Plaza Phase II, please refer to the section under "BUSINESS REVIEW – PROPERTY DEVELOPMENT SEGMENT – City Complex".

Share the Joy of Cooperation

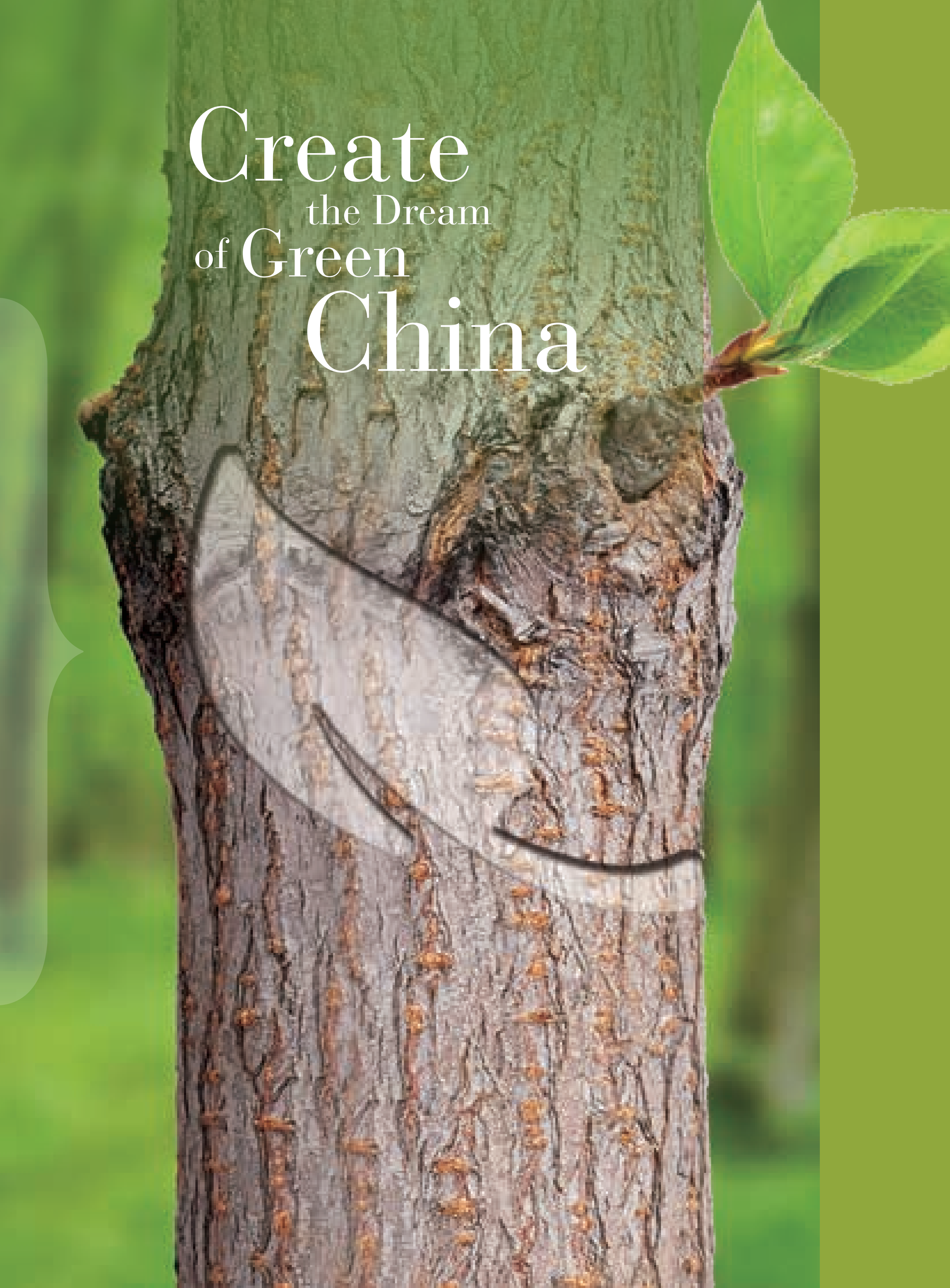
Property Related Business

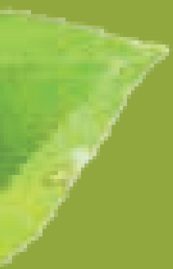
The Company, through its superior property management companies, renders the highest standard of property management services to its customers. During the Period under Review, the Group fully implemented the "green gold" value and provided advanced green property management services. The consolidated property service business of the Group further strengthened the operation of its integrated value chain of property development, and improved the brand advantage and the asset value of the Group. Looking ahead, the Group expects that the property management business will bring more direct and indirect benefits to the Group.

The Observation Deck on the 88th floor of Jin Mao Tower, being one of the first Four A scenic spots in China, is a very popular tourist attraction in Shanghai.

The Group is also engaged in other businesses such as building decoration, automobile services, international yacht services, mainly to provide supporting services to its existing operations. The Group will also regularly review the profitability of such businesses, and the synergy generated between major businesses, so as to produce more direct and indirect benefits for the Group.

Create the Dream of Green China





Our Green Strategy

We are a responsible corporate citizen that implements green development strategies. We endeavour to become the industry benchmark and the paradigm enterprise in application for green development. We integrate the leading quality resources and introduce the best concept to more cities in China. We look forward to working with various parties in the community in building our corporate image as a responsible, green and quality property developer and becoming a well-respected and leading quality property developer!

Green Strategy

GREEN STRATEGY AND GREEN PHILOSOPHY

In recent years, due to global warming, scarce resources, environmental pollution and accelerated urbanisation in developing countries, "greening" has become a topic of most concern amongst the governments and residents around the globe. Adhering to its parent company Sinochem Group's corporate spirit of "becoming the industry role model of leading technology, resource efficiency and environmental conservation", Franshion Properties continuously applies the green concept in the projects developed and held. The green strategy has duly become one of the major strategies for corporate development since 2010.

Franshion Properties' green strategy is designed based on the concepts of "implementing policies according to the local landscape; prioritising based on passiveness and achieving efficient health", relying on a complete industry chain from green planning and design, green parts and components, green construction to green properties operation. While innovating the model of operation and management with green elements, Franshion Properties takes the responsibility to lead the entire industry to switch to the green and low carbon model with a view to achieving sustainable development featuring corporate efficiency, environmental protection and social value.

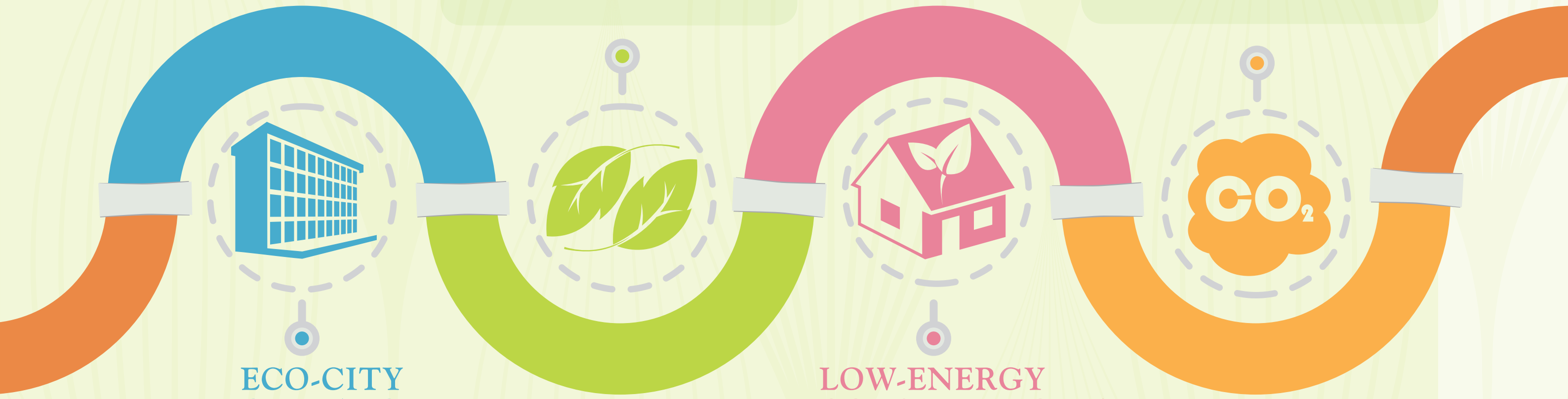
Since implementing the green strategy four years ago, Franshion Properties has been granted a number of national honours and ranked No.1 in many areas in the industry. Highly recognised and acclaimed by various levels of government, industry and market, these honours have helped the Company establish a good corporate image and gain credibility from the public. We have integrated the science of the green concept into the products and insisted on creating a green eco-city and smart city in the rooftop design and operational management of new city development projects to shape projects like Meixi Lake New City that is titled one of the first batch of State-level Model Green Eco-cities. As to residential projects, adhering to the product positioning of "exquisite quality, green health and smart technology", we develop the well-received green and smart residence that not only protects the environment but also generates good economic benefits. At the same time, the Company also attaches great importance to investing in school projects. In addition to building green campuses, promoting green education and participating in drafting green teaching materials, the Company carries out a number of green social welfare activities to enhance social value. After four years of hard work, business segments developed by Franshion Properties included: eco-city, green office building, green super high-rise complex, green campus, green hotel, green residential community, etc.; and areas covered included: 11 major cities in Northern China, Eastern China, Central China, Southwestern China and Southern China. A total of 70 green building labels of various categories were obtained, accounting 90% of the total number of development projects. Government subsidies granted in respect of the projects amounted to more than RMB120 million in aggregate, making Franshion Properties the leader in the area of green properties in China.

GREEN CAMPUS INNOVATOR IN CHINA

- Build the first green school which has been granted both the three-star certification and LEED platinum certification, facilitate the development of green education, compile green teaching materials, and participate in the preparation of standards on green campus in China, and extends the promotion to a national scale so as to become the green campus innovator in China.

GREEN HOUSE GAS EMISSION REDUCTION LEADER

- Carry out green financial actions by completing the "first carbon neutral transaction in the building industry in China" and the "first carbon transaction in the building industry in China", enhance Franshion Properties' influence and its core competitiveness in the industry, and display its strong commitment to fulfilling the corporate social responsibilities so as to become the greenhouse gas emission reduction leader.



ECO-CITY OPERATOR IN CHINA

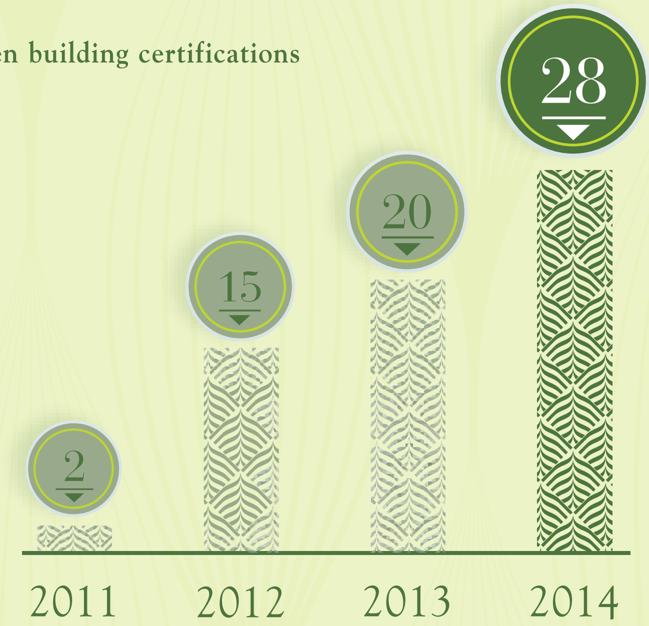
- Develop eco-city projects such as Changsha Meixi New City and adopt the green ecology concept in the entire process from green planning & design to green operation & management to make it the model green eco-city project and replicate such success in other projects of Franshion Properties and promote such to the industry peers or even at a global scale in line with the Franshion Properties' position as the green eco-city operator.

LOW-ENERGY CONSUMPTION AND HIGH-QUALITY BUILDING REPRESENTATIVE

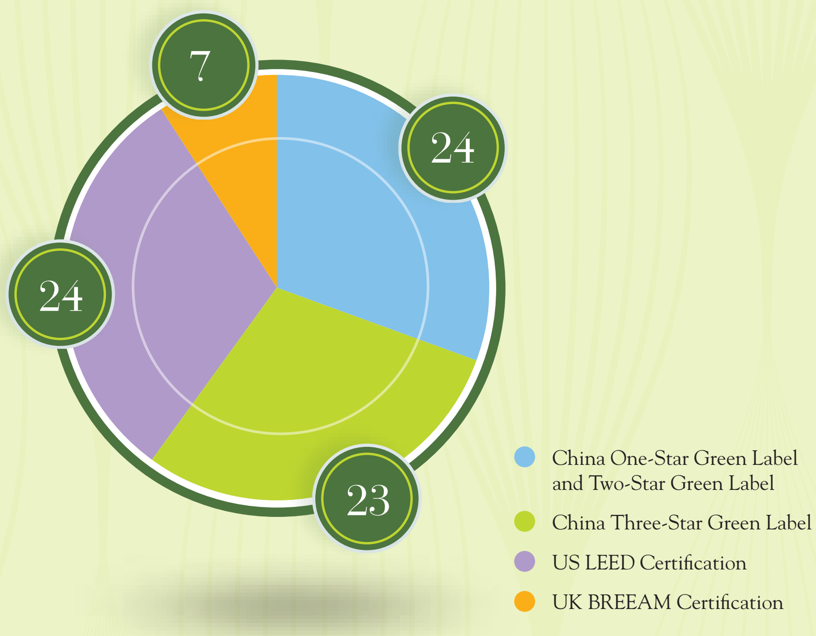
- Fully implement the green strategy according to the local landscape and prioritise based on passiveness, reasonably utilise the green building technology and develop a series of low-energy consumption and high-quality building products so as to develop Franshion Properties as the representative of low-energy consumption and high-quality products in the industry.

GREEN HONOURS AND AWARDS

Number of green building certifications



Type of green building certifications



Green Recognitions and Awards

Awards	Projects that are granted with certifications and awards
State-level Model Green Eco-city (state-level award)	Changsha Meixi Lake New City
Green Building Model Site in Eastern China (state-level award)	Shanghai Xingwaitan
State-level Green Building Innovation Award (state-level award)	Beijing Guangqu Jin Mao Palace Primary School Qingdao Jin Mao Bay
State Green Building Certification	Beijing Guangqu Jin Mao Palace Primary School (three-star) Beijing Chemsunny World Trade Centre (three-star) Suzhou Gusu Jin Mao Palace Project (three-star)
UK Green Building BREEAM Certification	Changsha Green Centre – Excellence Category Certification Shanghai International Shipping Service Center Project – Merit Category Certification (four items) Shanghai International Shipping Service Center Project – Excellence Category Certification Shanghai Daning Jin Mao Palace – Merit Category Certification
US Green Building LEED Certification	Beijing Chemsunny World Trade Centre – Platinum Beijing Guangqu Jin Mao Palace Primary School – Platinum Shanghai International Shipping Service Center Project – Gold (nine items) Shanghai Jin Mao Tower – Gold

National Topics and National Standards on Greening

Name of honour	Name of projects participated or topics
Key Programme of the Ministry of Science and Technology under the Eleventh Five-Year Plan Key Programme of the Ministry of Science and Technology under the Twelfth Five-Year Plan	Chongming Jin Mao Noble Manor Low-carbon Economic Industry Model Research (崇明金茂逸墅低碳經濟產業示範研究) Green Renovation of Existing Buildings (既有建築綠色化改造), Green Building Key Technology (綠色建築關鍵技術), Technical Guidelines on Evaluation of Energy Saved and Carbon Emission Reduced of Energy-saving Building Projects (建築節能專案節能量和碳減排量評價技術指南), Research and Integration Demonstration of Green Building Planning & Design and Key Technology System (綠色建築規劃設計與關鍵技術體系研究與集成示範) and Research and Demonstration of Indoor Healthy Environment Control and Improved Key Technology (建築室內健康環境控制與改善關鍵技術研究與示範)
National Standards Preparation	Evaluation Standards on Green Buildings (綠色建築評價標準), Evaluation Standards on Building of China Green Hotels (中國綠色飯店建築評價標準), Evaluation Standards on Green Renovation of Existing Buildings (既有建築改造綠色評價標準), Building Carbon Emission Measurement Standards (建築碳排放計算標準) and Administrative Regulations on Air-Conditioning Ventilation System Operation (空調通風系統運行管理規範)
National Patents	Cold/condensed water recycling facilities and building ventilation and new wind energy recovery facilities
National Materials	Green Campus and the Future (綠色校園與未來) series materials
Industry Standards	Evaluation Standards on Green High Star-rated Hotels (綠色高星級酒店評價標準)

3 INFLUENCE OF GREEN STRATEGY

{ With respect to green events, taking the lead and resource integration are characteristics of Franshion Properties' green strategy. }

On 20 November 2014, the first "National Green Competitiveness" seminar and "Green Innovation and Creativity" exhibition of ECO-NOMY Magazine was held at Knowledge & Innovation Community ("KIC") Conference Center. Chairman HE Cao was invited as guest speaker and introduced Franshion Properties' efforts in the areas of eco-city development, green residential and energy conservation of public infrastructure project as well as green concept promotion, and called for the campaign where "Franshion Properties is willing to conduct proactive exchange and cooperation with its peers in greening, energy conservation and low-carbon development" (方興地產願意與同行在綠色、節能、低碳領域中展開積極的交流與合作), which drew overwhelming response from the attendees. Chairman HE Cao was also invited to activate the "ECO-NOMY Tree" green cooperative platform representing the green concept, harmony and hope with other guests. He also showed interest in the "Green Innovation and Creativity" exhibition held during the seminar and exchanged views on green and low-carbon development with other guests.

From 28 March to 30 March 2014, Franshion Properties attended the 10th International Conference on Green and Energy-Efficient Buildings & New Technologies and Products Expo. Chief Executive Officer Mr. Li Congrui delivered a speech on the topic headed "Following the Way to Sustainable Development and Driving the Transition to Low Carbon Development" (堅持走可持續發展道路，促進行業產業低碳轉型) at the opening ceremony, sharing the experience and thoughts of Franshion Properties' green strategy implemented over the years. During the conference, Franshion Properties organised a seminar on "Green Building Property Market Development in China" (中國綠色建築房地產市場化發展) at which more than 100 guests including the municipal government of Changsha, leaders of scientific research institutions namely Shanghai Research Institute of Building Sciences (Group) Co., Ltd., China Academy of Building Research and Tsinghua University as well as industry experts and scholars such as UK experts on sustainable design attended. Franshion Properties actively exchanged ideas with industry experts and scholars. Taking the role model as the benchmark green enterprise in the industry, we integrate forward-looking green building theories with rich development experience and set the trend in green building development to achieve harmony among the economy, environment and the community.

On 27 June 2014, organised by Shanghai Shipping (上海航運) and Shanghai Green Building Council, "Shanghai North Bund Financial Shipping Centre's Green Building Development Seminar" jointly conducted by Shanghai Research Institute of Building Sciences (Group) Co., Ltd. and B & L (Shanghai) Engineering Consulting Co., Ltd. was successfully held at Shanghai International Shipping Service Center in North Bund. The seminar was headed "Reshaping the Functions of Urban Waterfront District and Sustainable Development" (城市濱水港區功能重塑與可持續發展) at which experts and scholars from home and abroad as well as corporate representatives, totalling more than 100 were invited. Han Aixing, deputy head of the energy-saving and technology building department under the Ministry of Housing and Urban-Rural Development also attended the seminar and presented the "Three-Star China Green Building Certification" to Shanghai Shipping (上海航運). Prior to that, Shanghai Shipping (上海航運) was granted the green certifications from US LEED and UK BREEAM, representing the first construction project nationwide that won certifications granted by three high-level competent authorities of green building industry.

Green Collaboration and Imagination

Facilitating green development across the industry chain through win-win cooperation has been an important objective of Franshion Properties' green strategy. In this regard, we actively enter into strategic cooperation with green design research institutes, green parts and components enterprises, industry associations and environmental bodies locally and abroad, introducing advanced green technology and design concepts and products and integrating industry resources. In addition to enhancing the product quality of the Company, we also lead the green property developers in China to switch to low carbon development.

At the 10th International Conference on Green and Energy-Efficient Buildings in 2014, Franshion Properties entered into strategic cooperation agreements with Shanghai Research Institute of Building Sciences (Group) Co., Ltd. and the Institute of Building Environment and Energy ("IBEE") under China Academy of Building Research ("CABR"), respectively. Franshion Properties also officially announced the list of "Enhancing Industry Chain Upgrade – Franshion Properties Green Supplier Alliance". 17 suppliers including Huaqing Geothermal, Carrier China, Hundred Group, BEKA (Germany), Geberit Shanghai Trading Co., Ltd., Kohler, TOTO, Siemens, Tsinghua Tong Heng Planning and Design Institute, Jangho Curtain Wall, Yike Yingtai (宜科英泰) and UK BRE were officially on the list.

Green Materials

While putting the green strategy into practice and creating corporate value, Franshion Properties takes an active role in fulfilling its social responsibilities and puts green campus and green education as one of its top priorities. In 2012, the Company required that all campuses developed must meet the green building label of China. In 2013, it entered into alliance of the world's green campus to promote green education hand in hand with education experts across the world and NGOs. In 2014, four schools invested and constructed by Franshion Properties, namely Chongqing Jin Mao Long Yue Kindergarten, Changsha Meixi Lake Genius Primary School, Affiliated High School of Changsha Meixi Lake Normal University and Changsha Meixi Lake Zhounan Secondary School were granted the national green building label. Beijing Experimental No.2 Chaoyang Primary School, invested and constructed by Franshion Properties, successfully won the LEED-SCHOOL platinum certification in early 2014, two years after being put into operation. Being the first platinum titled campus in China, chairman of the World Green Building Council arrived at the campus and presented the certification to the school in person. While developing green campus, Franshion Properties also participated in the preparation of Green Campus and the Future (綠色校園與未來), the first set of green building related materials officially issued in China, acted as editor for junior high and senior high versions, and organised the compilation of materials among teachers and students of renowned schools including the Affiliated High School of Tsinghua University and Beijing West City Experimental No.2 Primary School. Franshion Properties' efforts and hard work in the green education area were well received and highly recognised by customers, market and government. Former Deputy Head of the Ministry of Housing and Urban-Rural Development commended that the green strategy of Franshion Properties is of significant importance in translating business operation into social value.

4

GREEN BUILDING PROJECTS

Adhering to the green building design concepts of "implementing policies according to the local landscape; prioritising based on passiveness and achieving efficient health", Franshion Properties prioritises green design even at the very beginning upon project acquisition and takes into consideration of environmental resources, healthy environmental protection, energy-saving efficiency and cost effectiveness in order to create green and low-carbon projects featuring people-oriented, sustainable development of the economy and resources. Its eco-city and green gold quality building projects have set new trends for product development and market orientation in the industry.

As the new-type urbanisation in China accelerates, green building development is evolving gradually from individual buildings to the formation of an eco-city. The development of a green, low-carbon and sustainable eco-city is crucial to new-type urbanisation development. Franshion Properties takes the "development of eco-city" as top priority in its own green strategy. Meixi Lake New City, invested and operated by Franshion Properties, features 45 ecological indicators under eight major categories and is a 100% green building with 100% green construction subject to monitoring by the energy consumption system throughout all processes alongside with all-green campuses and green education. It was listed in the first batch of one of the state-level "green and ecological model cities" (綠色生態示範城區) in 2012, representing the "resources saving and environmentally friendly community" model of

Changsha-Zhuzhou-Xiangtan City Group and Changsha City's new namecard.

During the Year, Franshion Properties capitalised on the green and low-carbon technology system and practical experience of Changsha Meixi Lake International New City and commenced the preparation of the Guidelines on Development of Franshion Properties' Eco-City (方興地產生態城市建設指引) together with Shanghai Research Institute of Building Sciences and replicated such in other composite land development projects. Franshion Properties worked with Shanghai Research Institute of Building Sciences to compile the Green Indicator System for Qingdao High-Tech Zone (青島高新區綠色指標體系), which has been included in the land regulation of Qingdao High-Tech Zone and implemented in the system of Qingdao High-Tech Zone Project acquired by the Group. Leverage on its extensive experience on eco-city design and implementation, Franshion Properties also assisted the government of Qingdao High-Tech Zone to carry out the planning of low-carbon and eco-city development. In March 2015, the management committee of Qingdao High-Tech Zone was officially named the pilot of "China-Europe Low Carbon Eco-City Cooperation Project" (中歐低碳生態城市合作項目) by the Ministry of Housing and Urban-Rural Development.

For residential products, while upholding the brand positioning of "exquisite quality and green health", Franshion Properties strives to develop green buildings that cater for different needs of the market and has developed Franshion's unique green gold technology system according to the regional resources differentiation. With respect to the city core region residential projects in Beijing, Ningbo and Shanghai that are subject to PM2.5 air pollution, Franshion Properties has shaped the Jin Mao Palace green technology residential system with constant temperature and humidity where eight major technology systems including geothermal pump system, new air purification system, high efficiency maintenance structural energy-saving, capillary radiation terminal and sound proof system are in place as core technologies for such high-quality residence. Not only can it alleviate the problem of air pollution and protect the health of citizens, it also greatly reduces the energy consumption and emission of the building, minimise the chance of second-hand air pollution and save valuable resources, thus establishing a role model for the green residential development in the industry.

Green Technology Residence

Following the success of Beijing Guangqu Jin Mao Palace in 2009, from 2012 to 2013, Franshion Properties successively rationalised its Jin Mao Palace Series residential product lines and standardised the development of technology residential projects and then applied such in Beijing Wangjing Jin Mao Palace Project, Suzhou Gusu Jin Mao Palace Project and Ningbo Nantang Jin Mao Palace Project. In 2014, Shanghai Daning Jin Mao Palace Project further carried out system upgrade and optimisation by achieving the superior indoor health quality, super low energy consumption and utilising environmental-friendly materials, thus earning it the title of the first green building to have fulfilled UK BREEAM standards and received high acclaim in the industry.

Large-scale public infrastructure is characterised by high investment, high energy consumption and high energy saving potential. Franshion Properties attaches great importance to the design and technology application of green energy-saving in the large-scale commercial office and hotel projects held and developed by it, and seeks innovation in the operation of green offices through international collaboration.

The Green Centre Project, invested and constructed by Franshion Properties, is located in Changsha Meixi Lake New City, where its building layout takes on the traditional concept. Having fully considered the features of local climate and environmental resources, the design naturally blends in with passive ecological concepts and means including ventilation & a green atrium, flexible balcony & shape coefficient as well as unit vertical shading. Adopting the green building concepts of local landscape and precision optimisation, it utilises various active technologies including ground heating, displacement ventilation, heat-humidity separate processing, geothermal pump. Combining these passive priority and active supplementary technology systems, we expect to develop it into a low-carbon building with both demonstrative and practical functions. The project has become the first green building project to have won the excellence category certification by UK BREEAM. In Shanghai, Shanghai Port International Cruise Terminal Project, Shanghai International Shipping Service Center Project and Shanghai Star Harbour International Centre Project, invested and constructed by Franshion Properties, have successfully applied for and obtained the honour of "National Green Building Model Site in Eastern China" (華東地區國家綠色建築示範推廣基地) by leveraging on the integrated application of a number of green eco-technologies and excellent implementation results. They, together, form a bright green star in North Bund. In addition, Building No.1 of Shanghai International Shipping Service Center has earned the reputation of being the world's first super high-rise building that has passed UK's highest green certification standards and accordingly become the market spotlight.

REVIEW ON OVERALL RESULTS OF THE COMPANY

For the year ended 31 December 2014, profit attributable to owners of the parent amounted to HK$5,296.1 million, representing an increase of 25% compared with HK$4,227.2 million in 2013. Excluding the effect of fair value gains on investment properties, net of deferred tax, the profit attributable to owners of the parent would be HK$3,610.3 million, representing an increase of 24% compared with HK$2,910.3 million in 2013.

REVENUE

For the year ended 31 December 2014, the revenue of the Group was HK$29,548.2 million, representing an increase of 43% compared with HK$20,718.9 million in 2013.

Revenue by business segments

	For the year ended 31 December				
	2014		2013		
	HK$ million	Percentage of the total revenue (%)	HK$ million	Percentage of the total revenue (%)	Year-on-year change (%)
Property development	**25,545.2**	86	16,867.7	81	51
Property leasing	**1,398.5**	5	1,248.8	6	12
Hotel operations	**2,126.7**	7	2,061.2	10	3
Others	**477.8**	2	541.2	3	(12)
Total	**29,548.2**	100	20,718.9	100	43

In 2014, revenue from property development of the Group increased by 51% over that of 2013 to approximately HK$25,545.2 million and accounted for 86% of the total revenue, which was mainly attributable to Beijing Asian Olympics Jin Mao Yue Project and Beijing Wangjing Jin Mao Palace Project, Beijing Guangqu Jin Mao Palace Project, Qingdao Jin Mao Bay Project, Shanghai International Shipping Service Center Project and Changsha Meixi Lake Project. Revenue from property leasing grew by 12% compared with that of last year and accounted for 5% of the total revenue, which was primarily due to the performance growth of a number of the Group's office buildings. Revenue from hotel operations increased by 3% from 2013 and accounted for 7% of the total revenue, which was primarily attributable to the opening of Hyatt Regency Chongming and Renaissance Beijing Wangfujing. Others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management and building decoration) accounted for 2% of the total revenue, representing a decrease of 12% over that of last year, which was mainly because of the decrease in revenue from the building decoration business.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2014 was approximately HK$17,989.4 million (2013: HK$11,518.6 million) and the overall gross profit margin of the Group in 2014 was 39%, which decreased as compared with that of last year.

The gross profit margin of property development and hotel operations decreased compared with that of 2013; the gross profit margin of property leasing slightly increased as compared with that of 2013. Gross profit margin of other business sectors increased slightly from last year, mainly because of the increase in gross profit margin of the building's decoration business.

Gross profit margin by business segments

	For the year ended 31 December	
	2014 Gross profit margin (%)	2013 Gross profit margin (%)
Overall	39	44
Property development	36	41
Property leasing	90	88
Hotel operations	48	51
Others	19	17

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2014 increased by 21% from HK$2,355.3 million in 2013 to approximately HK$2,855.0 million. The increase was mainly due to the increase in the fair value gain of investment properties arising from the investment properties held by the Group. The fair value gain on investment properties arising from the investment properties held by the Group amounted to HK$2,286.5 million, representing an increase of 25% as compared with HK$1,831.3 million in 2013.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2014 increased by 47% to HK$914.6 million from HK$623.8 million in 2013, mainly because of the increase in selling and marketing expenses of Hyatt Regency Chongming, Renaissance Beijing Wangfujing, Grand Hyatt Lijiang and Lijiang J-Life that were opened during the Year as well as the increase in selling and marketing expenses of Changsha Meixi Lake Plaza Project, Changsha Meixi Lake Project, Suzhou Gusu Jin Mao Palace Project, Guangzhou Nansha Jin Mao Bay Project, Beijing Yizhuang Jin Mao Yue Project and Hangzhou Huanglong Jin Mao Yue Project during the Year. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 3% (2013: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2014 amounted to HK$1,678.7 million, representing an increase of 45% from HK$1,161.6 million in 2013. The increase was mainly attributable to the business expansion and the increase in general office expenses of the Group. Administrative expenses mainly comprise staff costs, consultancy fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 6% (2013: 6%) of the Group's total revenue.

FINANCE COST

Total interest expense of the Group for the year ended 31 December 2014 was HK$2,572.0 million, representing an increase of 29% from HK$1,998.6 million in 2013, mainly attributable to the new issuance of bonds and increase in loans during the Year. For the year ended 31 December 2014, interest expense capitalised by the Group amounted to HK$1,350.1 million, representing an increase of 100% from HK$674.0 million in 2013, mainly due to the increase in capitalisation of interest expense on general borrowings during the Year. Accordingly, finance cost for the year ended 31 December 2014 amounted to HK$1,221.9 million, representing a decrease of 8% from HK$1,324.6 million from last year.

INCOME TAX EXPENSE

The Group had an income tax expense of HK$3,884.0 million for the year ended 31 December 2014, representing an increase of 14% from HK$3,393.3 million in 2013. The increase in income tax expense was primarily attributable to the increase in the PRC corporate income tax expenses (current and deferred) due to higher profit before tax during the Year. The Group's effective income tax rate for 2014 was 37% (2013: 40%), which decreased slightly from last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2014, profit attributable to owners of the parent amounted to HK$5,296.1 million, representing an increase of 25% compared with HK$4,227.2 million in 2013. Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax, amounted to HK$3,610.3 million, an increase of 24% compared with HK$2,910.3 million in 2013.

Basic earnings per share for the Year were HK57.86 cents, an increase of 25% compared with HK46.14 cents in 2013. The increase in basic earnings per share was primarily attributable to the substantial increase in the profit attributable to owners of the parent for the Year. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, was HK39.44 cents (2013: HK31.77 cents).

In October 2010, the Group issued perpetual convertible securities in the amount of US$600 million, resulting in a dilution of earnings per share. Upon dilution, earnings per share of the Company amounted to HK48.96 cents (2013: HK39.12 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December		
	2014 (HK$ million)	2013 (HK$ million)	Year-on-year change (%)
Profit attributable to owners of the parent	**5,296.1**	4,227.2	25
Less: fair value gains on investment properties, net of deferred tax	**(1,685.8)**	(1,316.9)	28
Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax	**3,610.3**	2,910.3	24
Basic earnings per share (in HK cents)	**57.86**	46.14	25
Basic earnings per share excluding fair value gains on investment properties, net of deferred tax (in HK cents)	**39.44**	31.77	24

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2014, property, plant and equipment amounted to HK$12,423.3 million, representing an increase of 14% from HK$10,908.7 million as at 31 December 2013, primarily due to the capital expenditure of hotels under construction.

INVESTMENT PROPERTIES

As at 31 December 2014, investment properties of the Group comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices of Jin Mao Tower (for lease), Sinochem Tower, office building and shopping mall of Nanjing Xuanwu Lake Jin Mao Plaza, Changsha Meixi Lake International R&D Centre and Lijiang J-Life. Investment properties increased from HK$22,018.5 million as at 31 December 2013 to HK$24,356.1 million as at 31 December 2014. The increase was mainly due to the appreciation of investment properties.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2014, the current portion of properties under development comprised property development costs incurred by properties under development pre-sold or intended for sale and expected to be completed within one year from the end of the reporting period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development not yet pre-sold and expected to be completed after one year from the end of the reporting period.

The increase in properties under development (current and non-current) from HK$44,031.9 million as at 31 December 2013 to HK$46,078.6 million as at 31 December 2014, mainly due to the acquisition of Hangzhou Huanglong Jin Mao Yue Project and the costs newly incurred for other projects under development, which were partially offset by the transfer as a result of the sale of units in Beijing Asian Olympics Jin Mao Yue Project and Beijing Wangjing Jin Mao Palace Project and Beijing Guangqu Jin Mao Palace Center Project upon completion of construction.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from HK$42.1 million as at 31 December 2013 to HK$119.2 million as at 31 December 2014, mainly attributable to the acquisition of 25.5% interest in Land Parcel X87 and 50% interest in Land Parcel X91 of Beijing Jin Mao Noble Manor Project and 50% interest in Guangzhou Guanggang Project during the Year.

INVESTMENT IN ASSOCIATED COMPANY

As at 31 December 2014, the investment in associated company represented 36% interest in Shanghai Daning Jin Mao Palace Project held by the Group.

PROPERTIES HELD FOR SALE

The increase in properties held for sale from HK$5,915.5 million as at 31 December 2013 to HK$7,618.9 million as at 31 December 2014 was mainly attributable to the fact that some of the buildings in Chongqing Jin Mao Long Yue Project and Beijing Asian Olympics Jin Mao Yue Project and Beijing Wangjing Jin Mao Palace Project were completed but unsold during 2014.

LAND UNDER DEVELOPMENT

As at 31 December 2014, land under development (current and non-current) included the land costs of development projects including Changsha Meixi Lake Primary Land Development Project (Phases I and II), Changsha Meixi Lake Land Block A Primary Development Project and Sanya Yazhou Primary Land Development Project.

TRADE RECEIVABLES

As at 31 December 2014, trade receivables amounted to HK$3,593.2 million, representing a decrease of 14% from HK$4,202.0 million as at 31 December 2013, which was primarily attributable to the recovery of receivables from property sales during the Year.

TRADE PAYABLES

As at 31 December 2014, trade payables were HK$8,130.6 million, representing an increase of 53% compared with HK$5,304.2 million as at 31 December 2013, which was mainly due to the increase in progress payment as a result of the Group's business expansion.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2014, interest-bearing bank and other borrowings (including current and non-current) were HK$46,759.3 million, representing an increase of 31% over HK$35,806.1 million as at 31 December 2013. The increase in interest-bearing bank and other borrowings was primarily due to the increase in external loans used for new project development and issuance of senior notes.

Analysis of interest-bearing bank and other borrowings

	As at 31 December		
	2014 (HK$ million)	2013 (HK$ million)	Year-on-year change (%)
Interest-bearing bank and other borrowings (including current and non-current)	**46,759.3**	35,806.1	31
Less: Pledged deposits	**(6.3)**	–	–
Interest-bearing bank and other borrowings, net of pledged deposits	**46,753.0**	35,806.1	31

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances, pledged deposits and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2014 and 31 December 2013 were as follows:

	As at 31 December	
	2014	2013
	(HK$ million)	(HK$ million)
Interest-bearing bank and other borrowings (including current and non-current)	**46,759.3**	35,806.1
Less: cash and cash equivalents	**(12,454.6)**	(14,490.0)
restricted bank balances and pledged deposits	**(1,598.3)**	(303.4)
other financial assets – financial products	**–**	(22.5)
Net debt	**32,706.4**	20,990.2
Total equity	**56,332.6**	47,219.5
Add: amounts due to related parties	**2,104.9**	3,443.6
Adjusted capital	**58,437.5**	50,663.1
Net debt-to-adjusted capital ratio	**56%**	41%

LIQUIDITY AND CAPITAL RESOURCES

The Group's primary uses of cash are to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees paid to architects and designers and finance costs, as well as to service the Group's indebtedness, repay amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed its liquidity requirements primarily through internal resources, bank and other borrowings, issue of perpetual convertible securities, issue of senior notes and issue of new shares.

As at 31 December 2014, the Group had cash and cash equivalents of HK$12,454.6 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2013: HK$14,490.0 million).

/ Financial Review /

As at 31 December 2014, the Group had total interest-bearing bank and other borrowings of HK$46,759.3 million compared to HK$35,806.1 million as at 31 December 2013. An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2014 (HK$ million)	2013 (HK$ million)
By term:		
Within 1 year	**4,072.5**	6,139.2
In the second year	**6,515.4**	1,776.0
In the third to fifth years, inclusive	**27,621.7**	18,140.9
Over five years	**8,549.7**	9,750.0
Total	**46,759.3**	35,806.1

Interest-bearing bank and other borrowings of approximately HK$4,072.5 million were repayable within one year shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2014, save as interest-bearing bank and other borrowings of approximately HK$17,095.6 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2014, the Group had banking facilities of HK$53,003.6 million denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was HK$31,294.5 million.

The Group's net cash outflow of HK$1,994.6 million for the year ended 31 December 2014 consisted of:

A net cash outflow of HK$8,596.5 million from operating activities, which was mainly attributable to the payment of land and construction costs, marketing expenses, administrative expenses and tax charge, was partially offset by the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc.

A net cash outflow of HK$10,272.7 million from investing activities, which was mainly attributable to the investment expenditure and expenditure on construction of property, plant and equipment.

A net cash inflow of HK$16,874.5 million from financing activities, which was mainly attributable to the proceeds from issuance of senior notes by the Group, contribution from non-controlling shareholders, addition of bank loans and other borrowings and changes in ownership interests in Jinmao Holdings, was partially offset by repayments of bank and other borrowings, payment of interests and payment of dividends for 2013.

PLEDGE OF ASSETS

As at 31 December 2014, the Group's interest-bearing bank and other borrowings were secured by the Group's hotel properties and buildings of HK$1,033.0 million, properties under development of HK$23,959.4 million, properties held for sale of HK$259.3 million, land use rights of HK$231.5 million, investment properties of HK$12,280.5 million, trade receivables of HK$8.7 million and bank deposits of HK$6.3 million.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$8,409.9 million (2013: HK$5,158.0 million).

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in Renminbi. The Group reports its financial results in Hong Kong dollars. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its currency risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

INVESTOR RELATIONS REPORT

INVESTOR RELATIONS ACTIVITIES FOR 2014

January
Participated in the investors meeting held by DBS in Singapore

Participated in the investors meeting held by BNP Paribas in Hong Kong

Participated in the investors meeting held by Deutsche Bank in Beijing

Participated in the investors meeting held by UBS in Shanghai

February
Announced annual results for 2013

– Held press conference

– Held analysts meeting

Participated in non-deal related roadshows in Hong Kong, Singapore, New York, San Francisco and Taipei

April
Participated in the investors meeting held by UBS in Hong Kong

June
Participated in the investors meeting held by Citibank in Hong Kong

INVESTOR RELATIONS ACTIVITIES FOR 2014

August
Announced interim results for 2014

– Held press conference

– Held analysts meeting

Participated in non-deal related roadshows in Hong Kong and Singapore

September
Participated in the investors meeting held by Nomura Securities in Shanghai

October
Participated in the investors meeting held by Jefferies in Hong Kong

Held reverse roadshows in Shanghai and Nansha, Guangzhou

November
Participated in the investors meeting held by Citibank in Macau

Participated in the investors meeting held by Bank of America Merrill Lynch in Beijing

Participated in the investors meeting held by Morgan Stanley in Singapore

Participated in the investors meetings held by HSBC in New York and Boston

December
Participated in the investors meeting held by Bank of America Merrill Lynch in Hong Kong

Participated in the investors luncheon held by CLSA in Hong Kong

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication is essential for establishing sound interaction with its shareholders. The Company is committed to providing its existing and potential investors with accurate and timely information, and keeping a close two-way communication by various means, thereby enhancing the transparency of information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operating conditions of the projects and their growth strategies.

The Company has maintained an effective two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circular – they are distributed to shareholders and investors pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and also analysts who are interested in the Company's performance;

- Annual general meeting – the Chairman and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;

- The Company's interim and final results announcement conference – announce the Company's interim or final results and respond to investors' and the media's inquiries;

- Disclosure of the Company's information on its own initiative – the Company will, through different means, including investors meetings, extraordinary shareholders' meetings, telephone conferences, press releases and media interviews etc., announce material information about the Company to the market in a timely manner and in compliance with the relevant requirements, including the Listing Rules and the Guidelines on Disclosure of Inside Information, and timely respond to inquiries by investors and analysts;

- Periodic meetings with institutional investors and securities analysts on its own initiative – provide information in relation to the Company's latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries on the Company's growth strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;

- Arrange on-site visit and reverse roadshows – to promote investors' understanding of the Company's development by following-up the development progress of each project, arranging direct on-site visit of various projects of the Company as appropriate for investors and analysts, and enabling them to have communication with the management.

In 2014, the Company's management participated in various investors meetings held across the world and global non-deal related roadshows (including those in Hong Kong, Singapore and the US), to promote its exposure to global and Hong Kong investors. During the Year, the Company received around 100 investors, and hosted over 100 investors to visit its project sites in Beijing, Shanghai, Changsha and Hangzhou.

FEEDBACK FROM INVESTORS

The Company regards investors' feedback as highly important. During the Year, the Company conducted several summaries and analyses on investors' and analysts' opinions to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the communication quality based on the investors' feedback to facilitate closer communications with investors and analysts in future.

MARKET RECOGNITION AND HONOURS

In 2014, Franshion Properties' 2013 annual report gained 13 awards at the 28th International ARC Awards and became the major Hong Kong listed property developer who received the greatest number of prizes and the greatest number of gold prizes with the four gold prizes granted for 2013. The prizes included: Gold prize under the category of "Interior Design: Real Estate Development/SVC: Green Real Estate Development"; Silver prize under the category of "Interior Design: Hotel & Leisure"; Silver prize under the category of "Interior Design: Property Development – Commercial"; Bronze prize under the category of "Interior Design: Real Estate Development/SVC: Residential Properties"; Honours prize under the category of "Interior Design: Real Estate Development/SVC: Retail/Shopping Centers"; Gold prize under the category of "Traditional Annual Report: Real Estate Development/SVC: Retail/Shopping Centers"; Bronze prize under the category of "Traditional Annual Report: Property Development: Commercial"; Bronze prize under the category of "Traditional Annual Report: Property Development: Various & Multi-Use"; Honours prize under the category of "Traditional Annual Report: Real Estate Development/SVC: Various & Multi-Use"; Gold prize under the category of "Cover Photo/Design: Real Estate Development/SVC: Various & Multi-Use"; Gold prize under the category of "Cover Photo/Design: Real Estate Development/SVC: Residential Properties"; Silver prize under the category of "Cover Photo/Design: Property Development: Various & Multi-Use"; Honours prize under the category of "Cover Photo/Design: Real Estate Development/SVC: Green Real Estate Development".

To allow investors to better understand the business and development of the Company, the first online annual report – 2013 online annual report of the Company was officially published online and received the bronze prize for annual report by League of American Communications Professionals ("LACP").

On 16 July, the list of 2014 Asian Management Team was announced by Institutional Investor, including the election for Best Investor Relations Professional. Franshion Properties' investor relations professional, Mr. CHENG Chau Ping (head of investor relations) was voted first in the Asian Best Investor Relations Professional under the category of real estate by sell-side analysts for the fourth consecutive year. He was voted second in the Best Investor Relations Professional by buy-side fund managers (voted first in 2012; third in 2013).

The efforts of the Company's investor relations team and the information disclosure of the Company are widely recognised in the industry.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to aggressively strengthen its investor relations efforts to facilitate closer communications with public investors and analysts. The Company is committed to full compliance with the disclosure obligations provided in the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver to the investors all over the world the Company's latest information and to enhance the Group's corporate governance standards and transparency, with a view to gaining more trust and support from investors.

CONTACT DETAILS FOR INVESTORS:

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BUILDING THE QUALITY OF THE CITY

Adhering to the mission of constructing green buildings and landmark models of the city and upholding the product philosophy of "Unleashing future vitality of the city", the Group has consolidated its quality image of "exquisite craftsmanship, green health and smart technology" and shaped its featured model of providing "multi-dimensional ancillary, premium value experience, convenient and carefree services" with a view to fulfilling the dream of future habitual residence and the city, which is evidence of the proactive efforts in pursuing its corporate social responsibilities.

Bearing in mind its "Customer- and quality-oriented" service philosophy, the Group proactively adopts itself to the market change and to cater customers' demands. It develops urban landmark high-end residential complexes consisting of high-end residential properties, urban luxurious apartments and primary schools, which integrate the concepts of humanity, recreation, education and moderness. By adopting the management model of 5-star hotels, the Group provides residents with efficient and quality housekeeping services, making it a world-class luxurious living environment exclusive for celebrities.

While improving the quality management system, the Group comprehensively implemented quality management measures including replay simulation, template guidance and hammer action to strengthen the three-level inspection mechanism. Accordingly, the passing rate of inspection of the third party entities gradually increased. The Group accelerated the implementation of the approach of tackling problems and setting work standards from the "customers' perspective" and carried out various tasks in strict compliance with the system requirements so as to provide quality services to customers. In September 2014, Beijing Asian Olympics Jin Mao Yue Project organised the "Construction Site Open Day", inviting owners to visit and inspect the construction project, materials used and on-site management. Our quality and commitment were well-received by customers. In March 2014, the "Jin Mao Positive Power • Happy Living" customer care campaign was held to provide enriching living experience to owners to achieve the vision of diversity value. The Group also actively promoted the living concept of "environmental conservation and low-carbon energy saving" to the tenants of its offices and launched the "Love Nature • Love Exercise" customer green walking campaign to encourage the white collar workers walk more and drive less towards a low-carbon life.

LEADING THE ECOLOGY OF THE CITY

Insisting on the values of city functions, eco-environment and humanitarianism while pursuing harmonious development between architecture with man, city and nature, the Group is active in practising green property development, optimising the green strategy management system, building a green team and developing green and low-carbon products in the course of implementing the city operations, taking the lead among its peers in the transformation towards green property development.

Adhering to its green concept that covers the entire processes of "Planning-Design-Technology-Construction-Operation", the Group endeavours to develop a green ecological city that aligns with the international standard and displays the elements of China. In 2014, a number of projects of the Group were granted green building certifications from competent authorities locally and abroad. In particular, Shanghai Xingwaitan Project successfully won the title of National Green Building Model Site in Eastern China (華東地區國家綠色建築示範推廣基地) by the Ministry of Housing and Urban-Rural Development. As to residential projects, the Group aims to shape green technology residences that are comfortable, healthy and well-received by the market according to the customers' values and needs. In addition, the Group endeavours to create a harmonious, comfortable and healthy green campus environment for teachers and students. During the Year, four schools invested and constructed by the Group received the national green label certifications.

The Group spares no effort to practise social responsibilities and participate in community welfare services. Our headquarters and projects in Beijing, Shanghai and Nanjing successively launched a variety of tree planting campaigns to plant the seed of green hope. Our Qingdao branch initiated the proposal of "green office and low-carbon living" to encourage staff to follow little things on environmental protection so as to raise the awareness on energy conservation. Various hotels of the Group were active in participating in "Earth Hour" held around the globe to make an effort in creating a better tomorrow through participating in this worldwide lights off event that features the problem of global warming. In May 2014, the Group joined hands with China Newsweek to organise the "China Green Run Challenge". The event was held in the city focusing on the white collar group to call for awareness on physical and mental health of corporate staff and to maintain a healthy lifestyle in the fast-paced working environment.

LIFTING THE VITALITY OF THE CITY

The Group embraces all employees as its most valuable asset. Its people-oriented approach, systematic management and professional services have injected vitality into its development. Taking the strategy of quality personnel deployment for a leading enterprise, the Group is active in exploring ways to recruit, nurture, appoint, reward and retain talents as well as endeavours to achieve value creation of both the enterprise and employees.

The Group promotes a "70-20-10" personnel training model, and a training system for all employees is initially formed where leaders, key officers, core staff and young talents are subject to hierarchical promotion and orderly succession. During the Year, nine orientation camp sessions were held to provide training to 446 new employees, while two lecture sessions covering commercial properties and new project planning and positioning were held to encourage experts of various fields to share their experience and pass on their knowledge. The Group's personnel training and promotion system has been further optimised where the "three personnel training bases" (三大人才培養基地) have developed their own unique training systems, providing 42 training hours, 18 shifts and 13 talent transfers on average each year. During the Year, 40 key officers were promoted, whereas 30 out of 135 young talents were promoted to core staff or key officers.

The Group offers a competitive remuneration package to increase interaction between remuneration and performance and to stimulate work enthusiasm among employees. The remuneration system is predominantly composed of position salary, as supplemented by different forms of allocation and medium- to long-term incentive mechanism. Details of the remuneration package are determined according to the capabilities, performance appraisal and position duties, subject to adjustment regularly according to the market conditions. The Group actively introduces long-term incentive schemes including share options to share the success with its employees. The Group keeps on improving the benefit system for the protection of its employees. In addition to various basic social security benefits, the Group also offers a diversified benefit package including corporate annuity and supplementary medical insurance to safeguard the work and life of its employees from different perspectives. The Group strengthens the works of democratic management and facilitates internal communication. In an effort to promote the system of employee representative meeting, a legal mechanism where employees can participate in and make decision is established to encourage employees to take part in the decision-making of material matters that are associated with their own interests.

Upholding the philosophy of building a "co-innovative, co-sharing and co-development" relationship between the enterprise and the employees, the Group fully capitalises on the media bodies including Run (《潤》), OA Party World (OA黨群天地) and poster publicity to promote the core values of its corporate culture. In addition to a variety of tournaments and contests on football, basketball, badminton, jogging, hiking and singing, employee themed events were also held to enrich the spirit of our corporate culture, driving employees' spirit of positivity and determination to fight. At the same time, we nurture team building and highlight collective sense of honour. The Group cares about its employees and birthday parties are organised at the headquarters and various operating units to display the people-oriented approach. A relief fund is set up to assist employees going through difficult times to increase the sense of belonging among employees. We pursue an equal opportunity working environment and provide job opportunities for the disabled.

EXTENDING THE BLESSING OF THE CITY

The Group views itself as part of the city and relates its development to urban development in all aspects. While taking the lead in development, the Group endeavours to grow with the city and flourish with the community as a model corporate citizen to pay back to society.

The Group attaches great importance to building a more effective and professional strategic mode with its business partners which consolidates the relationship of mutual trust and benefits. While actively pushing ahead the strategic tendering of "Franshion Green Consulting Unit", it entered into the Franshion Properties' Strategic Agreement on Green Consulting Services (《方興地產綠色諮詢服務類戰略合作協定》) with Shanghai Research Institute of Building Sciences, Tsinghua Tong Heng Planning and Design Institute and China Academy of Building Research. In November 2014, the Group joined hands with six major brands, namely house.sina.com.cn, pinganfang.com, Tesla, Didi Dache, Baidu and China Foreign Economy and Trade Trust Co., Ltd. ("FOTIC", a subsidiary of Sinochem) to launch a conference on "Flourish upon Grand Cooperation" (方興未已共襄盛舉) for the purpose of exploring a new online marketing model utilising all the platforms through cross-channel cooperation.

The Group actively participates in social welfare activities and keeps on improving the procedures of organising charitable events, introducing innovative activity forms to attract participation from employees. By working closely with NGOs and community organisations, the Group can utilise various strengths of the parties to jointly organise the events, thus achieving optimisation of resource allocation. Various members of the Group care about the development of young children by organising social experience programmes for older youngsters jointly with the Education Committee of Dongcheng District and career seminars for the students of Beijing No.2 High School to encourage students to be prepared for their career at their desired enterprises. The Group has participated in the "Light of Hope" charitable event for the fourth consecutive year where the headquarters and its member companies donated various learning articles, sports articles and cultural articles to a number of primary schools. The Group also organised the "Dream Action" campaign, providing one-on-one and group assistance to the underprivileged students in the remote areas of China and providing financial assistance to distressed students to complete their secondary school studies. Member companies of the Group were also active taking part in social welfare activities to fulfil their corporate social responsibilities by visiting disabled children, mentally challenged youngsters, orphans, children studying at subsidiary related schools and the elderly as well as blood donation.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Mr. HE Cao

Mr. YANG Lin

Ms. SHI Dai

Mr. LI Congrui

Mr. HE Binwu

Mr. LAU Hon Chuen, Ambrose

Mr. SU Xijia

Mr. LIU Hongyu

DIRECTORS

Mr. HE Cao

Chairman and executive Director

Mr. HE, who was born in September 1955, joined the Company in January 2009, and served as the Chairman and non-executive Director of the Company from February 2009 until 17 September 2009. He was re-designated as the Vice Chairman, executive Director and Chief Executive Officer of the Company from 18 September 2009 to 15 January 2013. He has been the Chairman and executive Director of the Company since 16 January 2013. Mr. HE also holds positions in a number of subsidiaries of the Company. He has been the chairman and non-executive director of Jinmao (China) Investments Holdings Limited and Jinmao (China) Investments Manager Limited since 25 March 2014. Mr. HE joined Sinochem Group in 1979 and had held a number of senior positions in finance management, business management and investment enterprises of Sinochem Group before he was appointed as the assistant president in 2002. Since 2013, he has been entitled to the benefits for vice president of Sinochem Group. Since 2002, Mr. HE has been the president, vice chairman and chairman of the board of directors of China Jin Mao (Group) Company Limited, successfully organising and operating Shanghai Jin Mao Tower and grasping the development opportunities in the industry. Mr. HE has led the investment, acquisition and development of luxurious five-star hotels and properties in a host of first-tier cities and premium resorts. Through the establishment of strategic partnership with internationally-renowned hotel management agencies, Mr. HE has developed Jin Mao Group into a prestigious high-end commercial real estate developer and operator in China. Upon joining the Company, Mr. HE has successively completed the investment layout in popular regions including Beijing, Shanghai, Changsha, Qingdao, Chongqing, Sanya, Suzhou, Ningbo, Lijiang, Nanjing, Hangzhou and Guangzhou with total land reserves exceeding 30 million square metres. Thanks to the endeavour and leadership of Mr. HE, the Company completed a strategic restructuring of Jin Mao Group during 2009 to 2010 and completed the spin-off of the properties in Jin Mao Tower and eight high-end hotels in 2014, so that the hotel operations of the Group were successfully and separately listed on the Hong Kong Stock Exchange by trust structure under the name of Jinmao Investments and Jinmao Holdings (stock code: 06139), which unleashed the asset value and achieved more efficient asset allocation, setting clear objectives for the future business expansion of the Company and providing effective funding support. Mr. HE has over 20 years of experience in corporate governance, hotel and property leasing, real estate development and operation. Mr. HE graduated from Jilin Finance and Trade College in 1979 and the Economics Department of Renmin University of China in 1986. He completed his postgraduate studies majoring in politics and economy at Jilin University in 1995. Mr. HE obtained an executive master's degree in Business Administration from China Europe International Business School (CEIBS) in 2004. Mr. HE was awarded with the title of senior economist in 2010. Mr. HE was appointed as the co-chairman of Alliance of China Hotels Owners under China Tourist Hotel Association in 2009 and was appointed as the vice president of Real Estate Chamber of Commerce of National Federation of Industry and Commerce in 2010. In addition, Mr. HE was appointed as the executive chairman of Shanghai Enterprises Association, the deputy director of the Housing Policy and Market Regulation and Study Professional Committee of the Chinese Society for Urban Studies, and a member of the Green Building and Energy Saving Professional Committee of the Chinese Society for Urban Studies. Mr. HE was a delegate of the 12th and 13th session of the People's Congress of Shanghai Municipality from 2003 to 2012. He was awarded as the Model Worker of Shanghai in 2007.

Mr. YANG Lin

Non-executive Director

Mr. YANG, who was born in January 1964, joined the Company in February 2014, and serves as non-executive Director. Mr. YANG joined Sinochem Group in 1994 and had held various positions, including deputy general manager of the finance and accounting department, general manager of the finance department, deputy general manager of the investment and development department, general manager of the fund management department, deputy chief accountant of Sinochem Group, and deputy chief financial officer of Sinochem Corporation. Mr. YANG is currently the chief accountant of Sinochem Group and the chief financial officer of Sinochem Corporation. He also holds directorships and senior management positions in various subsidiaries and/or affiliates of Sinochem Group. Mr. YANG was a supervisor of China State Construction Engineering Corporation Limited, a company listed on the Shanghai Stock Exchange (stock code: 601668), from 2007 to 2010. Since October 2009, Mr. YANG has been a non-executive director of Far East Horizon Limited (in which Sinochem Group is a substantial shareholder (stock code: 03360)). Mr. YANG has been a director of Sinochem International Corporation, a subsidiary of Sinochem Group listed on the Shanghai Stock Exchange (stock code: 600500) since June 2010. Mr. YANG has been a non-executive director of Sinofert Holdings Limited (stock code: 00297), a subsidiary of Sinochem Group since August 2010. Mr. YANG has over ten years' experience in fund management. Mr. YANG worked at Siemens AG and Wella AG from 1993 to 1994. Mr. YANG graduated from Tianjin University of Commerce with a bachelor's degree in Commercial Enterprise Management in 1985. He pursued a study of enterprise management in University of Stuttgart in Germany from 1990 to 1993.

Ms. SHI Dai

Non-executive Director

Ms. SHI, who was born in September 1967, has been the non-executive Director of the Company since 16 January 2013. Ms. SHI joined Sinochem Group in 1994. She had held various senior management positions, including the division manager of the risk management department, deputy general manager of Xi'an Jinzhu Modern Chemicals Co., Ltd., deputy general manager of the investment department, deputy general manager of the human resources department, the director of the Communist Party office, the deputy party secretary and the chairman of the labour union of Sinochem Group, employee director of Sinochem Corporation and the director of Far East Horizon Limited. Ms. SHI has been serving as an employee director of Sinochem Corporation since 2012. She has been serving as the general manager of the human resources department of Sinochem Group and the director of Sinochem International Co., Ltd. since 2013, the assistant general manager of Sinochem Group since 2014 and vice president of Sinochem Group since March 2015. Ms. SHI has over 20 years of experience in human resource management and corporate operation and management. Ms. SHI has obtained a bachelor's degree in Refrigeration and Cryogenic Technology from Shanghai Jiao Tong University in 1990, a bachelor's degree in International Trade from University of International Business and Economics in 1994 and an executive master's degree in Business Administration from China Europe International Business School (CEIBS) in 2010.

Mr. LI Congrui

Executive Director and Chief Executive Officer

Mr. LI, who was born in March 1971, has been the Vice President of the Company since April 2009 and the executive Director of the Company since June 2011. Mr. LI has been serving as the executive Director and Chief Executive Officer of the Company since January 2013. Mr. LI also holds positions in a number of subsidiaries of the Company and has been the non-executive director of Jinmao (China) Investments Holdings Limited and Jinmao (China) Investments Manager Limited since 25 March 2014. He also has been serving as the chairman of Sinochem Franshion Properties (Beijing) Co., Ltd. and a director of Jinmao Investment (Changsha) Co., Ltd. Mr. LI joined Sinochem Group in 1997, and had held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corp. From 2003 and prior to joining the Company, Mr. LI was the director and the general manager of Zhoushan State Oil Reserve Base Company Limited (舟山國家石油儲備基地有限責任公司). Mr. LI has over 10 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large project construction. Mr. LI obtained a bachelor's degree in Petroleum Geology and Exploration from the Petroleum Department of China University of Geosciences (Wuhan) in 1994. He earned a master's degree in Petroleum Development from the Research Institute of Petroleum Exploration & Development in 1997 and an executive master's degree in Business Administration from China Europe International Business School (CEIBS) in 2007.

Mr. HE Binwu

Executive Director and Vice President

Mr. HE, who was born in November 1948, has been the executive Director and the Vice President of the Company since June 2004 (date of incorporation of the Company). He has served as the director and deputy general manager of Franshion Company Limited since 1987. Currently, he is the managing director of Shanghai Port International Cruise Terminal Development Co., Ltd., Shanghai International Shipping Service Center Development Co., Ltd., Shanghai Yin Hui Real Estate Development Co., Ltd. and Shanghai Star Bund Development and Construction Co., Ltd. (上海星外灘開發建設有限公司). Mr. HE has over 20 years of experience in the real estate development. While successfully capturing the growth opportunities of the real estate industry in China, closely monitoring the economic development and urban development strategies as well as studying the internationally leading development concepts, he spearheaded the planning, investment, design and development of a number of major urban projects. He was honoured with the Shanghai Municipal Key Construction Projects Special Contributor's Award for 2006, 2007, 2009, 2010, 2011 and 2012. Mr. HE earned a diploma certificate from Shanghai Jiao Tong University in 1976. Mr. HE has been consecutively appointed as "Sinochem Senior Expert" by Sinochem Group since 2008. He was accredited as the "Venture Model" of Sinochem Group.

Mr. LAU Hon Chuen, Ambrose

Independent non-executive Director, G.B.S., J.P.

Mr. LAU, who was born in July 1947, has been an independent non-executive Director of the Company since March 2007. He is a senior partner of Messrs. Chu & Lau, Solicitors & Notaries. Mr. LAU is currently a standing committee member of the National Committee of the Chinese People's Political Consultative Conference. He is also a Justice of the Peace. In 2001, Mr. LAU was awarded the "Gold Bauhinia Star" by the Hong Kong Government. Mr. LAU is currently an independent non-executive director of the following listed companies: Brightoil Petroleum (Holdings) Limited, Glorious Sun Enterprises Ltd., Yuexiu Property Co., Ltd., Yuexiu Transport Infrastructure Limited, Joy City Property Limited (formerly known as The Hong Kong Parkview Group Ltd.), Wang Hang Bank, Ltd. (name of Wing Hang Bank, Ltd. is now changed to OCBC Wing Hang Bank Limited and an application has been filed with the Hong Kong Stock Exchange for withdrawal of listing status, effective from 29 September 2014 and 16 October 2014, respectively) and The People's Insurance Company (Group) of China Limited. He served as an independent non-executive director of Beijing Enterprises Holdings Limited between 1997 and 2008; an independent non-executive director of Qin Jia Yuan Media Services Co., Ltd. between 2003 to 2012. He is also the director of Wing Hang Bank (China) Ltd., Bank of China Group Insurance Co., Ltd., BOC Group Life Assurance Co. Ltd., Nanyang Commercial Bank, Ltd., Chu & Lau Nominees Ltd., Sun Hon Investment & Finance Ltd., Wydoff Ltd., and Wytex Ltd. Mr. LAU also served as the chairman of the Central and Western District Board between 1988 and 1994, the president of the Law Society of Hong Kong from 1992 to 1993, the member of the Bilingual Laws Advisory Committee between 1988 and 1997 and the member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council). Mr. LAU obtained a Bachelor of Laws degree from the University of London in 1969. He is a solicitor of the High Court of Hong Kong, an attesting officer appointed by Ministry of Justice, the PRC and a notary public.

Mr. SU Xijia

Independent non-executive Director

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and was subsequently promoted as an associate professor in the Department of Accountancy of City University of Hong Kong. He joined China Europe International Business School (CEIBS) in July 2010. Currently, he is a professor of accounting in CEIBS. His research focuses on corporate governance and auditing practices of the PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange, major commercial banks and various universities in China. He was an independent director of Shenzhen SEG Co., Ltd and Shenzhen Topray Solar Co., Ltd. from 2002 to 2008, and from 2007 to 2010, respectively. He was an independent director of World Union Property Consultancy (China) Limited from 2007 to 2013, and an independent director of Huazhong Holdings Company Limited from 2011 to 2013. He currently serves as an independent director of Sundy Land Investment Co., Ltd. Mr. SU has over 20 years of experience in corporate governance and accounting practice. Mr. SU earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Mr. LIU Hongyu

Independent non-executive Director

Mr. LIU, who was born in October 1962, has been an independent non-executive Director of the Company since March 2007. He was a professor in the Department of Civil Engineering of Tsinghua University from June 1996 to April 2000, and since April 2000, he has been a professor in the Department of Construction Management of Tsinghua University. Since 1996, he has also been the director of the Institute of Real Estate Studies of Tsinghua University. His research focuses on real estate economics, real estate investment and finance, housing policies and land management. From April 2006 to March 2012, Mr. LIU served as an independent director of COFCO Property (Group) Co., Ltd. From 2002 to 2009, he was an independent director of Beijing Shoukai Holdings Co., Ltd. From 2002 to 2008, he was an independent director of China Merchants Property Development Co., Ltd. Since December 2011, Mr. LIU has been re-appointed as an independent director of China Merchants Property Development Co., Ltd. and been appointed as an independent non-executive director of Country Garden Holdings Company Limited since May 2013. He is a vice chairman of the China Institute of Real Estate Appraisers and Agents and a director of Asian Real Estate Society. He is also an honorary professor of the University of Hong Kong and a senior fellow of the Royal Institution of Chartered Surveyors of the United Kingdom. He has over 27 years of experience in real estate industry and construction engineering. Mr. LIU earned a bachelor's degree in structural engineering and a master's degree in management engineering from Tsinghua University in 1985 and 1988, respectively. He is also a qualified real estate appraiser in the PRC.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

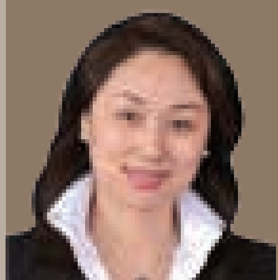
Ms. LAN Haiqing

Mr. JIANG Nan

Mr. GAI Jiangao

Mr. SONG Liuyi

Ms. REN Yanhua



Mr. LIU Feng

Mr. LIAO Chi Chiun

OTHER SENIOR MANAGEMENT

Ms. LAN Haiqing

Ms. LAN, who was born in July 1966, has been a Vice President of the Company since December 2007. Ms. LAN successively served as the deputy general manager and general manager of Sinochem Qingdao Golden Beach Hotel from May 1997 to March 2002, the general manager and chairman of Wangfujing Hotel Management Co., Ltd. between March 2002 to July 2012. She is currently the chairman of Sinochem International Property and Hotel Management Ltd. Ms. LAN has over 20 years of hotel management experience and has accumulated extensive experience in the appraisal and analysis of investments, product positioning and project operational management of real estate complex projects. Ms. LAN graduated from Ocean University of China and Shandong University with an executive master's degree in Business Administration in 1988 and 1998, respectively, and obtained a master's degree from Les Roches School of Hospitality Management in Switzerland in June 2000.

Mr. JIANG Nan

Mr. JIANG, who was born in April 1973, joined the Company in January 2006 as the Chief Financial Officer and has been involved in the day-to-day management of the Company since then. He served as an executive Director of the Company from 2007 to 2011. Mr. JIANG also holds positions in a number of subsidiaries of the Company and has been the non-executive director of Jinmao (China) Investments Holdings Limited and Jinmao (China) Investments Manager Limited since 25 March 2014. He is in charge of the Company's accounting and financing, capital market, investor relations, strategy and budget assessment. He joined Sinochem Group in August 1995 and worked in the Finance Department of Sinochem Group from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for handling the financial management and investment projects and operation of the overseas funds of Sinochem Group. Mr. JIANG has approximately 20 years of experience in corporate finance and accounting management. Mr. JIANG earned a bachelor's degree in finance from China Institute of Finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999 and is now a member of the Association of International Accountants (AIA).

Mr. GAI Jiangao

Mr. GAI, who was born in November 1974, has been a Vice President of the Company since January 2007 and the General Counsel of the Company since October 2011. Mr. GAI joined Sinochem Group in July 2000, in charge of litigation matters and legal matters in real estate industry, and served as the deputy general manager of the Legal Department from November 2005 to January 2007. Prior to joining Sinochem Group, he worked in Rong Bao Zhai, responsible for risk control and auction of artistic products from July 1997 to June 2000. He has approximately 20 years of experience in corporate legal affairs. Mr. GAI earned a Bachelor of Laws degree from the Capital University of Economics and Business in 1997. He obtained an executive master's degree in Business Administration from Guanghua School of Management, Peking University in 2010. He qualified as a PRC lawyer in March 2000, as in-house legal counsel in January 2003, respectively, and has been an associated member of Hong Kong Institute of Chartered Secretaries since July 2008.

Mr. SONG Liuyi

Mr. SONG, who was born in November 1975, joined the Company as Assistant President of the Company in May 2011 and has been the Vice President of the Company since January 2013. Mr. SONG joined Sinochem Group in 2001, worked at the investment business department of Sinochem International Company Limited, investment department of Sinochem Group and president office of Sinochem Group, and has been the assistant to the head of president office of Sinochem Group. Mr. SONG obtained a bachelor's degree in High Polymer Materials and processing from the Beijing Institute of Technology in 1998 and a master's degree in Materials from the Beijing Institute of Technology in 2001, respectively.

Ms. REN Yanhua

Ms. REN, who was born in June 1972, has been a Vice President of the Company since August 2013. Ms. REN joined Jin Mao Group in 2003 and served as the deputy general manager of Jin Mao Group in 2011. During her office with Jin Mao Group, Ms. REN had held the positions of general manager of the commercial development department of Jin Mao Group, general manager of Jin Mao (Sanya) Tourism Co., Ltd., general manager of Jin Mao Beijing Real Estate Co., Ltd. and general manager of Jin Mao Sanya Resort Co., Ltd. (金茂三亞度假有限公司), as well as the owner's representative of Westin Beijing, Chaoyang, The Ritz-Carlton, Sanya, Hilton Sanya Resort & Spa and Grand Hyatt Shanghai under Jin Mao Group. Ms. REN has extensive and innovative management experience in hotel and retail business development and operation. She has been successively accredited as Mall China Professional Elite (中購聯職業精英) and March 8 Red Banner Holder in Shanghai (上海市三八紅旗手). Ms. REN graduated from Heilongjiang University with a degree in applied arts and obtained an executive master's degree in Business Administration from Fudan University in 2009.

Mr. LIU Feng

Mr. LIU, who was born in April 1969, has been a Vice President of the Company since August 2013. Mr. LIU joined Jin Mao Group in July 2000 and had held a number of senior positions including secretary to the president office, deputy general manager of the investment management department, general manager of the operational management department, chief operation officer of Jin Mao Group and deputy general manager of Jin Mao Group. During such period, Mr. LIU also served as the owner's representative of Hilton Sanya Resort & Spa, The Ritz-Carlton, Sanya and JW Marriot Shenzhen under Jin Mao Group. Prior to joining Jin Mao Group, Mr. LIU was the assistant translator in No.59322 Troop of People's Liberation Army and legal assistant at Fudan Law Office. Mr. LIU has been general manager of Sanya Yazhouwan Economic Development Co., Ltd. since May 2012. Mr. LIU graduated from Fudan University with a bachelor's degree in International Politics in July 1992 and a master's degree in International Relations in July 1997. In 2003, he earned a master's degree in Laws from the University of Connecticut.

Mr. LIAO Chi Chiun

Mr. LIAO, who was born in January 1968, has been the Chief Accountant of the Company, Qualified Accountant and Company Secretary since March 2007. Prior to joining the Company, he served as an accountant of S E A Holdings Ltd between 1997 and 2006. He has over 15 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and also an associate member of the HKICPA.

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has committed to enhancing its corporate governance levels. The Company has adopted its own code on corporate governance practice which sets out all code provisions, except as described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. The Company will continue to improve its corporate governance practices focusing on maintenance and enhancement of a quality board, sound internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintain its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Code provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director may be elected by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practices of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Directors who fill casual vacancy will not affect adversely the normal operations of the Company.

In 2014, the Company complied with all provisions of its own code on corporate governance.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management. In order to fulfill its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operation of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and control of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;

- strategic capital investments and new projects – through stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;

- financial and operational performance – through overall strategic planning as well as the implementation and maintenance of the monitoring system for financial and optimised performance management;

- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – through continuous review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in compliance with the laws and regulatory requirements; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the Board consisted of the following eight Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

Non-executive Directors

Mr. YANG Lin
Ms. SHI Dai

Executive Directors

Mr. HE Cao (Chairman)
Mr. LI Congrui (Chief Executive Officer)
Mr. HE Binwu (Vice President)

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. LIU Hongyu

Mr. YANG Lin was appointed as the non-executive Director of the Company and the member of the Audit Committee on 26 February 2014. He was re-elected as the non-executive Director of the Company at the annual general meeting of the Company held on 11 June 2014.

The respective terms of office of **Mr. LI Congrui**, **Mr. HE Binwu**, **Mr. LAU Hon Chuen**, **Ambrose**, **Mr. SU Xijia** and **Mr. LIU Hongyu** as the Directors of the Company expired at the annual general meeting held on 11 June 2014. They were re-elected as the Directors of the Company.

The term of office of **Ms. LI Xuehua** as the non-executive Director, Vice Chairman of the Company and the member of the Audit Committee expired at the annual general meeting held on 11 June 2014 and accordingly, she retired from the Board and did not seek re-election. She confirmed that she had no disagreement with the Board and that there were no matters relating to her resignation that need to be brought to the attention of the shareholders.

As at the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Mr. YANG Lin and Mr. LIU Hongyu

Remuneration and Nomination Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Ms. SHI Dai and Mr. SU Xijia

Strategy and Investment Committee: Mr. HE Cao (Chairman), Mr. LI Congrui, Mr. HE Binwu and Mr. LIU Hongyu

Independent Board Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. SU Xijia and Mr. LIU Hongyu

Save as disclosed above, there were no other changes of Directors of the Company during the Period under Review and as at the date of this report.

Biographical details of the Directors are set out from pages 104 to 109 of this annual report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in Board and committee meetings brings independent judgment on issues relating to the Group's strategies, performance, conflicts of interest and management procedures, to ensure adequate checks and balances are provided and the interests of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and adequate to safeguard the interests of shareholders, other related parties and the Group.

The Company has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and to obtain further information when required. All Directors and Board committees also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Period under Review, all of the Directors participated in various trainings organised by the Company, including the "New Director Orientation". The Directors also participated in a number of external trainings, seminars and conferences. Chairman HE Cao participated in the seminars and trainings including the "Green Building and Smart City Seminar" (綠色建築與智慧城市論壇), the "National Green Competitiveness Seminar" (國家綠色競爭力論壇) and the "Listed Companies and their Directors' Responsibilities for Prospectuses and Ongoing Obligations" (上市公司及其董事的招股書責任及持續義務). Mr. LI Congrui participated in the training on the "Listed Companies and their Directors' Responsibilities for Prospectuses and Ongoing Obligations" (上市公司及其董事的招股書責任及持續義務). Ms. SHI Dai participated in the training on the "Key Conversation: How to Achieve Effective Communication" (關鍵對話：如何高效能溝通). Mr. LAU Hon Chuen, Ambrose participated in the feature trainings including the "Managing Directors' Risks – Duties and Obligations under the New Companies Ordinance and Regulatory Risks" and the "Corporate Governance Program for Directors of AIs (Module 2): Practical Aspects of Board Supervision for AIs". Mr. LAU Hon Chuen, Ambrose also read the books on the "New Hong Kong Companies Ordinance, Chapter 622", the "Directors' Duties and Corporate Governance Issues in Hong Kong" and the "Listing Structure of REIT" (房地產信託上市架構). Mr. SU Xijia participated in the feature training on the "Challenges of Discharging Responsibilities as INEDs". Mr. LIU Hongyu participated in the seminars and trainings including the "56th Training Course (Subsequent Training) on Independent Directors of the Listed Companies" (第五十六期上市公司獨立董事培訓班(後續培訓)), the "RICS Asia Forum: Future of Urbanisation in China" (RICS 亞洲國際論壇：中國城鎮化之未來) and "2014 International Property Valuation Forum: Global Property Valuation Progress – Methods, Standards and Best Practices" (2014年國際房地產估價論壇：全球房地產估價進展 – 方法、標準及最佳實踐).

BOARD MEETINGS

The Board meets regularly and Board meetings are held at least four times a year to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company always makes proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given an agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of 12 written resolutions to all Board members, during the Period under Review, the Board held six meetings, at which the Directors considered and approved significant matters, including the 2013 annual results report and the 2014 interim results report of the Company, the mandate for issue offshore financing loans and notes, the re-election of Directors and new appointment of Director, connected transaction contemplated under the properties development cooperation with Sinochem Lantian and the continuing connected transactions contemplated under the renewal of framework financial service agreement. Attendance of each Director at such Board meetings during 2014 is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Non-executive Director	Ms. LI Xuehua*	1/2	1	50%
Non-executive Director	Mr. YANG Lin*	4/4	0	100%
Non-executive Director	Ms. SHI Dai	4/4	0	100%
Executive Director	Mr. HE Cao	6/6	0	100%
Executive Director	Mr. LI Congrui	6/6	0	100%
Executive Director	Mr. HE Binwu	6/6	0	100%
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	5/6	1	83.3%
Independent non-executive Director	Mr. SU Xijia	6/6	0	100%
Independent non-executive Director	Mr. LIU Hongyu	6/6	0	100%

* Ms. LI Xuehua ceased to be a non-executive Director of the Company with effect from 11 June 2014. Mr. YANG Lin has been a non-executive Director of the Company since 26 February 2014.

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps detailed minutes of each meeting of the Board and the Board committees, which are available to all Directors for review anytime.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer are held by different persons.

Mr. HE Cao was appointed as a non-executive Director and the Chairman of the Company on 13 February 2009 and resigned on 17 September 2009. He was appointed as an executive Director, Vice Chairman and Chief Executive Officer of the Company on 18 September 2009, and resigned as the Chief Executive Officer and was re-designated as an executive Director and the Chairman of the Company on 16 January 2013. Mr. LI Congrui was appointed as the Vice President of the Company in April 2009 and as an executive Director of the Company on 17 June 2011. He resigned as the Vice President of the Company and was re-designated as an executive Director and the Chief Executive Officer on 16 January 2013.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for managing and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is responsible for the daily operation of the Company, formulation and execution of policies of the Company, and is accountable to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of its term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date of such general meeting. The Remuneration and Nomination Committee of the Company may also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfill its strategic objectives and achieve sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. 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. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the reporting period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the appointment of Directors having due regard of the above diversity requirements. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity.

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions A.6.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on page 151.

THE BOARD COMMITTEES

In order to review the specific matters, the Company has established four Board Committees, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

As at the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. LAU Hon Chuen, Ambrose (independent non-executive Director), Ms. SHI Dai (non-executive Director) and Mr. SU Xijia (independent non-executive Director). The chairman of the Remuneration and Nomination Committee is Mr. LAU Hon Chuen, Ambrose.

The functions of the Remuneration and Nomination Committee include:

– to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

– to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

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

– to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

– to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2014, the Remuneration and Nomination Committee's nomination, appointment, determination of remuneration packages and approval of incentive proposals included the following:

– for the purposes of strengthening and consolidating the human resources and improving the governance structure of the Company, approved the new appointment of one non-executive Director of the Company after careful consideration of the experience and expertise of the candidates, and submitted such recommendations to the Board for review and approval;

– assessed the performance of executive Directors;

– determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates; and

– made recommendations to the Board with respect to the appointment of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee held two meetings and entered into five written resolutions in 2014. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	2/2	0	100%
Independent non-executive Director	Mr. SU Xijia	2/2	0	100%
Non-executive Director	Ms. SHI Dai	2/2	0	100%

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. As at the date of this report, the members of the Audit Committee are Mr. SU Xijia (independent non-executive Director), Mr. YANG Lin (non-executive Director) and Mr. LIU Hongyu (independent non-executive Director). The chairman of the Audit Committee is Mr. SU Xijia. All members of the Audit Committee have financial backgrounds which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

– to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any issues in respect of resignation or dismissal of the auditors;

– to discuss the nature and scope of audit and the relevant reporting responsibilities with external auditors before auditing, and to review and examine whether the external auditors are independent and objective and whether the audit procedures are effective according to applicable standards;

– to develop and implement policies on the engagement of external auditors for non-audit services;

– to monitor integrity of financial statements, reports and accounts of the Company, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the qualified accountant, compliance officer or auditors of the Company as appropriate;

– to review the internal control and risk management systems of the Company, to ensure that the management has performed its duties in establishing an effective internal control system, and to examine the material investigation findings and management's responses in respect of internal control matters;

– to review the Company's financial and accounting policies and practices, to review the external auditors' management letter, to respond to any queries raised by the management and the Board, and to report to the Board as necessary; and

– to establish an employee direct reporting system across the Company, and to conduct investigations on unusual conditions if it considers necessary and appropriate and report to the Board as necessary.

In 2014, financial reporting and internal control reviews undertaken by the Audit Committee included the following:

– reviewed the integrity and accuracy of the 2013 annual report, the 2014 interim report and formal announcements relating to the Group's financial performance;

– reviewed the 2013 work report and 2014 work plans for internal audit and internal control of the Company;

– reviewed the means of communication between the external auditors and the internal audit department; and

– reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2014.

The Audit Committee held three meetings in 2014. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. SU Xijia	3/3	0	100%
Independent non-executive Director	Mr. LIU Hongyu	3/3	0	100%
Non-executive Director	Ms. LI Xuehua	1/1*	0	100%
Non-executive Director	Mr. YANG Lin	2/2*	0	100%

* Ms. LI Xuehua ceased to be a non-executive Director of the Company and a member of the Audit Committee with effect from 11 June 2014. Mr. YANG Lin has been the non-executive Director of the Company and the member of the Audit Committee since 26 February 2014.

The Chief Financial Officer, the qualified accountant and the auditors of the Company attended all these meetings including the three meetings which reviewed the completeness and accuracy of the Company's 2013 annual report, 2014 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

As at the date of this report, the members of the Independent Board Committee of the Company are Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. LIU Hongyu. The chairman of the Independent Board Committee is Mr. LAU Hon Chuen, Ambrose. All members are independent non-executive Directors.

The functions of the Independent Board Committee include:

– to discuss whether the Company should exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-Competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-Competition Undertaking or any reconstruction business in relation to the properties held by Sinochem Group, and the new business opportunities or property reconstruction opportunities of which the Company is notified by Sinochem Group in writing;

– to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and pursuit of new opportunities;

– for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and

– to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee held five meetings and entered into two written resolutions in 2014, to consider the outstanding shimao investment independent option granted by Sinochem Group to the Company, and resolved not to exercise the option of shimao investment for the time being and to make relevant disclosure in the 2013 annual report and 2014 interim report; considered and approved the connected transaction in relation to the joint tender for land use rights between the Company and Beijing Hengji, the major transaction in relation to the spin-off and global offering of Jinmao Holdings, the continuing connected transactions contemplated under the three entrustment loan framework agreements and their annual caps, the continuing connected transactions contemplated under the renewal of framework financial service agreement and its annual cap; and confirmed various continuing connected transactions of the Company for 2013. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	5/5	0	100%
Independent non-executive Director	Mr. SU Xijia	5/5	0	100%
Independent non-executive Director	Mr. LIU Hongyu	5/5	0	100%

STRATEGY AND INVESTMENT COMMITTEE

As at the date of the report, the members of the Strategy and Investment Committee of the Company are Mr. HE Cao (executive Director), Mr. LI Congrui (executive Director), Mr. HE Binwu (executive Director) and Mr. LIU Hongyu (independent non-executive Director). The chairman of the Strategy and Investment Committee is Mr. HE Cao.

The functions of the Strategy and Investment Committee include:

– to study and formulate the Company's growth strategies, and supervise and monitor management's execution of the Company's growth strategies;

– to review the new project investment proposals submitted by the management according to the Company's growth strategies; and

– to review the proposals on the establishment of departments in the headquarters submitted by the management.

The Strategy and Investment Committee held six meetings and entered into nine written resolutions in 2014, to consider the tender for the land parcel of Shanghai Daning International Community Project, the tender for the land parcels X87 and X91 in Beijing Economic and Technological Development Area, the tender for the land parcel of Guangzhou Guanggang New City, the tender for the land parcel of Chongqing Konggang project and the tender for the land parcels of Qingdao High-Tech Zone, as well as eight resolutions about equity cooperations. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Executive Director	Mr. HE Cao	6/6	0	100%
Executive Director	Mr. LI Congrui	6/6	0	100%
Executive Director	Mr. HE Binwu	6/6	0	100%
Independent non-executive Director	Mr. LIU Hongyu	6/6	0	100%

EXTERNAL AUDITORS

During the Year, the remuneration paid/payable to the Company's auditors, Ernst & Young, amounted to a total of HK$15,184,000, of which HK$4,400,000 was for audit service fees of the Group's financial statements, HK$7,217,000 was audit service fees of certain subsidiaries of the Group (including the listing and annual audit service fees of Jinmao Investment and Jinmao Holdings), HK$776,000 was related to the Group's issuance of bonds, HK$949,000 was for review service fees of the Group's interim financial information, HK$700,000 was for review service fees of the interim financial statements of Jinmao Investment and Jinmao Holdings, HK$992,000 was for tax service fees, HK$100,000 for service fees of continuing connected transactions of the Company, and HK$50,000 was for continuing connected transaction service fees of Jinmao Holdings.

INTERNAL CONTROL

The Board takes full responsibilities for maintaining sound and effective internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company, through its Internal Control Department, conducts regular checks on office procedures, practices and systems to prevent assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The regular reviews also cover all major controls, including financial, operational and compliance supervision and risk management functions of the Company.

The Directors of the Company all consider that the Group's existing internal control systems are effective.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective systems and measures. Personnel who have access to such inside information must ensure that the information is kept confidential, and should not, in any manner, divulge the information of the Company. Consultants and intermediaries engaged by the Company have all entered into strict confidentiality agreements with the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules to regulate directors' securities transactions. Having made specific enquiries of all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2014.

All the employees of the Group shall comply with "Administrative Rules for Securities Transactions by the Employees of Franshion Properties" formulated by the Company with reference to the requirements set out in Appendix 10 of the Listing Rules in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

Moving a Resolution at an Annual General Meeting

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from–

(a) the members of the company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request –

(a) may be sent to the company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the company not later than–

   (i) six weeks before the annual general meeting to which the requests relate; or

   (ii) if later, the time at which notice is given of that meeting.

Proposing a candidate for election as a Director

Pursuant to Article 80(2)(b) in the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a notice of his intention to propose a resolution for the appointment or reappointment of the person as the Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

Convening an extraordinary general meeting

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

A request –

(a) must state the general nature of the business to be dealt with at the meeting;

(b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(c) Requests may consist of several documents in like form; and

(d) A request—

    (a) may be sent to the company in hard copy form or in electronic form; and

    (b) must be authenticated by the person or persons making it.

Shareholders' enquiries to the Board

Enquiries from shareholders for the Board may be directed to us by the means as stated in the section under "Corporate Information" in this annual report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders. The Company held an annual general meeting on 11 June 2014 to review and approve the audited financial statements, the Directors' report and the auditor's report for the year ended 31 December 2013; to declare the final dividend for the year ended 31 December 2013; to re-elect Mr. LI Congrui as an executive Director of the Company; to re-elect Mr. HE Binwu as an executive Director of the Company; to re-elect Mr. YANG Lin as a non-executive Director of the Company; to re-elect Mr. LAU Hon Chuen, Ambrose as an independent non-executive Director of the Company; to re-elect Mr. SU Xijia as an independent non-executive Director of the Company; to re-elect Mr. LIU Hongyu as an independent non-executive Director of the Company; to authorise the Board of the Company to determine the remuneration of Directors of the Company; to re-appoint Ernst & Young as auditors of the Company and authorise the Board to determine their remuneration; and to review and approve the general mandate to issue shares and repurchase shares. All Directors attended the annual general meeting held on 11 June 2014. An extraordinary general meeting of the Company was held on 5 December 2014 to consider and approve the deposit services (including the maximum daily balance) under the Renewed Framework Financial Service Agreement. Except for non-executive Directors Mr. YANG Lin, Ms. SHI Dai and independent non-executive Director Mr. LIU Hongyu, who did not attend the meeting due to other business engagements, all other Directors attended the extraordinary general meeting.

REPORT OF THE DIRECTORS

The Board presents its report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are development of, investment in and operation of real estate projects, focusing on property development, hotel operations and property leasing. Details of the subsidiaries of the Company are set out in note 21 to the financial statements.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss on page 153 of this annual report.

The Board recommended the payment of a final dividend of HK11.5 cents per ordinary share for the year ended 31 December 2014. The proposed final dividend shall be subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend was paid for the period ended 30 June 2014. The recommended final dividend has been accounted for in the financial statements as retained profits allocation within the equity section in the balance sheet. The Company will give a notice on closure of its register of members in relation to the entitlement to the final dividend and the right to attend and vote at the annual general meeting upon determination of the date of the annual general meeting.

SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2014, the total issued share capital of the Company was 9,068,191,489 ordinary shares.

As stated in the announcement of the Company dated 19 November 2014, the Board approved the repurchase of up to 916,148,948 shares of the Company by way of on-market repurchase pursuant to the general mandate to repurchase shares approved at the annual general meeting. During the Period under Review, the Company carried out an on-market repurchase of a total of 93,298,000 on the Hong Kong Stock Exchange and the repurchase amount totalled HK$207,641,881 (excluding any fees or taxes). The Company cancelled of all such repurchased shares. Accordingly, the total issued share capital of the Company was reduced from 9,161,489,489 shares to 9,068,191,489 ordinary shares.

As stated in the 2010 annual report of the Company, on 12 October 2010, the convertible securities due in 2015 convertible into fully-paid ordinary shares of the Company with an aggregate principal amount of US$600 million were offered to no less than six investors. Based on an initial conversion price of HK$2.83, such convertible securities can be converted into 1,644,763,250 shares. The net proceeds from the issue of these convertible securities by the Company amounting to approximately US$591 million (after deducting expenses) were mainly used to finance the new and existing projects (including construction costs and land costs) and for general corporate purposes. As stated in the Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2014, the conversion price of these convertible securities is adjusted from HK$2.83 to HK$2.80, and the number of new shares which may be issued under the convertible securities is therefore adjusted to 1,662,385,714, with effect from 20 June 2014 (being the date immediately after the record date fixed for the purpose of determining shareholders' entitlement to the 2013 final dividend). Assuming that the convertible securities are fully converted, the issued share capital of the Company will be increased to 10,730,577,203 ordinary shares. During the Year, no convertible securities were converted into ordinary shares of the Company.

Details of movement in the Company's share capital and share options during the Year are set out in notes 37 and 38 to the financial statements respectively.

RESERVES

Movements in reserves of the Company and of the Group during the Year are set out in note 39 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 297, 298 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$5,329,621,000, of which HK$1,042,842,000 has been proposed as a final dividend for the Year. In addition, the Company's share capital in the amount of HK$6,109,789,000, being the amount of the share premium which has become part of the share capital pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2014 Percentage of total turnover (%)
Five largest customers	18%
The largest customer	6%

	Percentage of total purchase (%)
Five largest suppliers	23%
The largest supplier	6%

The above five largest customers and five suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their associates or any shareholders who own more than 5% of the Company's issued share capital had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Company and of the Group as at 31 December 2014 are set out in note 33 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the Year, no charitable donations were made by the Group.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 14 and 18 to the financial statements, respectively.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 260 of this annual report. This summary does not form part of the audited financial statements.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the current Directors and senior management of the Company are set out on pages 104 to 113 of this annual report.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2014, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is determined by reference to Directors' duties and responsibilities, individual performance and the results of the Group.

For the year ended 31 December 2014, details of the remuneration of the Directors and senior management of the Company are set out in notes 8, 9 and 45(b) to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or its controlling shareholder or any of their respective subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2014 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Sinochem Group is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Group and its subsidiaries, Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong") and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, and the Non-Competition Undertaking between Sinochem Group and the Company dated 26 July 2007, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" and "Compliance with Non-Competition Agreement" below.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group has provided its written confirmation in respect of Sinochem Group and its subsidiaries' (other than those which form part of the Group) compliance with its obligations under the Non-competition Undertaking during 2014.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Corporate Social Responsibility Report – Lifting the Vitality of the City" on pages 102-103 of this annual report, respectively.

RETIREMENT SCHEME

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all retired employees under these schemes and the Group has no further undertakings for post-retirement benefits to the employees beyond the contributions made.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2014 were HK$128,900,000.

MANAGEMENT CONTRACT

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

SHARE OPTION SCHEME

On 22 November 2007, the Company adopted a share option scheme (the "Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company. An amendment of the Scheme was approved and adopted by the Board on 23 August 2012.

According to the terms of the Scheme of the Company, the Board shall at its absolute discretion grant to any participant a certain number of options at a subscription price at any time within 10 years after the adoption date of the Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the options (including exercised, cancelled and outstanding options) granted under the Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the option.

More details of the Scheme are set out in note 38 to the financial statements.

GRANT AND EXERCISE OF OPTIONS

On 5 May 2008, 5,550,000 share options were granted to eligible participants by the Company at the exercise price of HK$3.37 for each share of the Company to be issued, being the average closing price of the shares on the Hong Kong Stock Exchange for the five consecutive trading days immediately preceding the grant date of such options. Such options shall vest the earliest after two years from the date of grant of options. The share options will only vest if the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Otherwise, the share options shall lapse.

On 30 April 2010, the Remuneration and Nomination Committee of the Board of the Company approved the vesting of 40% of the share options granted in May 2008 by the Company according to the Scheme, the performance review results of the grantees of share options and the Explanation on the Fulfilment of Conditions of Share Options of Franshion Properties for 2009 provided by the independent professional advisor.

On 13 June 2011, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of 30% of the share options granted in May 2008 by the Company on 5 May 2011 according to the Scheme and the Explanation on the Fulfilment of Conditions of Share Options with Reference to the Results of Franshion Properties for 2010 provided by the Financial Management Department of the Company, as the performance review results for 2010 did not meet the target performance results.

On 17 May 2012, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of the remaining 30% of the share options granted in May 2008 by the Company on 5 May 2012 according to the Scheme and the Explanation on the Fulfilment of Conditions of Share Options with Reference to the Results of Franshion Properties for 2011 provided by the Financial Management Department of the Company, as the performance review results for 2011 did not meet the target performance results.

On 28 November 2012, 58,267,500 share options were granted to eligible participants by the Company at the exercise price of HK$2.44 for each share of the Company to be issued, being the closing price of the shares on the Hong Kong Stock Exchange on the grant date of such options. Such options shall vest the earliest after two years from the date of grant of the options. The share options will only vest if the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Otherwise, the share options shall lapse.

On 4 November 2014, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees that fulfil the conditions on a pro rata basis up to 30% of the share options granted in November 2012 by the Company (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of grantees of share options, and the “Explanation on the Fulfilment of Conditions of First Vest with respect to Share Options Batch Two granted by Franshion Properties” provided by the external independent professional advisor.

During the Period under Review, no share options were exercised under the Scheme. The following share options were outstanding under the Scheme during the year ended 31 December 2014:

Name or category of grantees	As at 1 January 2014	Number of share options: Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2014	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date (HK$)
Directors										
Mr. HE Cao	450,000	–	–	–	–	450,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	450,000	–	–	–	–	450,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	600,000	–	–	–	–	600,000	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Ms. LI Xuehua [Note 1]	194,980	–	–	–	–	194,980	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	315,000	–	–	–	(315,000)	–	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	315,000	–	–	–	(315,000)	–	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	420,000	–	–	–	(420,000)	–	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Mr. LI Congrui	435,000	–	–	–	–	435,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	–	580,000	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45

Name or category of grantees	As at 1 January 2014	Number of share options Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2014	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date (HK$)
Mr. HE Binwu	194,980	–	–	–	–	194,980	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	435,000	–	–	–	(87,000)	348,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	–	580,000	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Sub total	389,960	–	–	–	–	389,960	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	5,450,000	–	–	–	(1,137,000)	4,313,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
Employees in aggregate	790,310		–	–		790,310	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	14,990,700		–	–	(4,277,100)	10,713,600	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	14,990,700		–	–	(2,467,500)	12,523,200	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	19,987,600		–	–	(3,290,000)	16,697,600	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Total	1,180,270		–			1,180,270	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	55,419,000		–		(11,171,600)	44,247,400	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45

Note 1: The term of office of Ms. LI Xuehua as the non-executive Director, Vice Chairman of the Company and the member of the Audit Committee expired at the annual general meeting held on 11 June 2014 and she did not seek re-election. 1,050,000 share options granted to her as grantee on 28 November 2012 were lapsed during the Year.

Note 2: The number of share options granted on 5 May 2008 was adjusted on 18 March 2009 when the rights issue became unconditional. Further details of the rights issue are set out in note 38 to the financial statements.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 31 December 2014, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Name	Capacity	Number of shares held	Number of underlying shares held (note 1)	Approximate percentage of the issued share capital
Mr. HE Cao	Beneficial owner	–	1,500,000(L)	0.0165%
Ms. LI Xuehua (Note 2)	Beneficial owner	–	1,244,980(L)	0.0137%
Mr. LI Congrui	Beneficial owner	–	1,450,000(L)	0.0160%
Mr. HE Binwu	Beneficial owner	400,000(L)	1,644,980(L)	0.0226%

(L) Denotes long positions

Note 1: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

Note 2: Ms. LI Xuehua ceased to be a non-executive Director of the Company with effect from 11 June 2014.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors of the Company, as at 31 December 2014, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Long/ short position	Capacity/ nature of Interests	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong	Long position	Beneficial owner	5,759,881,259	63.52%
Sinochem Corporation	Long position	Interest of controlled corporation (note 1)	5,759,881,259	63.52%
Sinochem Group	Long position	Interest of controlled corporation (note 1)	5,759,881,259	63.52%
Earn Max Enterprises Limited	Long position	Beneficial owner	733,803,307	8.09%
Warburg Pincus Private Equity X, L.P.	Long position	Interest of controlled corporation (note 2)	733,803,307	8.09%
Warburg Pincus X, L.P.	Long position	Interest of controlled corporation (note 2)	733,803,307	8.09%
Warburg Pincus X, LLC	Long position	Interest of controlled corporation (note 2)	733,803,307	8.09%
Warburg Pincus Partners LLC	Long position	Interest of controlled corporation (note 2)	733,803,307	8.09%
Warburg Pincus & Co.	Long position	Interest of controlled corporation (note 2)	733,803,307	8.09%

Note 1: Sinochem Group holds 98% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Group and Sinochem Corporation are both deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

Note 2: Earn Max Enterprises Limited is 96.90% controlled by Warburg Pincus Private Equity X, L.P., which is ultimately wholly controlled by Warburg Pincus & Co. through Warburg Pincus Partners LLC, Warburg Pincus X, LLC and Warburg Pincus X, L.P., all being directly or indirectly wholly controlled by Warburg Pincus & Co. For the purpose of the SFO, each of Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus X, LLC, Warburg Pincus X, L.P. and Warburg Pincus Private Equity X, L.P. is deemed to be interested in the shares beneficially owned by Earn Max Enterprises Limited.

Save as disclosed above, as at 31 December 2014, the Directors of the Company were not aware of any person (other than the Directors or chief executive of the Company) had interest or short position in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from independent shareholders' approval requirements:

1 Framework lease agreement between China Jin Mao (Group) Company Limited ("Jin Mao Group") and Sinochem Group

II. Continuing connected transactions approved by independent shareholders:

2 Entrustment loan framework agreement between Shanghai Yin Hui Real Estate Development Company Limited ("Shanghai Yin Hui"), the Company and SIPG;

3 Loan framework agreement between Beijing Franshion Sunac Property Development Co., Ltd. ("Franshion Sunac"), Shanghai Tuofeng Investment Consulting Co., Ltd. ("Shanghai Tuofeng"), Tianjin Sunac Aocheng Investment Co., Ltd. ("Tianjin Aocheng") and Beijing Sunac Hengji Property Development Co., Ltd. ("Beijing Hengji");

4 Entrustment loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

5 Framework lease agreement between the Company and Sinochem Group;

6 Renewed framework financial service agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance").

For these continuing connected transactions, the Company confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and instructions formulated upon such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1 Framework lease agreement between Jin Mao Group and Sinochem Group

In preparation for the separate listing of Jinmao Holdings on the Main Board of the Hong Kong Stock Exchange, on 13 June 2014, Jin Mao Group and Sinochem Group entered into a framework lease agreement (the "Jin Mao Framework Lease Agreement") with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower. The Jin Mao Framework Lease Agreement, which took effect upon the listing of Jinmao Holdings on 2 July 2014, is valid for a period of three years. For the three years ending 31 December 2016, the annual transaction caps (including rent, property management fee and other charges) are approximately RMB97.6 million, RMB116.8 million and RMB145.4 million respectively.

Jin Mao Group is a non wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the Jin Mao Framework Lease Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2014, the transaction amount under the Jin Mao Framework Lease Agreement did not exceed the annual cap.

Please refer to the sub-section under "Framework lease agreement between the Company and Sinochem Group" below for further details.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED BY INDEPENDENT SHAREHOLDERS

2 Entrustment loan framework agreement between Shanghai Yin Hui with the Company and SIPG

On 12 November 2012, Shanghai Yin Hui entered into the framework agreement (the "Original Yin Hui Framework Agreement") with its shareholders, namely the Company and SIPG, pursuant to which Shanghai Yin Hui agreed to provide entrustment loans to the Company and SIPG (or their respective designated wholly-owned subsidiaries) based on the same terms and conditions and in proportion to their respective shareholdings in Shanghai Yin Hui. On 25 June 2014, Shanghai Yin Hui entered into the new framework agreement (the "New Yin Hui Framework Agreement") with the Company and SIPG in place of the Original Yin Hui Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Shanghai Yin Hui. The Original Yin Hui Framework Agreement has been terminated upon entering into the New Yin Hui Framework Agreement, and all the existing entrustment loan agreements entered into by the parties pursuant to the Original Yin Hui Framework Agreement are included in and regulated by the New Yin Hui Framework Agreement. Under the New Yin Hui Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the People's Bank of China (the "PBOC"). The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the New Yin Hui Framework Agreement. The New Yin Hui Framework Agreement shall be valid for a term of three years. During the term of the New Yin Hui Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Shanghai Yin Hui to SIPG (including its designated wholly-owned subsidiaries) is RMB1,600 million. For the year ended 31 December 2014, the transaction amount did not exceed the annual cap.

Shanghai Yin Hui, owned as to 50% by each of the Company and SIPG, is a non-wholly-owned subsidiary of the Company. SIPG is the substantial shareholder of Shanghai Yin Hui and is therefore a connected person of the Company. Accordingly, the provision of entrustment loans by Shanghai Yin Hui to SIPG (or its designated wholly-owned subsidiaries) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The New Yin Hui Framework Agreement has obtained written consent from Sinochem Hong Kong (immediate controlling shareholder of the Company currently holding approximately 63.52% interest in the Company).

3 Loan framework agreement between Franshion Sunac, Tianjin Aocheng and Beijing Hengji

On 15 October 2013, Franshion Sunac entered into the framework agreement (the "Original Sunac Framework Agreement") with its shareholders, namely Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji, pursuant to which Franshion Sunac agreed to provide loans to Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji based on the same terms and conditions and in proportion to their respective shareholdings in Franshion Sunac. On 25 June 2014, Franshion Sunac entered into the new framework agreement (the "New Sunac Framework Agreement") with Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji in place of the Original Sunac Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Franshion Sunac. The Original Sunac Framework Agreement has been terminated upon entering into the New Sunac Framework Agreement, and all the existing loan agreements entered into by the parties pursuant to the Original Sunac Framework Agreement are included in and regulated by the New Sunac Framework Agreement. Under the New Sunac Framework Agreement, the actual interest rates of each of the loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. As Tianjin Aocheng and Beijing Hengji are owned by the same effective controller, Tianjin Aocheng agreed to designate Beijing Hengji to receive on its behalf the loans to be provided by Franshion Sunac to Tianjin Aocheng under the framework agreement. Tianjin Aocheng and Beijing Hengji are jointly and severally liable for the repayment of the loans (including any accrued interest) received by Beijing Hengji on behalf of Tianjin Aocheng. Franshion Sunac shall enter into specific loan agreements separately with Shanghai Tuofeng and Beijing Hengji according to the terms and conditions set out in the New Sunac Framework Agreement. The New Sunac Framework Agreement is valid for a term of three years. During the term of the New Sunac Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Franshion Sunac to Tianjin Aocheng and Beijing Hengji is RMB1,200 million. For the year ended 31 December 2014, the transaction amount did not exceed the annual cap.

Shanghai Tuofeng is a wholly-owned subsidiary of the Company. Franshion Sunac, owned as to 51%, 24% and 25% by Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji respectively, is a non-wholly-owned subsidiary of the Company. Tianjin Aocheng and Beijing Hengji are the substantial shareholders of Franshion Sunac and are therefore connected persons of the Company. Accordingly, the provision of loans by Franshion Sunac to Tianjin Aocheng and Beijing Hengji constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The New Sunac Framework Agreement has obtained written consent from Sinochem Hong Kong (immediate controlling shareholder of the Company currently holding approximately 63.52% interest in the Company).

4 Entrustment loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 21 October 2013, Jinmao Changsha entered into the framework agreement (the "Original Changsha Framework Agreement") with its shareholders, namely Jinmao Development and CSC Changsha, pursuant to which Jinmao Changsha agreed to provide entrustment loans to Jinmao Development (or its designated non-connected subsidiaries of the Company) and CSC Changsha (or any one of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jinmao Changsha. On 25 June 2014, Jinmao Changsha entered into the new framework agreement (the "New Changsha Framework Agreement") with Jinmao Development and CSC Changsha in place of the Original Changsha Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Jinmao Changsha. The Original Changsha Framework Agreement has been terminated upon entering into the New Changsha Framework Agreement, and all the existing entrustment loan agreements entered into by the parties pursuant to the Original Changsha Framework Agreement are included in and regulated by the New Changsha Framework Agreement. Under the New Changsha Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. The parties shall enter into entrustment loan agreements separately with relevant financial institutions according to the terms and conditions set out in the New Changsha Framework Agreement. The New Changsha Framework Agreement is valid for a term of three years. During the term of the New Changsha Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or any one of its designated shareholders) is RMB1,200 million. For the year ended 31 December 2014, the transaction amount did not exceed the annual cap.

Jinmao Development is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Jinmao Development and CSC Changsha, is a non-wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company. Accordingly, the provision of entrustment loans by Jinmao Changsha to CSC Changsha (or any one of its designated shareholders) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The New Changsha Framework Agreement has obtained written consent from Sinochem Hong Kong (immediate controlling shareholder of the Company currently holding approximately 63.52% interest in the Company).

5 Framework lease agreement between the Company and Sinochem Group

The Company and Sinochem Group entered into two framework agreements for lease of properties in Beijing Chemsunny World Trade Centre and Sinochem Tower and Jin Mao Tower on 31 December 2008 and 31 July 2009, respectively (the "original framework lease agreements"). In order to streamline and optimise the regulation of the leasing relationship in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower between the Company (and its subsidiaries) and Sinochem Group (and its associates), the Company entered into a comprehensive framework lease agreement ("New Framework Lease Agreement") with Sinochem Group in place of the two original framework lease agreements on 11 November 2011. The framework lease agreement was considered and approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2011. The New Framework Lease Agreement is valid for a term of 10 years commencing from 1 January 2012. Pursuant to the New framework Lease Agreement:

(1) The two original framework lease agreements shall be terminated on 31 December 2011 and the New Framework Lease Agreement shall take effect on 1 January 2012. All the rights and obligations of the parties under the two original framework lease agreements shall be discharged upon the termination of the original framework lease agreements.

(2) Pursuant to the two original framework lease agreements, all the existing individual lease agreements in respect of the relevant units in Beijing Chemsunny World Trade Centre and Sinochem Tower in Beijing, China and the relevant units in Jin Mao Tower in Shanghai, China entered into between the Company (and its subsidiaries) and Sinochem Group (and its associates) respectively shall be included in and regulated by the New Framework Lease Agreement upon the termination of the original framework lease agreements.

(3) Based on its estimated demand for office premises, Sinochem Group and its associates may increase the lease area in units by no more than 10% (if available) of the total gross floor area then being leased under the New Framework Lease Agreement in each of the three years from 2012 to 2014, and from 2015 onwards for each year during the remainder of the term of the New Framework Lease Agreement, increase the lease area at a rate mutually agreed by both Sinochem Group and the Company. All individual agreements to be entered into after the signing of the New Framework Lease Agreement shall be included in and regulated by the New Framework Lease Agreement.

(4) All continuing connected transactions under the individual lease agreements entered into and to be entered into pursuant to the New Framework Lease Agreement shall be aggregated and subject to the aggregate annual caps. The annual caps for the three years ended 31 December 2014 are RMB353 million, RMB395 million and RMB441 million, respectively.

In 2014, details of the New Framework Lease Agreement and the transactions contemplated under the individual lease agreements are as follows:

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2014
1. 11 subsidiaries of Sinochem Group	Lease of relevant units in Jin Mao Tower from the Group			
1A International Far Eastern Leasing Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2006 to 2014	RMB	45,203,400
1B Sinochem International (Holdings) Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2007 to 2015	RMB	30,481,421
1C Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2007 to 2014	RMB	8,097,725
1D Shanghai Sinochem-Stolt Shipping Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2009 to 2015	RMB	1,098,141
1E Sinochem Crop Care Co., Ltd. (中化作物保護品有限公司)	Lease of relevant units in Jin Mao Tower from the Group	2011 to 2015	RMB	2,384,966
1F Hainan Sinochem Shipping Co., Ltd. (海南中化船務有限責任公司)	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2015	RMB	1,582,591
1G Jiangsu Sinorgchem Technology Co., Ltd. (江蘇聖奧化學科技有限公司)	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2015	RMB	212,370
1H Shanghai Aoxing International Shipping Management Co., Ltd. (上海傲興國際船舶管理有限公司)	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2015	RMB	1,836,587
1I Shanghai Safe-Transport Chemical Logistics Co., Ltd. (上海思爾博化工物流有限公司)	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2015	RMB	913,206
1J Newport China Tank Containers Co., Ltd. (上海優保博國際物流有限公司)	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2015	RMB	1,148,944
1K Sinochem International Logistics Co., Ltd. (中化國際物流有限公司)	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2015	RMB	1,218,648

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2014
2. Sinochem Group and its 13 subsidiaries	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group			
2A Sinochem Group	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	7,916,232
2B Sinochem Corporation	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	78,948,783
2C Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	22,061,244
2D Sinochem International Oil Company	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	30,246,959
2E Sinochem International Industrial Company	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	954,189
2F Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	17,340,319
2G China Foreign Economy and Trade & Investment Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	26,179,711
2H International Far Eastern Leasing Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2014	RMB	8,359,355
2I Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2008 to 2014	RMB	7,697,357
2J New XCL (China) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2011 to 2014	RMB	1,591,095
2K Dalian Total Consultancy Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2012 to 2014	RMB	147,576
2L Sinochem Insurance Brokers (Beijing) Co., Ltd. (中化保險經紀 (北京) 有限責任公司)	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2013 to 2014	RMB	6,856,221
2M Sinochem Quanzhou Petrochemical Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2013 to 2014	RMB	4,760

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2014
3. 12 subsidiaries of Sinochem Group	Lease of relevant units in Sinochem Tower from the Group			
3A Sinochem Corporation	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	3,141,681
3B Sinochem International Tendering Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	8,559,831
3C Sinochem Plastics Company	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	8,474,167
3D China National Seed Group Corp.	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	6,060,383
3E Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2006 to 2016	RMB	5,642,794
3F Sinochem Energy-Saving and Environmental Protection Holding (Beijing) Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2013 to 2016	RMB	545,709
3G Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	4,238,103
3H Sinochem Quanzhou Petrochemical Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2008 to 2014	RMB	425,967
3I Sinochem International Oil Company	Lease of relevant units in Sinochem Tower from the Group	2010 to 2014	RMB	26,400
3J China Foreign Economy and Trade & Investment Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2010 to 2014	RMB	1,532,465
3K Sinochem Asset Management Company	Lease of relevant units in Sinochem Tower from the Group	2013 to 2016	RMB	2,558,663
3L Fortune International Winery (Beijing) Co., Ltd. (富樽酒業(北京)有限公司)	Lease of relevant units in Sinochem Tower from the Group	2014 to 2016	RMB	626,555
Total				344,314,519

On 3 November 2014, taking into consideration of the estimated transaction amount under the Jin Mao Framework Lease Agreement (please refer to the section headed “Framework lease agreement between Jin Mao Group and Sinochem Group” above for details), the annual caps (including rent, property management fee and other charges) for the two years ending 31 December 2016 fixed with respect to the leased properties under the New Framework Lease Agreement amounted to RMB443.6 million and RMB493.8 million respectively.

Sinochem Group is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the framework lease agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

6 Renewed framework financial service agreement between the Company and Sinochem Finance

On 11 November 2011, the Company and Sinochem Finance entered into a 3-year framework financial service agreement ("Framework Financial Service Agreement"), pursuant to which, the Company and its subsidiaries will from time to time continue to use deposit services, loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by China Banking Regulatory Commission to be provided by Sinochem Finance as they consider necessary, and pay the relevant interests and service fees to or receive deposit interests from Sinochem Finance. The relevant fees and loan interests shall be determined at a rate no higher than the standards as set by the PBOC from time to time or market price, and the deposit interests shall be determined at a rate no lower than the standards as set by the PBOC from time to time or market price. The settlement and guarantee services are provided free of charge. For each of the three years ended 31 December 2014, the cap on the maximum daily balance for deposit at Sinochem Finance was RMB1,770 million. For the year ended 31 December 2014, the transaction amount did not exceed the annual cap.

The Framework Financial Service Agreement was expired on 3 December 2014. On 3 November 2014, the Company and Sinochem Finance entered into the renewed framework financial service agreement ("Renewed Framework Financial Service Agreement"), pursuant to which, the Company and its subsidiaries will, as it considers necessary, continue to use the financial services provided by Sinochem Finance on a non-exclusive basis for a period of three years. For each of the three years ending 31 December 2017, the cap on the maximum daily balance for deposit at Sinochem Finance shall be RMB2,800 million. The deposit service under the Renewed Framework Financial Service Agreement (including the maximum daily balance) was considered and approved at the extraordinary general meeting of the Company held on 5 December 2014.

Sinochem Finance is a subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. Under the Listing Rules, the provision of financial services to the Company by Sinochem Finance constitutes a continuing connected transaction of the Company.

CONNECTED TRANSACTIONS

During the Period under Review, the non-exempt one-time connected transactions (exempt from independent shareholders' approval requirements) of the Company were as follows:

1 Joint acquisition of land use right

On 25 March 2014, the consortium formed by Shanghai Tuoying Industrial Co., Ltd. ("Shanghai Tuoying", a wholly-owned subsidiary of the Company) and Beijing Hengji (the "Consortium") pursuant to the Cooperation Agreement entered into between the parties, received the Bid Confirmation from the Beijing Land Reserve Centre (the "Land Reserve Centre"), confirming that the Consortium successfully won the bidding of the land use right of the land situated at X91 Hexi District, Beijing Economic-Technological Development Area, the PRC (the "Beijing Land") through listing-for-sale organized by the Land Reserve Centre. According to the Cooperation Agreement, Shanghai Tuoying and Beijing Hengji shall establish the project company (the "Project Company") for the development of the Beijing Land. The Project Company shall be held as to 51% and 49% respectively by Shanghai Tuoying and Beijing Hengji. Any profits, losses and risks of the Project Company shall be shared by Shanghai Tuoying and Beijing Hengji according to their respective shareholding in the Project Company. On 25 March 2014, Shanghai Tuoying and Beijing Hengji adopted the Articles of Association of the Project Company.

The land grant premium of the Beijing Land is RMB3,100,000,000, being the initial bidding price specified in the listing-for-sale documents, which was arrived at as a result of successful bidding of the Beijing Land by the Consortium through listing-for-sale.

Beijing Hengji is a connected person of the Company by virtue of it being a substantial shareholder of Franshion Sunac, being a non wholly-owned subsidiary of the Company. The Project Company is single purpose and project specific. Therefore, Beijing Hengji constitutes a qualified connected person under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Transaction are more than 5%, the transaction constitutes a qualified property acquisition undertaken on a joint venture basis between the Company and a qualified connected person under Chapter 14A of the Listing Rules, and is therefore exempt from the independent shareholders' approval requirement.

As at the date of this report, the Group holds 50% interests in the Project Company indirectly through Shanghai Tuoying.

2 Capital contribution to subsidiary of the Company

Sky Power Properties Limited ("Sky Power Properties"), a wholly-owned subsidiary of the Company entered into the Joint Development Agreement with Sinochem Lantian Co., Ltd. ("Sinochem Lantian") on 15 August 2014, pursuant to which, Sinochem Lantian agreed to make capital contribution of RMB282,350,000 to Franshion Properties (Hangzhou) Limited ("Hangzhou Properties"), a wholly-owned subsidiary of Sky Power Properties and provide a shareholder's loan of RMB86,500,000 to Hangzhou Properties. Upon completion of the Transaction, Hangzhou Properties will be held as to 85% and 15% by Sky Power Properties and Sinochem Lantian, respectively.

Hangzhou Properties was established in March 2014. Its principal asset is the land located in Gongshu District, Hangzhou City, the PRC (the "Hangzhou Land") with a plot ratio of 2.8 and a planned gross floor area above ground of 171,230 square metres. Hangzhou Properties is responsible for the development, construction, sales and operation of the Hangzhou Land. The distributable profit of Hangzhou Properties shall be shared between Sky Power Properties and Sinochem Lantian according to their respective shareholding in Hangzhou Properties.

Sky Power Properties is a wholly-owned subsidiary of the Company. Sinochem Lantian is a non-wholly owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company. Sinochem Lantian is a connected person of the Company by virtue of being an associate of Sinochem Group. Accordingly, the Transaction constitutes a connected transaction of the Company under the Listing Rules. As each of the applicable percentage ratios in respect of the Transaction is less than 5%, it is exempt from the independent shareholders' approval requirements.

For these connected transactions, the Company confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2014 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have been engaged to report on the above connected transactions of the Company in accordance with the Hong Kong Standard on Assurance Engagements 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information* with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received an unqualified letter from the auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing the auditors' findings and conclusion on the above continuing connected transactions of the Group, stating that the auditors have not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors;
- (for the connected transactions involving the provision of goods or services by the Group) have not been entered into in accordance with the pricing policies of the Group in all material aspects;
- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2014.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period under Review, save as disclosed below, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

As stated in the announcement of the Company dated 19 November 2014, the Board approved the repurchase of up to 916,148,948 shares of the Company by way of on-market repurchase pursuant to the general mandate to repurchase shares approved at the annual general meeting held on 11 June 2014. During the Period under Review, the Company carried out an on-market repurchase of a total of 93,298,000 shares on the Hong Kong Stock Exchange and the repurchase amount totalled HK$207,641,881 (excluding any related fees or taxes). The Company cancelled of all such repurchased shares. Accordingly, the total issued share capital of the Company was reduced from 9,161,489,489 shares to 9,068,191,489 ordinary shares.

ISSUANCE OF GUARANTEED NOTES

As stated in the announcements of the Company dated 12 March 2014, 13 March 2014 and 19 March 2014 regarding the issuance of US$500 million 5.75% guaranteed notes due 2019, the Company and the issuer (a wholly-owned subsidiary of the Company) entered into a purchase agreement in relation to the notes issue on 12 March 2014 with the joint lead managers comprising The Royal Bank of Scotland plc, DBS Bank Limited, Deutsche Bank AG, Singapore Branch, Goldman Sachs (Asia) L.L.C., The Hongkong and Shanghai Banking Corporation Limited, JP Morgan Securities Limited and Oversea-Chinese Banking Corporation Limited. The net proceeds of the issuance of the guaranteed notes by the Company, after deduction of underwriting commissions and other estimated expenses, amounted to approximately US$497.37 million, which were intended to be used for refinancing of outstanding indebtedness, working capital and other general corporate purposes. These guaranteed notes were listed and dealt with on the Hong Kong Stock Exchange since 20 March 2014. During the Period under Review, the Company did not redeem or cancel any such guaranteed notes.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A meeting was held by the Independent Board Committee comprising all independent non-executive Directors of the Company on 26 March 2015 to review its decision made on 19 August 2014 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

After careful review of the relevant information of Shimao Investment and taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns a minority and passive interest in it only, and that the Company has a relatively high overall total debt position currently where the funds of the Company are mainly used for expanding the land reserve for development segments to accelerate the asset turnover ratio and the recovery of cash receivables. Recently, the Company has made significant progress in land reserve and the projects that are about to commence and have commenced construction include Shanghai Star Harbour International Centre Project, Nanjing Shangfang Project, Qingdao High-Tech Zone Project and Chongqing Konggang Project, along with Phase I and Phase II development of Changsha Meixi Lake International New City Project, which are large-scale development projects with long development cycle and huge demand for funds, the Company considers the acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. The independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2014. The 2014 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinions on the 2014 financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period under Review, the material acquisitions and disposals engaged by the Company were as follows:

Spin-off of hotel operations of the Group and separate listing on the Main Board of the Hong Kong Stock Exchange

On 13 June 2014, Jinmao Investments was established by the Trust Deed entered into between Jinmao (China) Investments Manager Limited (the "Trustee-Manager", a wholly-owned subsidiary of the Company) and Jinmao Holdings.

Jinmao Investments and Jinmao Holdings jointly issued the prospectus on the global offering on 19 June 2014, which sets out, among others, details of the number of Share Stapled Units to be offered, details of the offer price range, other details of the global offering and certain business and financial information relating to Jinmao Investments Group. On 18 June 2014, the Company entered into the Hong Kong Underwriting Agreement with the Trustee-Manager, Jinmao Holdings, the joint global coordinators, the joint sponsors and the Hong Kong underwriters. On 25 June 2014, the Company entered into the International Underwriting Agreement with the Trustee-Manager, Jinmao Holdings, the joint global coordinators and the international underwriters. Pursuant to which, Jinmao Investments and Jinmao Holdings proposed to offer 600,000,000 Share Stapled Units. In addition, under the International Underwriting Agreement, the Company granted the over-allotment option to the international underwriters where the Company may be required to sell up to an aggregate of no more than 90,000,0000 additional Share Stapled Units at the offer price to cover over-allocations in the International Offering, if any.

On 30 June 2014, Jinmao Investments and Jinmao Holdings (Stock Code: 06139) announced the offer price of HK$5.35 per Share Stapled Unit and the allocation results of the Share Stapled Units initially offered. On 2 July 2014, the global offering become unconditional in all aspects and trading of the Share Stapled Units on the Main Board of the Hong Kong Stock Exchange commenced. In addition, under the International Underwriting Agreement, the stabilisation period ended on 24 July 2014. The over-allotment option was also exercised in part on 24 July 2014 where the Company sold 69,397,000 additional Share Stapled Units at the offer price. As at the date of this report, the Company was interested in 66.53% of the issued Share Stapled Units. Jinmao Holdings remained a non wholly-owned subsidiary of the Company upon consolidation.

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Holdings mainly owns and invests in Jin Mao Tower, comprising Grand Hyatt Shanghai and office, retail and tourist areas, and The Westin Beijing Chaoyang, JW Marriott Shenzhen, The Ritz-Carlton, Sanya, Hilton Sanya Resort and Spa, Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Grand Hyatt Lijiang. For details of the spin-off, please refer to the announcements and circulars relating to the spin-off and the global offering dated on 10 March 2014, 31 March 2014, 29 May 2014, 3 June 2014, 15 June 2014, 18 June 2014, 19 June 2014, 25 June 2014, 2 July 2014 and 24 July 2014, respectively.

In July 2014, the net pre-IPO dividend received from Jinmao Holdings by the Company (after deduction of the fees and expenses of the global offering and loan facility and the amount to be set aside for the interest reserve under to the loan facility) amounted to approximately HK$6,321.2 million. The net proceeds from exercising the over-allotment option (after deduction of the underwriting commissions, the discretionary incentive fee and the relevant expenses payable by the Company) amounted to approximately HK$359.4 million. As at the date of this report, the amount as to approximately 50% was used for re-financing of outstanding debt, and the remainder was set aside for future working capital of the Company and other general corporate purposes.

In connection with the above transaction, the Company confirms that it is in compliance with the requirements of Chapters 13, 14 and 15 of the Listing Rules and the disclosure requirements in relation to inside information under Part XIVA of the SFO.

MATERIAL LITIGATION

For the year ended 31 December 2014, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period of the Group.

AUDITORS

The financial statements of the Group have been audited by Ernst & Young, who has offered itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditors of the Company.

On Behalf of the Board
HE Cao
Chairman

INDEPENDENT AUDITORS' REPORT

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To the shareholders of Franshion Properties (China) Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Franshion Properties (China) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 153 to 259, 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 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, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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 Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

26 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	5	29,548,154	20,718,913
Cost of sales		(17,989,374)	(11,518,572)
Gross profit		11,558,780	9,200,341
Other income and gains	5	2,855,023	2,355,290
Selling and marketing expenses		(914,632)	(623,758)
Administrative expenses		(1,678,744)	(1,161,582)
Other expenses and losses, net		(26,160)	(20,341)
Finance costs	7	(1,221,891)	(1,324,626)
Share of profits and losses of:			
Joint ventures		(1,322)	2,293
Associates		(31,430)	–
PROFIT BEFORE TAX	6	10,539,624	8,427,617
Income tax expense	10	(3,884,026)	(3,393,261)
PROFIT FOR THE YEAR		6,655,598	5,034,356
Attributable to:			
Owners of the parent	11	5,296,054	4,227,150
Non-controlling interests		1,359,544	807,206
		6,655,598	5,034,356
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13	HK cents	HK cents
Basic		57.86	46.14
Diluted		48.96	39.12

Details of the dividends payable and proposed for the year are disclosed in note 12 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
PROFIT FOR THE YEAR		6,655,598	5,034,356
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(159,525)	1,595,789
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation		–	15,764
Income tax effect		–	(3,941)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		–	11,823
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		(159,525)	1,607,612
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,496,073	6,641,968
Attributable to:			
Owners of the parent	11	5,141,322	5,602,127
Non-controlling interests		1,354,751	1,039,841
		6,496,073	6,641,968

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	12,423,321	10,908,733
Properties under development	15	27,759,430	33,318,338
Land under development	16	9,559,660	4,548,847
Investment properties	18	24,356,129	22,018,464
Prepaid land lease payments	19	1,929,100	2,008,359
Intangible assets	20	42,099	29,790
Investments in joint ventures	22	119,179	42,052
Investments in associates	23	1,741,976	–
Due from non-controlling shareholders	30	126,760	254,380
Due from a related party	27	3,134,851	–
Deferred tax assets	35	1,132,436	951,253
Other financial assets	28	42,485	42,629
Total non-current assets		82,367,426	74,122,845
CURRENT ASSETS			
Properties under development	15	18,319,131	10,713,573
Properties held for sale	17	7,618,885	5,915,469
Land under development	16	3,400,450	5,162,762
Inventories	24	80,510	31,577
Trade receivables	25	3,593,182	4,202,014
Prepayments, deposits and other receivables	26	4,473,867	5,286,473
Due from related parties	27	3,565,803	11,790
Prepaid tax		342,946	472,087
Other financial assets	28	210,739	131,324
Restricted bank balances	29	1,591,921	303,400
Pledged deposits	29	6,338	–
Cash and cash equivalents	29	12,454,570	14,489,962
Total current assets		55,658,342	46,720,431
CURRENT LIABILITIES			
Trade payables	31	8,130,573	5,304,170
Other payables and accruals	32	15,108,067	20,948,522
Interest-bearing bank and other borrowings	33	4,072,485	6,139,184
Due to related parties	27	2,104,929	3,443,604
Tax payable		2,093,927	1,575,317
Provision for land appreciation tax	34	2,392,926	2,193,118
Total current liabilities		33,902,907	39,603,915
NET CURRENT ASSETS		21,755,435	7,116,516
TOTAL ASSETS LESS CURRENT LIABILITIES		104,122,861	81,239,361
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	42,686,861	29,666,951
Deferred tax liabilities	35	5,103,429	4,352,954
Total non-current liabilities		47,790,290	34,019,905
Net assets		56,332,571	47,219,456

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	37	–	9,161,489
Other statutory capital reserves	37	–	6,109,789
Share capital and other statutory capital reserves	37	15,271,278	15,271,278
Perpetual convertible securities	36	4,588,000	4,588,000
Other reserves	39(a)	16,748,297	12,832,264
Proposed final dividend	12	1,042,842	870,342
		37,650,417	33,561,884
Non-controlling interests		18,682,154	13,657,572
Total equity		56,332,571	47,219,456

He Cao
Director

Li Congrui
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

		Attributable to owners of the parent												
	Notes	Share capital HK$'000 (note 37)	Share premium account[#] HK$'000	Perpetual convertible securities HK$'000 (note 36)	Capital reserve HK$'000 (note 39)	PRC statutory surplus reserve HK$'000 (note 39)	Exchange fluctuation reserve HK$'000	Asset revaluation reserve HK$'000 (note 39)	Share option reserve HK$'000 (note 39)	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013		9,161,489	6,109,789	4,588,000	(2,180,460)	825,048	3,099,612	119,147	3,242	6,510,670	641,304	28,877,841	5,624,989	34,502,830
Profit for the year		–	–	–	–	–	–	–	–	4,227,150	–	4,227,150	807,206	5,034,356
Other comprehensive income for the year:														
Exchange differences on translation of foreign operations		–	–	–	–	–	1,363,154	–	–	–	–	1,363,154	232,635	1,595,789
Gains on property revaluation, net of tax		–	–	–	–	–	–	11,823	–	–	–	11,823	–	11,823
Total comprehensive income for the year		–	–	–	–	–	1,363,154	11,823	–	4,227,150	–	5,602,127	1,039,841	6,641,968
Perpetual convertible securities' distributions	36	–	–	–	–	–	–	–	–	(317,424)	–	(317,424)	–	(317,424)
Final 2012 dividend declared		–	–	–	–	–	–	–	–	–	(641,304)	(641,304)	–	(641,304)
Acquisition of subsidiaries	40	–	–	–	–	–	–	–	–	–	–	–	1,267,412	1,267,412
Equity-settled share option arrangements	38	–	–	–	–	–	–	–	18,150	–	–	18,150	–	18,150
Deemed disposal of subsidiaries		–	–	–	22,494	–	–	–	–	–	–	22,494	(22,494)	–
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	–	(1,074)	1,074	–	–	–	–
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	6,564,743	6,564,743
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(816,919)	(816,919)
Proposed final 2013 dividend	12	–	–	–	–	–	–	–	–	(870,342)	870,342	–	–	–
Transfer from retained profits		–	–	–	–	440,537	–	–	–	(440,537)	–	–	–	–
At 31 December 2013		9,161,489	6,109,789	4,588,000	(2,157,966)*	1,265,585*	4,462,766*	130,970*	20,318*	9,110,591*	870,342	33,561,884	13,657,572	47,219,456

\# Included in other statutory capital reserves in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Notes	Share capital HK$'000 (note 37)	Share premium account HK$'000 (note 37)	Perpetual convertible securities HK$'000 (note 36)	Capital reserve HK$'000 (note 39)	PRC statutory surplus reserve HK$'000 (note 39)	Exchange fluctuation reserve HK$'000	Asset revaluation reserve HK$'000 (note 39)	Share option reserve HK$'000 (note 39)	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014		9,161,489	6,109,789	4,588,000	(2,157,966)	1,265,585	4,462,766	130,970	20,318	9,110,591	870,342	33,561,884	13,657,572	47,219,456
Profit for the year		–	–	–	–	–	–	–	–	5,296,054	–	5,296,054	1,359,544	6,655,598
Other comprehensive loss for the year														
Exchange differences on translation of foreign operations		–	–	–	–	–	(154,732)	–	–	–	–	(154,732)	(4,793)	(159,525)
Total comprehensive income for the year		–	–	–	–	–	(154,732)	–	–	5,296,054	–	5,141,322	1,354,751	6,496,073
Perpetual convertible securities' distributions	36	–	–	–	–	–	–	–	–	(317,424)	–	(317,424)	–	(317,424)
Final 2013 dividend declared		–	–	–	–	–	–	–	–	–	(870,342)	(870,342)	–	(870,342)
Shares repurchased under the Companies Ordinance (Cap. 622)	37	–	–	–	–	–	–	–	–	(208,411)	–	(208,411)	–	(208,411)
Transition to no-par value regime	37	6,109,789	(6,109,789)	–	–	–	–	–	–	–	–	–	–	–
Changes in the ownership interests in Jinmao (China) Investments Holdings Limited ("JCIHL")	39	–	–	–	439,537	–	–	–	–	–	–	439,537	3,033,171	3,472,708
Distribution guarantee	39	–	–	–	(160,991)	–	–	–	–	–	–	(160,991)	–	(160,991)
Partial disposal of a subsidiary without loss of control		–	–	–	3,557	–	–	–	–	–	–	3,557	281,610	285,167
Capital contribution from non-controlling shareholders		–	–	–	43,783	–	–	–	–	–	–	43,783	1,513,505	1,557,288
Deemed disposal of subsidiaries	41	–	–	–	–	–	–	–	–	–	–	–	(127,546)	(127,546)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	(1,030,909)	(1,030,909)
De-registration of a subsidiary		–	–	–	–	(899)	–	–	–	899	–	–	–	–
Disposal of a subsidiary		–	–	–	–	(43,397)	–	–	–	43,397	–	–	–	–
Equity-settled share option arrangements	38	–	–	–	–	–	–	–	17,502	–	–	17,502	–	17,502
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	–	(7,126)	7,126	–	–	–	–
Proposed final 2014 dividend	12	–	–	–	–	–	–	–	–	(1,042,842)	1,042,842	–	–	–
Transfer from retained profits		–	–	–	–	636,985	–	–	–	(636,985)	–	–	–	–
At 31 December 2014		15,271,278	–	4,588,000	(1,832,080)	1,858,274*	4,308,034	130,970*	30,694*	12,252,405*	1,042,842	37,650,417	18,682,154	56,332,571

* These reserve accounts comprise the consolidated other reserves of HK$16,748,297,000 (2013: HK$12,832,264,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		10,539,624	8,427,617
Adjustments for:			
Finance costs	7	1,221,891	1,324,626
Share of losses/(profits) of joint ventures and associates		32,752	(2,293)
Interest income	5	(367,845)	(187,242)
Other investment income	5	(130,298)	(74,925)
Loss on disposal of items of property, plant and equipment	6	2,754	1,398
Impairment of items of property, plant and equipment	6,14	–	2,108
Impairment of trade receivables	6,25	23,282	16,794
Impairment of other receivables	6	19	41
Fair value gains on investment properties	5,18	(2,286,463)	(1,831,346)
Fair value gains on transfers from properties held for sale to investment properties	5	–	(5,932)
Depreciation	6,14	311,524	268,842
Recognition of prepaid land lease payments	6,19	56,490	60,312
Amortisation of intangible assets	6,20	8,926	10,428
Gain on bargain purchase	5,40	–	(142,912)
Gain on deemed disposal of subsidiaries	5,41	(1,703)	–
Loss on disposal of a subsidiary	6	105	–
Equity-settled share option expense	6,38	17,502	18,150
		9,428,560	7,885,666
Increase in properties under development		(25,536,628)	(27,725,517)
Decrease in properties held for sale		14,165,566	5,412,774
(Increase)/decrease in land under development		(2,693,552)	3,198,233
Increase in inventories		(48,933)	(299)
Decrease/(increase) in trade receivables		585,550	(2,200,117)
Decrease/(increase) in prepayments, deposits and other receivables		1,346,234	(1,400,170)
(Increase)/decrease in amounts due from related parties		(2,335,868)	570
Increase in trade payables		2,826,403	2,573,594
(Decrease)/increase in other payables and accruals		(2,911,621)	6,562,230
(Decrease)/increase in amounts due to related parties		(1,338,675)	3,343,970
Effect of exchange rate changes, net		31,536	(472,397)
Cash used in operations		(6,481,428)	(2,821,463)
Interest received		349,694	189,731
PRC corporate income tax paid		(1,576,565)	(1,951,607)
Land appreciation tax paid		(888,163)	(413,365)
Net cash flows used in operating activities		(8,596,462)	(4,996,704)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		130,298	74,925
Purchases of items of property, plant and equipment		(1,473,392)	(807,941)
Proceeds from disposal of items of property, plant and equipment		7,203	2,106
Proceeds from disposal of intangible assets		2,251	–
Additions to investment properties	18	(24,037)	(27,368)
Additions to prepaid land lease payments	19	(399)	(12,521)
Additions to intangible assets	20	(23,789)	(12,440)
(Increase)/decrease in other financial assets		(85,803)	100,754
Acquisition of subsidiaries	40	–	(177,799)
Deemed disposal of subsidiaries	41	(1,379,755)	–
Investments in joint ventures		(6,195)	–
Investments in associates		(529,535)	–
Advances of loans to joint ventures and associates		(4,352,996)	–
Advances of loans to non-controlling shareholders		(1,241,667)	(1,267,193)
Decrease in entrustment loans to third parties		–	10,301
Decrease in time deposits with original maturity of over three months when acquired without option to withdraw upon demand similar to demand deposits		–	266,691
(Increase)/decrease in pledged deposits		(6,338)	220,761
(Increase)/decrease in restricted bank deposits		(1,288,521)	625,371
Net cash flows used in investing activities		(10,272,675)	(1,004,353)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		35,585,972	25,960,790
Repayment of bank and other borrowings		(19,906,064)	(21,338,623)
Interest paid		(2,538,998)	(1,947,173)
Repurchase of shares	37	(208,411)	–
Dividends paid		(870,342)	(641,304)
Dividends paid to non-controlling shareholders		(185,355)	(957,464)
Advance from non-controlling shareholders		–	240,677
Capital contribution from non-controlling shareholders		1,557,288	6,564,743
Changes in the ownership interests in JCIHL	39	3,472,708	–
Proceeds from partial disposal of a subsidiary without loss of control		285,167	–
Perpetual convertible securities' distributions paid		(317,424)	(317,424)
Net cash flows from financing activities		16,874,541	7,564,222
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,994,596)	1,563,165
Cash and cash equivalents at beginning of year		14,489,962	12,621,751
Effect of foreign exchange rate changes, net		(40,796)	305,046
CASH AND CASH EQUIVALENTS AT END OF YEAR		12,454,570	14,489,962
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	10,866,959	12,403,941
Non-pledged time deposits with original maturity of within three months when acquired		1,458,961	1,977,142
Non-pledged time deposits with original maturity of over three months when acquired with option to withdraw upon demand similar to demand deposits		128,650	108,879
Cash and cash equivalents as stated in the statement of financial position	29	12,454,570	14,489,962

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	55	41
Intangible assets	20	2,238	2,238
Investments in subsidiaries	21	23,580,504	24,532,759
Total non-current assets		23,582,797	24,535,038
CURRENT ASSETS			
Due from subsidiaries	21	22,825,914	15,631,655
Prepayments, deposits and other receivables	26	49,115	30,155
Due from related parties	27	1,008	1,008
Cash and cash equivalents	29	1,582,870	966,711
Total current assets		24,458,907	16,629,529
CURRENT LIABILITIES			
Other payables and accruals	32	577,192	24,916
Due to related parties	27	1,986,867	3,334,435
Interest-bearing bank and other borrowings	33	–	775,450
Total current liabilities		2,564,059	4,134,801
NET CURRENT ASSETS		21,894,848	12,494,728
TOTAL ASSETS LESS CURRENT LIABILITIES		45,477,645	37,029,766
NON-CURRENT LIABILITIES			
Due to subsidiaries	21	18,657,908	15,197,718
Interest-bearing bank and other borrowings	33	6,188,144	4,936,383
Total non-current liabilities		24,846,052	20,134,101
Net assets		20,631,593	16,895,665
EQUITY			
Share capital: nominal value	37	–	9,161,489
Other statutory capital reserves	37	–	6,109,789
Share capital and other statutory capital reserves	37	15,271,278	15,271,278
Other reserves	39(b)	4,317,473	754,045
Proposed final dividend	12	1,042,842	870,342
Total equity		20,631,593	16,895,665

He Cao
Director

Li Congrui
Director

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

Franshion Properties (China) Limited (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- property and land development
- property leasing
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong"), a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

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 ("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 certain other financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances 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, 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)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Annual Improvements 2010-2012 Cycle:	
Amendment to HKFRS 2	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13	*Short-term Receivables and Payables*
Annual Improvements 2011-2013 Cycle:	
Amendment to HKFRS 1	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

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

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

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

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

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

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

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

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

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.

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 a 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.

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

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).

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 investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Investments in associates and joint ventures

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

The results of associates and joint ventures are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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 recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations (Continued)

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. 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.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property as a revalued asset at the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and is dealt with as movements in the asset revaluation reserve, if the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

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:

Hotel properties	1.7% – 9.5%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

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 building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) 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.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year 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 year of the retirement or disposal.

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. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. 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.

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

Properties under development

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

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. 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 sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

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:

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 other expenses and losses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

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)

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 by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in 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 and losses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (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 consideration that the Group could be required to repay.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

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 and losses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Available-for-sale financial investments (Continued)

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in 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.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

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

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

(b) from land development, when the risks and rewards in connection with the land development are transferred, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

(c) hotel and other service income, in the period in which such services are rendered;

(d) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(e) from the rendering of property management services, in the period in which such services are rendered;

(f) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(g) 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; and

(h) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

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 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 the Black-Scholes model, further details of which are given in note 38 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its 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 which operate 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 5.19% has been applied to the expenditure on the group level.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. 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 translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in 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 currency of all subsidiaries, joint ventures, associates and joint operations operating in Mainland China is Renminbi ("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 Hong Kong dollars at the weighted average exchange rates for the year.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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 all subsidiaries and joint operations operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of all subsidiaries and joint operations operating in Mainland China which arise throughout the year are translated into Hong Kong dollars 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.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. 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 for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

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.

Impairment of trade and other receivables

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

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

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

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

The carrying amount of investment properties at 31 December 2014 was HK$24,356,129,000 (2013: HK$22,018,464,000). Further details, including the key assumptions used for the fair value measurement, are given in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Carrying amount of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2014 was HK$12,960,110,000 (2013: HK$9,711,609,000). Further details are given in note 16 to the financial statements.

Measurement of cost from land development

Development costs of land are recorded as land under development during the construction stage and an apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the revenue of the land under development. Before the final settlement of the development costs and other costs relating to the land under development, these costs are accrued by the Group based on management's best estimate.

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for 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. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2014 was HK$197,795,000 (2013: HK$193,695,000). The amount of unrecognised tax losses at 31 December 2014 was HK$798,460,000 (2013: HK$342,685,000). Further details are given in note 35 to the financial statements.

Recognition and allocation of construction cost on properties under development

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

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years. The carrying amount of properties under development at 31 December 2014 was HK$46,078,561,000 (2013: HK$44,031,911,000). Further details are given in note 15 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2014 was HK$2,093,927,000 (2013: HK$1,575,317,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2014 was HK$2,392,926,000 (2013: HK$2,193,118,000). Further details are given in note 34 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of net realisable value for properties held for sale and inventories

Properties held for sale and inventories are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of properties held for sale and inventories at 31 December 2014 were HK$7,618,885,000 (2013: HK$5,915,469,000) and HK$80,510,000 (2013: HK$31,577,000), respectively.

4. OPERATING SEGMENT INFORMATION

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

(a) the property and land development segment develops and sells properties and develops land;

(b) the property leasing segment leases office and commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, the operation of an observation deck, the trading of goods, and the provision of export agency services.

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income, gain on bargain purchase and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax, pledged deposits, restricted bank balances, cash and cash equivalents, certain other financial assets and other unallocated head office and corporate assets.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2014	Property and land development HK$'000	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	25,545,226	1,398,468	2,126,655	477,805	29,548,154
Intersegment sales	–	16,453	–	510,896	527,349
	25,545,226	1,414,921	2,126,655	988,701	30,075,503
Reconciliation:					
Elimination of intersegment sales					(527,349)
Total revenue					29,548,154
Segment results	8,229,402	3,116,830	79,293	38,676	11,464,201
Reconciliation:					
Elimination of intersegment results					(49,113)
Interest income					367,845
Other investment income					130,298
Corporate and other unallocated expenses					(151,716)
Finance costs					(1,221,891)
Profit before tax					10,539,624
Segment assets	93,352,598	27,218,066	17,842,701	831,657	139,245,022
Reconciliation:					
Elimination of intersegment assets					(34,475,347)
Corporate and other unallocated assets					33,256,093
Total assets					138,025,768
Segment liabilities	34,656,181	3,258,354	7,866,087	740,720	46,521,342
Reconciliation:					
Elimination of intersegment liabilities					(32,979,573)
Corporate and other unallocated liabilities					68,151,428
Total liabilities					81,693,197
Other segment information:					
Share of (losses)/profit of joint ventures	(4,501)	–	–	3,179	(1,322)
Share of losses of associates	(31,430)	–	–	–	(31,430)
Depreciation and amortisation	16,410	15,084	272,926	16,030	320,450
Recognition of prepaid land lease payments	–	–	56,378	112	56,490
Loss on disposal of items of property, plant and equipment	589	1,818	–	347	2,754
Impairment losses (reversed)/recognised in the statement of profit or loss	(272)	22,652	(92)	1,013	23,301
Fair value gains on investment properties	–	2,286,463	–	–	2,286,463
Investments in associates	1,741,976	–	–	–	1,741,976
Investments in joint ventures	74,078	–	–	45,101	119,179
Capital expenditure*	206,742	39,613	1,226,353	71,541	1,544,249

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties, including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2013	Property and land development HK$'000	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	16,867,694	1,248,794	2,061,232	541,193	20,718,913
Intersegment sales	–	6,255	–	591,334	597,589
	16,867,694	1,255,049	2,061,232	1,132,527	21,316,502
Reconciliation:					
Elimination of intersegment sales					(597,589)
Total revenue					20,718,913
Segment results	6,249,932	2,809,229	395,303	45,540	9,500,004
Reconciliation:					
Elimination of intersegment results					(8,224)
Interest income					187,242
Other investment income					74,925
Gain on bargain purchase					142,912
Corporate and other unallocated expenses					(144,616)
Finance costs					(1,324,626)
Profit before tax					8,427,617
Segment assets	73,954,961	22,192,267	15,369,293	757,319	112,273,840
Reconciliation:					
Elimination of intersegment assets					(16,686,729)
Corporate and other unallocated assets					25,256,165
Total assets					120,843,276
Segment liabilities	31,431,946	1,006,499	5,664,886	665,920	38,769,251
Reconciliation:					
Elimination of intersegment liabilities					(16,541,102)
Corporate and other unallocated liabilities					51,395,671
Total liabilities					73,623,820
Other segment information:					
Share of profits of joint ventures	–	–	–	2,293	2,293
Depreciation and amortisation	10,869	20,937	232,299	15,165	279,270
Recognition of prepaid land lease payments	2,650	–	57,550	112	60,312
Loss on disposal of items of property, plant and equipment	–	455	898	45	1,398
Impairment losses recognised in the statement of profit or loss	66	16,436	1,876	565	18,943
Fair value gains on investment properties	–	1,831,346	–	–	1,831,346
Fair value gains on transfers from properties held for sale to investment properties	–	5,932	–	–	5,932
Investments in joint ventures	–	–	–	42,052	42,052
Capital expenditure*	457,727	29,602	755,188	14,683	1,257,200

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue. In 2013, revenue from one customer accounted for 10% or more of the Group's revenue and the revenue amounted to HK$2,050,657,000.

The sales to the above customer were included in the property and land development segment.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties and land development, net of business tax; gross rental income from investment properties, net of business tax; income from hotel operations, property management and related services rendered, net of business tax; an appropriate proportion of contract revenue of service contracts; and the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

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

	Notes	2014 HK$'000	2013 HK$'000
Revenue			
Sale of properties		21,895,188	9,708,112
Land development		3,650,038	7,159,582
Gross rental income		1,398,468	1,248,794
Hotel operations		2,126,655	2,061,232
Others		477,805	541,193
		29,548,154	20,718,913
Other income			
Interest income		367,845	187,242
Other investment income		130,298	74,925
Government grants*		47,366	81,267
		545,509	343,434
Gains			
Fair value gains on investment properties	18	2,286,463	1,831,346
Fair value gains on transfers from properties held for sale to investment properties		–	5,932
Gain on deemed disposal of subsidiaries	41	1,703	–
Gain on bargain purchase	40	–	142,912
Foreign exchange differences, net		17,894	–
Others		3,454	31,666
		2,309,514	2,011,856
		2,855,023	2,355,290

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2014 HK$'000	2013 HK$'000
Cost of properties sold		14,381,196	5,314,194
Cost of land development		1,969,073	4,582,448
Cost of services provided		1,639,105	1,621,930
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		143,934	156,528
Depreciation	14	311,524	268,842
Amortisation of intangible assets	20	8,926	10,428
Minimum lease payments under operating leases in respect of land and buildings		36,075	31,368
Recognition of prepaid land lease payments	19	56,490	60,312
Auditors' remuneration		4,400	4,400
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		1,163,146	932,775
Equity-settled share option expense	38	17,502	18,150
Pension scheme contributions (defined contribution scheme)		128,900	109,766
Less: Amount capitalised		(23,383)	(13,050)
Net pension scheme contributions*		105,517	96,716
		1,286,165	1,047,641
Foreign exchange differences, net		(17,894)	13,482
Loss on disposal of items of property, plant and equipment**		2,754	1,398
Loss on disposal of a subsidiary**		105	–
Impairment of trade receivables**	25	23,282	16,794
Impairment of other receivables**		19	41
Impairment of items of property, plant and equipment**	14	–	2,108

* At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2013: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Interest on bank loans and other loans wholly repayable within five years	**1,806,101**	1,636,536
Interest on notes wholly repayable beyond five years	**673,563**	343,671
Interest on an amount due to a fellow subsidiary (note 45(a))	**67,612**	18,429
Interest on an amount due to the immediate holding company (note 45(a))	**24,705**	–
Total interest expense	**2,571,981**	1,998,636
Less: Interest expense capitalised	**(1,350,090)**	(674,010)
	1,221,891	1,324,626

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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	2013
	HK$'000	HK$'000
Fees	**1,080**	1,080
Other emoluments:		
Salaries, allowances and benefits in kind	**6,828**	6,433
Performance related bonuses*	**6,808**	7,123
Equity-settled share option expense	**1,296**	1,731
Pension scheme contributions	**711**	690
	15,643	15,977
	16,723	17,057

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Group's operations.

In prior years, certain directors were granted share 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 38 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 year is included in the above directors' and chief executive's remuneration disclosures.

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

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2014 HK$'000	2013 HK$'000
Mr. Lau Hon Chuen, Ambrose	360	360
Mr. Su Xijia	360	360
Mr. Liu Hongyu	360	360
	1,080	1,080

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014						
Executive directors:						
Mr. He Cao	–	2,340	2,674	451	373	5,838
Mr. Li Congrui	–	2,098	2,474	436	338	5,346
Mr. He Binwu	–	2,390	1,660	409	–	4,459
	–	6,828	6,808	1,296	711	15,643
Non-executive directors:						
Mr. Yang Lin(iv)	–	–	–	–	–	–
Ms. Shi Dai	–	–	–	–	–	–
Ms. Li Xuehua(v)	–	–	–	–	–	–
	–	–	–	–	–	–
	–	6,828	6,808	1,296	711	15,643

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

(b) Executive directors, non-executive directors and the chief executive (Continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2013						
Executive directors:						
Mr. He Cao(i)	–	2,183	2,937	467	368	5,955
Mr. Li Congrui(i)	–	1,868	2,266	452	322	4,908
Mr. He Binwu	–	2,382	1,920	452	–	4,754
	–	6,433	7,123	1,371	690	15,617
Non-executive directors:						
Mr. Luo Dongjiang(ii)	–	–	–	19	–	19
Ms. Li Xuehua(v)	–	–	–	327	–	327
Mr. Li Xin(ii)	–	–	–	14	–	14
Ms. Shi Dai(iii)	–	–	–	–	–	–
	–	–	–	360	–	360
	–	6,433	7,123	1,731	690	15,977

i Mr. He Cao resigned as the chief executive officer of the Company and was re-designated as the chairman and executive director of the Company with effect from 16 January 2013. Mr. Li Congrui was re-designated as the executive director and chief executive officer with effect from 16 January 2013.

ii Mr. Luo Dongjiang and Mr. Li Xin resigned as the directors of the Company with effect from 16 January 2013 due to their other business commitments which require more of their dedications.

iii Ms. Shi Dai was appointed as the non-executive director of the Company on 16 January 2013. She was elected as the non-executive director of the Company at the annual general meeting of the Company held on 13 June 2013.

iv Mr. Yang Lin was appointed as the non-executive director of the Company on 26 February 2014. He was elected as the non-executive director of the Company at the annual general meeting of the Company held on 11 June 2014.

v Ms. Li Xuehua resigned as a director of the Company with effect from 11 June 2014.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors which included the chief executive (2013: three directors which included the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2013: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,562**	3,197
Performance related bonuses	**3,739**	3,489
Equity-settled share option expense	**796**	904
Pension scheme contributions	**577**	532
	8,674	8,122

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,500,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	2	2

In prior years, share options were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 38 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 year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

		Group	
		2014	2013
	Notes	**HK$'000**	HK$'000
Current			
PRC corporate income tax			
Charge for the year		**2,208,498**	2,143,104
Underprovision/(overprovision) in prior years		**4,186**	(17,267)
PRC land appreciation tax	34	**1,093,786**	1,285,905
		3,306,470	3,411,742
Deferred	35	**577,556**	(18,481)
Total income tax expense for the year		**3,884,026**	3,393,261

10. INCOME TAX (Continued)

Hong Kong profits 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).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2013: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

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 a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2014

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(991,129)		11,530,753		10,539,624	
Tax at the statutory income tax rate	(163,536)	16.5	2,882,688	25.0	2,719,152	25.8
Adjustment in respect of current tax of previous periods	–	–	4,186	–	4,186	–
Profits and losses attributable to joint ventures and associates	–	–	8,188	0.1	8,188	0.1
Income not subject to tax	(23,528)	2.4	(4,067)	–	(27,595)	(0.3)
Expenses not deductible for tax	187,064	(18.9)	19,112	0.2	206,176	2.0
Tax losses utilised from previous periods	–	–	(8,690)	(0.1)	(8,690)	(0.1)
Tax losses not recognised	–	–	134,711	1.2	134,711	1.3
Write-down of deferred tax assets previously recognised	–	–	27,559	0.2	27,559	0.3
LAT (note 34)	–	–	1,093,786	9.5	1,093,786	10.4
Tax effect of LAT	–	–	(273,447)	(2.4)	(273,447)	(2.6)
Tax charge at the Group's effective rate	–	–	3,884,026	33.7	3,884,026	36.9

10. INCOME TAX (Continued)

Group – 2013

	Hong Kong HK$'000	%	Mainland China HK$'000	%	Total HK$'000	%
Profit/(loss) before tax	(642,649)		9,070,266		8,427,617	
Tax at the statutory income tax rate	(106,037)	16.5	2,267,567	25.0	2,161,530	25.6
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	–	–	78,057	0.9	78,057	0.9
Adjustment in respect of current tax of previous periods	–	–	(17,267)	(0.2)	(17,267)	(0.2)
Profits and losses attributable to joint ventures	–	–	(573)	–	(573)	–
Income not subject to tax	(5,951)	0.9	(35,728)	(0.4)	(41,679)	(0.5)
Expenses not deductible for tax	111,988	(17.4)	125,036	1.3	237,024	2.9
Tax losses utilised from previous periods	–	–	(15,884)	(0.2)	(15,884)	(0.2)
Tax losses not recognised	–	–	27,624	0.3	27,624	0.3
LAT (note 34)	–	–	1,285,905	14.2	1,285,905	15.3
Tax effect of LAT	–	–	(321,476)	(3.5)	(321,476)	(3.8)
Tax charge at the Group's effective rate	–	–	3,393,261	37.4	3,393,261	40.3

The share of tax attributable to joint ventures and associates amounting to HK$2,259,000 (2013: HK$773,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

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 HK$1,524,068,000 (2013: a loss of HK$482,890,000) which was arrived at after deducting dividend income from subsidiaries totalling HK$6,321,247,000 (2013: HK$1,816,966,000) from the Company's profits of HK$4,797,179,000 (2013: HK$1,334,076,000), that has been dealt with in the financial statements of the Company (note 39(b)).

12. DIVIDEND

	2014 HK$'000	2013 HK$'000
Proposed final – HK11.5 cents (2013: HK9.5 cents) per ordinary share	1,042,842	870,342

The actual amount of the 2013 final dividend paid during the year ended 31 December 2014 was HK$870,342,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,153,714,656 (2013: 9,161,489,489) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of the Group's perpetual convertible securities into ordinary shares. As the impact of the Company's share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented, they were not accounted for in the calculation of the diluted earnings per share amount.

The calculations of basic and diluted earnings per share are based on:

	2014 HK$'000	2013 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	5,296,054	4,227,150

	Number of shares 2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	9,153,714,656	9,161,489,489
Effect of dilution – weighted average number of ordinary shares:		
Perpetual convertible securities	1,662,385,714	1,644,763,250
	10,816,100,370	10,806,252,739

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014							
At 31 December 2013 and at 1 January 2014:							
Cost	6,903,968	27,985	494,134	1,704,880	79,426	3,697,660	12,908,053
Accumulated depreciation and impairment	(982,501)	(17,956)	(58,913)	(889,517)	(43,329)	(7,104)	(1,999,320)
Net carrying amount	5,921,467	10,029	435,221	815,363	36,097	3,690,556	10,908,733
At 1 January 2014, net of accumulated depreciation and impairment	5,921,467	10,029	435,221	815,363	36,097	3,690,556	10,908,733
Additions	62,671	8	5,983	334,341	13,744	1,079,277	1,496,024
Disposals	(3,485)	–	(1,809)	(1,264)	(3,399)	–	(9,957)
Depreciation provided during the year	(155,124)	(7,195)	(22,330)	(116,986)	(9,889)	–	(311,524)
Deemed disposal of subsidiaries (note 41)	–	–	–	(399)	–	–	(399)
Transfer from investment properties (note 18)	–	–	130,456	–	–	–	130,456
Transfer from/(to) properties under development (note 15)	–	–	–	–	–	241,489	241,489
Transfers	2,525,844	(2,156)	9,258	34,231	–	(2,567,177)	–
Exchange realignment	(10,783)	(69)	(1,509)	(1,806)	(117)	(17,217)	(31,501)
At 31 December 2014, net of accumulated depreciation and impairment	8,340,590	617	555,270	1,063,480	36,436	2,426,928	12,423,321
At 31 December 2014:							
Cost	9,475,353	25,735	632,491	2,039,546	84,420	2,426,928	14,684,473
Accumulated depreciation and impairment	(1,134,763)	(25,118)	(77,221)	(976,066)	(47,984)	–	(2,261,152)
Net carrying amount	8,340,590	617	555,270	1,063,480	36,436	2,426,928	12,423,321

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2013							
At 1 January 2013:							
Cost	6,279,018	67,794	411,493	1,586,216	69,267	295,242	8,709,030
Accumulated depreciation and impairment	(835,297)	(65,227)	(48,417)	(762,345)	(36,889)	(5,247)	(1,753,422)
Net carrying amount	5,443,721	2,567	363,076	823,871	32,378	289,995	6,955,608
At 1 January 2013, net of accumulated depreciation and impairment	5,443,721	2,567	363,076	823,871	32,378	289,995	6,955,608
Additions	3,403	2,615	–	28,763	9,925	1,160,165	1,204,871
Disposals	(1,119)	–	(414)	(1,268)	(703)	–	(3,504)
Depreciation provided during the year	(126,394)	(13,160)	(11,289)	(108,508)	(9,491)	–	(268,842)
Impairment	–	–	–	(2,108)	–	–	(2,108)
Acquisition of subsidiaries (note 40)	473,253	17,579	20,775	45,629	2,895	1,659,477	2,219,608
Gains on property revaluation in relation to the transfers to investment properties	–	–	15,764	–	–	–	15,764
Transfer from investment properties (note 18)	–	–	71,285	–	–	–	71,285
Transfer to investment properties (note 18)	–	–	(37,096)	–	–	–	(37,096)
Transfer from/(to) properties under development (note 15)	–	–	–	–	–	447,817	447,817
Transfers	(52,862)	–	1,312	3,146	–	48,404	–
Exchange realignment	181,465	428	11,808	25,838	1,093	84,698	305,330
At 31 December 2013, net of accumulated depreciation and impairment	5,921,467	10,029	435,221	815,363	36,097	3,690,556	10,908,733
At 31 December 2013:							
Cost	6,903,968	27,985	494,134	1,704,880	79,426	3,697,660	12,908,053
Accumulated depreciation and impairment	(982,501)	(17,956)	(58,913)	(889,517)	(43,329)	(7,104)	(1,999,320)
Net carrying amount	5,921,467	10,029	435,221	815,363	36,097	3,690,556	10,908,733

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2014			
At 1 January 2014:			
Cost	624	2,357	2,981
Accumulated depreciation	(584)	(2,356)	(2,940)
Net carrying amount	40	1	41
At 1 January 2014, net of accumulated depreciation	40	1	41
Additions	31	–	31
Depreciation provided during the year	(16)	(1)	(17)
At 31 December 2014, net of accumulated depreciation	55	–	55
At 31 December 2014:			
Cost	655	2,357	3,012
Accumulated depreciation	(600)	(2,357)	(2,957)
Net carrying amount	55	–	55
31 December 2013			
At 1 January 2013:			
Cost	605	2,357	2,962
Accumulated depreciation	(567)	(2,306)	(2,873)
Net carrying amount	38	51	89
At 1 January 2013, net of accumulated depreciation	38	51	89
Additions	19	–	19
Depreciation provided during the year	(17)	(50)	(67)
At 31 December 2013, net of accumulated depreciation	40	1	41
At 31 December 2013:			
Cost	624	2,357	2,981
Accumulated depreciation	(584)	(2,356)	(2,940)
Net carrying amount	40	1	41

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

All of the Group's hotel properties and buildings are situated in Mainland China and are held under the following lease terms:

	2014 HK$'000	2013 HK$'000
Long term leases	772,064	782,026
Medium term leases	8,123,796	5,574,662
	8,895,860	6,356,688

At 31 December 2014, certain of the Group's hotel properties and buildings included in property, plant and equipment with an aggregate net carrying amount of approximately HK$1,033,014,000 (2013: HK$5,003,629,000), were pledged to secure bank loans granted to the Group (note 33).

15. PROPERTIES UNDER DEVELOPMENT

		Group	
	Notes	2014 HK$'000	2013 HK$'000
Carrying amount at 1 January		44,031,911	23,431,260
Additions		26,316,899	27,927,943
Transfer from/(to) property, plant and equipment	14	(241,489)	(447,817)
Transfer to properties held for sale		(16,097,524)	(7,816,332)
Transfer from/(to) prepaid land lease payments	19	16,383	(106,487)
Deemed disposal of subsidiaries	41	(7,804,009)	–
Exchange realignment		(143,610)	1,043,344
Carrying amount at 31 December		46,078,561	44,031,911
Current portion		(18,319,131)	(10,713,573)
Non-current portion		27,759,430	33,318,338

All of the Group's properties under development are situated in Mainland China and are held under the following lease terms:

	2014 HK$'000	2013 HK$'000
Long term leases	19,355,930	22,448,112
Medium term leases	26,722,631	21,583,799
	46,078,561	44,031,911

At 31 December 2014, certain of the Group's properties included in properties under development with a net carrying amount of approximately HK$23,959,378,000 (2013: HK$12,065,182,000) were pledged to secure bank loans granted to the Group (note 33).

16. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects in Changsha Meixi Lake and Sanya Yazhouwan (the "Projects") which are situated in Mainland China. Though the Group does not have ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

	Group	
	2014	2013
	HK$'000	HK$'000
Carrying amount at 1 January	**9,711,609**	12,103,662
Additions	**5,232,443**	2,544,228
Recognised during the year	**(1,969,073)**	(5,271,569)
Exchange realignment	**(14,869)**	335,288
Carrying amount at 31 December	**12,960,110**	9,711,609
Current portion	**(3,400,450)**	(5,162,762)
Non-current portion	**9,559,660**	4,548,847

17. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at cost. The Group's properties held for sale are situated in Mainland China and are held under the following lease terms:

	Group	
	2014	2013
	HK$'000	HK$'000
Long term leases	**3,997,321**	2,970,327
Medium term leases	**3,621,564**	2,945,142
	7,618,885	5,915,469

At 31 December 2014, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately HK$259,288,000 (2013: HK$275,662,000) were pledged to secure bank loans granted to the Group (note 33).

18. INVESTMENT PROPERTIES

		Group	
		2014	2013
	Notes	**HK$'000**	HK$'000
Carrying amount at 1 January		**22,018,464**	16,574,733
Additions		**24,037**	27,368
Acquisition of subsidiaries	40	**–**	2,789,903
Net gain from a fair value adjustment	5	**2,286,463**	1,831,346
Transfer from properties held for sale		**218,813**	195,203
Transfer from owner-occupied properties	14	**–**	37,096
Transfer to owner-occupied properties	14	**(130,456)**	(71,285)
Exchange realignment		**(61,192)**	634,100
Carrying amount at 31 December		**24,356,129**	22,018,464

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

The Group's investment properties consist of seven commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued individually on 31 December 2014 based on valuations performed by DTZ Debenham Tie Leung Limited and Beijing Renda Real Estate Appraisal Co., Ltd., independent professionally qualified valuers, at HK$24,356,129,000 (2013: HK$22,018,464,000). Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

These investment properties are leased under operating leases, further summary details of which are included in note 43(a) to the financial statements.

At 31 December 2014, certain of the Group's investment properties with a carrying value of HK$12,280,547,000 (2013: HK$14,770,708,000) were pledged to secure bank loans granted to the Group (note 33).

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

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

	Fair value measurement as at 31 December 2014 using		
	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:			
Commercial properties	56,535	24,299,594	24,356,129

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 (2013: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
Carrying amount at 1 January 2014	21,961,737
Additions	24,037
Net gain from a fair value adjustment	2,286,463
Transfer from properties held for sale	218,813
Transfer to owner-occupied properties	(130,456)
Exchange realignment	(61,000)
Carrying amount at 31 December 2014	24,299,594

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

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

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2014	2013
Property 1(a)-Beijing Chemsunny World Trade Centre-Office	Term and reversion method	Term yield	6.50%	8.10%
		Reversionary yield	7.00%	8.10%
		Market rent (per square metre ("sqm") per annum ("p.a."))	HK$5,925	HK$1,169 – HK$7,414 (HK$5,961)
Property 1(b)-Beijing Chemsunny World Trade Centre-Retail	Term and reversion method	Term yield	6.50%	7.50%
		Reversionary yield	7.00%	7.50%
		Market rent (per sqm p.a.)	HK$10,380	HK$7,360 – HK$7,510 (HK$7,440)
Property 2(a)-Sinochem Tower-Office	Term and reversion method	Term yield	6.50%	8.00%
		Reversionary yield	7.00%	8.00%
		Market rent (per sqm p.a.)	HK$3,394	HK$3,062 – HK$3,624 (HK$3,338)
Property 2(b)-Sinochem Tower-Retail	Term and reversion method	Term yield	6.50%	7.00%
		Reversionary yield	7.00%	7.00%
		Market rent (per sqm p.a.)	HK$3,182	HK$1,366 – HK$2,899 (HK$1,981)
Property 2(c)-Sinochem Tower-Warehouse	Term and reversion method	Term yield	6.50%	10.00%
		Reversionary yield	7.00%	10.00%
		Market rent (per sqm p.a.)	HK$1,591	HK$1,502
Property 3(a)-Jinmao Tower-Office	Term and reversion method and market comparable method	Term yield	4.50%	5.75%
		Reversionary yield	5.00%	5.75%
		Market rent (per sqm p.a.)	HK$4,713	HK$1,856 – HK$4,640 (HK$4,482)
		Price per sqm	HK$71,923	HK$67,432
Property 3(b)-Jinmao Tower-Retail	Term and reversion method and market comparable method	Term yield	4.50%	9.00%
		Reversionary yield	5.00%	9.00%
		Market rent (per sqm p.a.)	HK$8,031	HK$7,270
		Price per sqm	HK$122,713	HK$77,662
Property 3(c)-Jinmao Tower-Car parks	Term and reversion method	Term yield	3.50%	5.00%
		Reversionary yield	4.00%	5.00%
		Market rent (per unit per p.a.)	HK$14,775	HK$7,542

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2014	2013
Property 4(a)-Zhuhai Every Garden-Club house	Term and reversion method	Term yield	6.25%	6.25%
		Reversionary yield	6.50%	6.50%
		Market rent (per sqm p.a.)	HK$621	HK$496 – HK$976 (HK$537)
Property 4(b)-Zhuhai Huayuan Building -2nd Floor	Term and reversion method	Term yield	5.75%	5.75%
		Reversionary yield	6.25%	6.25%
		Market rent (per sqm p.a.)	HK$864	HK$616
Property 5(a)-Nanjing Xuanwu Lake Jin Mao Center-Retail	Discounted cash flow method	Estimated rental value (per sqm p.a)	HK$501 – HK$9,679 (HK$2,319)	HK$712 – HK$2,781 (HK$1,579)
		Rental growth p.a.	0.00%-13.00% (5.00%)	0.00%-13.00% (6.50%)
		Long term vacancy rate	5.00%	5.00%
		Discount rate	5.00%-7.00% (7.00%)	5.00%-7.00% (6.10%)
Property 5(b)-Nanjing Xuanwu Lake Jin Mao Center-Office	Discounted cash flow method	Estimated rental value (per sqm p.a)	HK$1,798 – HK$2,351 (HK$2,031)	HK$1,909 – HK$2,057 (HK$1,964)
		Rental growth p.a.	0.00%-5.00% (2.50%)	0.00%-5.00% (2.50%)
		Long term vacancy rate	5.00%	5.00%
		Discount rate	5.50%-7.00% (7.00%)	5.50%-7.00% (5.90%)
Property 5(c)-Nanjing Xuanwu Lake Jin Mao Center-Car parks	Discounted cash flow method	Estimated rental value (per unit p.a)	HK$9,092 – HK$12,123 (HK$10,191)	HK$4,506 – HK$10,815 (HK$6,793)
		Rental growth p.a.	5.90%-7.70% (6.60%)	2.80%-6.30% (5.00%)
		Long term vacancy rate	8.00%-15.00% (12.46%)	10.00%-15.00% (13.20%)
		Discount rate	1.50%	1.50%
Property 6-Changsha Meixi Lake International R&D Centre	Discounted cash flow method	Estimated rental value (per sqm p.a)	HK$876	HK$914 – HK$960 (HK$924)
		Rental growth p.a.	0.00%-3.00% (3.00%)	0.00%-3.00% (2.90%)
		Long term vacancy rate	4.20%	4.10%
		Discount rate	5.00%-6.50% (6.00%)	5.00%-6.50% (5.10%)
Property 7-Lijiang J-LIFE	Term and reversion method	Term yield	6.00%	N/A
		Reversionary yield	6.50%	N/A
		Market rent (per sqm p.a.)	HK$1,349	N/A

18. INVESTMENT PROPERTIES (Continued)

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, eg, crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis."

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

19. PREPAID LAND LEASE PAYMENTS

		Group	
	Notes	2014 HK$'000	2013 HK$'000
Carrying amount at 1 January		2,070,858	1,715,347
Additions		399	12,521
Transfer from/(to) properties under development	15	(16,383)	106,487
Acquisition of subsidiaries	40	–	235,249
Recognised during the year	6	(56,490)	(60,312)
Exchange realignment		(7,277)	61,566
Carrying amount at 31 December		1,991,107	2,070,858
Current portion included in prepayments, deposits and other receivables	26	(62,007)	(62,499)
Non-current portion		1,929,100	2,008,359

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

	2014 HK$'000	2013 HK$'000
Long term leases	232,825	238,107
Medium term leases	1,758,282	1,832,751
	1,991,107	2,070,858

At 31 December 2014, certain of the Group's prepaid land lease payments with a net carrying amount of HK$231,487,000 (2013: HK$345,385,000) were pledged to secure bank loans granted to the Group (note 33).

20. INTANGIBLE ASSETS

Group

	Computer software HK$'000	Others HK$'000	Total HK$'000
31 December 2014			
At 1 January 2014:			
Cost	70,760	9,611	80,371
Accumulated amortisation and impairment	(48,419)	(2,162)	(50,581)
Net carrying amount	22,341	7,449	29,790
Cost at 1 January 2014, net of accumulated amortisation and impairment	22,341	7,449	29,790
Additions	23,789	–	23,789
Disposals	(254)	(1,997)	(2,251)
Deemed disposal of subsidiaries (note 41)	(257)	–	(257)
Amortisation provided during the year	(8,685)	(241)	(8,926)
Exchange realignment	(20)	(26)	(46)
At 31 December 2014	36,914	5,185	42,099
At 31 December 2014:			
Cost	93,623	7,131	100,754
Accumulated amortisation and impairment	(56,709)	(1,946)	(58,655)
Net carrying amount	36,914	5,185	42,099
31 December 2013			
At 1 January 2013:			
Cost	50,435	9,387	59,822
Accumulated amortisation and impairment	(35,556)	(1,847)	(37,403)
Net carrying amount	14,879	7,540	22,419
Cost at 1 January 2013, net of accumulated amortisation and impairment	14,879	7,540	22,419
Additions	12,440	–	12,440
Acquisition of subsidiaries (note 40)	4,561	–	4,561
Amortisation provided during the year	(10,175)	(253)	(10,428)
Exchange realignment	636	162	798
At 31 December 2013	22,341	7,449	29,790
At 31 December 2013:			
Cost	70,760	9,611	80,371
Accumulated amortisation and impairment	(48,419)	(2,162)	(50,581)
Net carrying amount	22,341	7,449	29,790

20. INTANGIBLE ASSETS (Continued)

Company

	Total HK$'000
31 December 2014	
At 1 January 2014:	
Cost	2,238
Accumulated amortisation and impairment	–
Net carrying amount	2,238
Cost at 1 January 2014, net of accumulated amortisation and impairment	2,238
Amortisation provided during the year	–
At 31 December 2014	2,238
At 31 December 2014:	
Cost	2,238
Accumulated amortisation and impairment	–
Net carrying amount	2,238
31 December 2013	
At 1 January 2013:	
Cost	2,238
Accumulated amortisation and impairment	–
Net carrying amount	2,238
Cost at 1 January 2013, net of accumulated amortisation and impairment	2,238
Amortisation provided during the year	–
At 31 December 2013	2,238
At 31 December 2013:	
Cost	2,238
Accumulated amortisation and impairment	–
Net carrying amount	2,238

21. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$'000	Company 2013 HK$'000
Shares listed in Hong Kong, at cost	9,003,093	–
Unlisted investments, at cost	14,577,411	24,532,759
	23,580,504	24,532,759
Market value of listed shares	7,784,000	–

The amounts due from subsidiaries included in the Company's current assets of HK$22,825,914,000 (2013: HK$15,631,655,000) are unsecured, interest-free and are repayable on demand or within one year. The amounts due to subsidiaries included in the Company's non-current liabilities of HK$18,657,908,000 (2013: HK$15,197,718,000) are unsecured, interest-free and are not repayable within one year, except for the amounts of HK$3,330,863,000, HK$3,867,031,000 and HK$7,841,427,000, which bear interest at 0.01%, 5.07% and 5.51% per annum, respectively (2013: HK$3,673,460,000 and HK$3,858,698,000 which bore interest at 5.1% and 7.78% per annum, respectively).

Particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Shanghai Pudong Jinxin Real Estate Development Co., Ltd. ("Pudong Jinxin")*	The PRC/ Mainland China	USD5,600,000	50%#	–	Investment holding
Shanghai International Shipping Service Center Co., Ltd. ("SISSC")*	The PRC/ Mainland China	RMB3,150,000,000	50%#	–	Property development
Sinochem Franshion Property (Beijing) Co., Ltd.***	The PRC/ Mainland China	USD635,000,000	100%	–	Property development
Shanghai Yin Hui Real Estate Development Co., Ltd. ("Shanghai Yin Hui")*	The PRC/ Mainland China	RMB1,355,000,000	50%#	–	Property development
Qingdao Franshion Development Co., Ltd. ("Qingdao Franshion")**	The PRC/ Mainland China	RMB100,000,000	–	100%	Investment holding

21. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chongqing Xingtuo Development Co., Ltd.***	The PRC/ Mainland China	USD200,000,000	–	100%	Property development
Jin Mao (Shanghai) Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,010,000,000	–	100%	Property development
Beijing Chemsunny Property Company Limited***	The PRC/ Mainland China	USD102,400,000	50%	50%	Property investment
Sinochem Jin Mao Property Management (Beijing) Co., Ltd.*	The PRC/ Mainland China	RMB5,000,000	85%	15%	Property management
Sinochem International Property and Hotels Management Co., Ltd.***	The PRC/ Mainland China	RMB387,600,000	25%	75%	Property management
Wangfujing Hotel Management Company Limited***	The PRC/ Mainland China	USD73,345,000	–	66.53%	Hotel operation
Sinochem Franshion (Shanghai) Properties Management Company Limited***	The PRC/ Mainland China	USD8,000,000	100%	–	Investment holding
China Jin Mao Group Co., Ltd.***	The PRC/ Mainland China	RMB2,635,000,000	–	66.53%	Hotel operation and property investment
Shanghai Jin Mao Construction & Decoration Company Limited**	The PRC/ Mainland China	RMB50,000,000	–	100%	Provision of building decoration services
Jin Mao (Beijing) Real Estate Company Limited**	The PRC/ Mainland China	RMB1,600,000,000	–	66.53%	Hotel operation
Jin Mao Sanya Resort Hotel Company Limited**	The PRC/ Mainland China	RMB300,000,000	–	66.53%	Hotel operation
Beijing Franshion Rongchuang Properties Limited** (“Franshion Rongchuang”)	The PRC/ Mainland China	RMB100,000,000	–	51%	Property development
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/ Mainland China	USD352,000,000	–	100%	Property development

21. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Changsha Meixi Lake International Research and Development Limited**	The PRC/ Mainland China	RMB10,000,000	–	80%	Property development
Changsha Xing Mao Development Limited**	The PRC/ Mainland China	RMB10,000,000	–	100%	Land development
Sanya Yazhouwan Economic Development Company Limited ("Sanya Yazhouwan")**	The PRC/ Mainland China	RMB160,000,000	–	51%	Land development
Jin Mao Sanya Tourism Company Limited**	The PRC/ Mainland China	RMB500,000,000	–	66.53%	Hotel operation
Jin Mao Shenzhen Hotel Investment Company Limited**	The PRC/ Mainland China	RMB700,000,000	–	66.53%	Hotel operation
Jin Mao (Li Jiang) Zhi Ye Co., Ltd.**	The PRC/ Mainland China	RMB100,000,000	–	100%	Property development
Jin Mao (Li Jiang) Hotel Investment Co., Ltd.**	The PRC/ Mainland China	RMB100,000,000	–	66.53%	Property development
Jin Mao Investment (Changsha) Co., Ltd. ("Jin Mao Changsha")**	The PRC/ Mainland China	RMB3,750,000,000	–	80%	Land development
Franshion Capital Limited	British Virgin Islands/Hong Kong	USD1	100%	–	Investment holding
Franshion Development Limited	British Virgin Islands/Hong Kong	USD1	100%	–	Investment holding
Franshion Investment Limited	British Virgin Islands/Hong Kong	USD1	100%	–	Investment holding
Franshion Brilliant Limited	British Virgin Islands/Hong Kong	USD1	100%	–	Investment holding
Premier Action International Ltd.	British Virgin Islands/Hong Kong	USD100	80%	–	Investment holding
Enhanced Experience Limited	British Virgin Island/Hong Kong	USD100	–	51%	Investment holding

21. INVESTMENTS IN SUBSIDIARIES (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Changsha Franshion Shengrong Properties Limited**	The PRC/ Mainland China	RMB500,160,000	–	51%	Property development
Changsha Jin Yue Development Limited**	The PRC/ Mainland China	RMB150,000,000	–	70%	Property development
Franshion Properties (Suzhou) Limited***	The PRC/ Mainland China	USD395,000,000	–	80%	Property development
Franshion Properties (Ningbo) Limited***	The PRC/ Mainland China	USD254,000,000	–	51%	Property development
Shanghai Xingwaitan Development and Construction Limited ("Shanghai Xingwaitan")*	The PRC/ Mainland China	RMB6,000,000,000	–	50%#	Property development
Beijing Franshion Yicheng Properties Limited ("Franshion Yicheng")**	The PRC/ Mainland China	RMB1,742,800,000	–	51%	Property development
Leading Holdings Limited	British Virgin Islands/Hong Kong	USD40,000	–	51%	Investment holding
Nanjing International Group Limited**	The PRC/ Mainland China	RMB1,246,237,500	–	49%@	Property development, hotel operation and property investment
JCIHL &	Cayman Islands/ Hong Kong	HK$2,000,000	66.53%	–	Investment holding
Guangzhou Xingtuo Properties Limited*	The PRC/ Mainland China	RMB2,260,000,000	–	90%	Property development
Changsha Jinmao City Construction Limited**	The PRC/ Mainland China	RMB330,000,000	–	100%	Land development
Franshion Properties (Hangzhou) Limited*	The PRC/ Mainland China	RMB1,882,350,000	–	85%	Property development

* Registered as Sino-foreign joint ventures under PRC law

** Registered as limited liability companies under PRC law

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

& Ordinary shares of JCIHL are stapled to units of a trust namely Jinmao Investments which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (note 39(a)). JCIHL and its subsidiaries are collectively referred to as the JCIHL Group.

The Group controls the boards of directors of these entities by virtue of its power to cast the majority of votes at meetings of the boards, and therefore has the power to exercise control over the entities' operating and financing activities.

@ The entities are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

21. INVESTMENTS IN SUBSIDIARIES (Continued)

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

In 2013, the Group acquired Leading Holdings Limited and its subsidiaries from Bateson Investment Limited. Further details of this acquisition are included in note 40 to the financial statements.

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:

	SISSC HK$'000	Shanghai Yin Hui HK$'000	Shanghai Xingwaitan HK$'000	JCIHL Group HK$'000
2014				
Percentage of equity interest held by non-controlling interests	**50%**	**50%**	**50%**	**33.47%**
(Loss)/profit for the year allocated to non-controlling interests	**(4,510)**	**279,444**	**(829)**	**(14,852)**
Accumulated balances of non-controlling interests at the reporting date	**1,970,162**	**2,008,042**	**3,788,198**	**3,045,580**
2013				
Percentage of equity interest held by non-controlling interests	50%	50%	50%	N/A
(Loss)/profit for the year allocated to non-controlling interests	(2,226)	666,093	(13,597)	N/A
Dividends declared to non-controlling interests	–	544,843	–	N/A
Accumulated balances of non-controlling interests at the reporting date	1,981,387	1,599,963	3,801,883	N/A

21. INVESTMENTS IN SUBSIDIARIES (Continued)

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

	SISSC HK$'000	Shanghai Yin Hui HK$'000	Shanghai Xingwaitan HK$'000	JCIHL Group HK$'000
2014				
Revenue	536	1,698,605	–	2,761,146
Total expenses	(9,556)	(1,139,716)	(1,659)	(1,854,037)
Profit/(loss) for the year	(9,020)	558,889	(1,659)	907,109
Total comprehensive income/(loss) for the year	(22,451)	550,366	(27,372)	866,579
Current assets	6,861,038	4,385,013	8,616,959	1,362,904
Non-current assets	1,166	2,186,208	10,004	21,277,458
Current liabilities	(2,110,617)	(2,775,912)	(692,015)	(5,470,669)
Non-current liabilities	(811,264)	–	(358,553)	(8,062,924)
Net cash flows from/(used in) operating activities	(1,634,174)	447,614	(395,680)	2,312,726
Net cash flows used in investing activities	(97)	(5)	(199)	(1,175,455)
Net cash flows from/(used in) financing activities	1,585,092	–	357,196	(1,209,166)
Net increase/(decrease) in cash and cash equivalents	(49,179)	447,609	(38,683)	(71,895)
2013				
Revenue	–	3,799,024	–	N/A
Total expenses	(4,451)	(2,466,838)	(27,194)	N/A
Profit/(loss) for the year	(4,451)	1,332,186	(27,194)	N/A
Total comprehensive income/(loss) for the year	(115,879)	1,425,733	(27,194)	N/A
Current assets	5,350,090	3,453,711	7,594,528	N/A
Non-current assets	1,536	1,921,328	9,326	N/A
Current liabilities	(1,134,471)	(2,175,113)	(86)	N/A
Non-current liabilities	(254,380)	–	–	N/A
Net cash flows from/(used in) operating activities	(517,355)	1,342,749	(7,404,217)	N/A
Net cash flows used in investing activities	(383)	(645,927)	(116)	N/A
Net cash flows from/(used in) financing activities	522,387	(1,239,374)	7,510,200	N/A
Net increase/(decrease) in cash and cash equivalents	4,649	(542,552)	105,867	N/A

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	Group	
	2014	2013
	HK$'000	HK$'000
Share of net assets	**119,179**	42,052

The amounts due from and to joint ventures are disclosed in note 27 to the financial statements.

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

			Percentage of			
Name	Registered and paid-in capital	Place of registration and business	Ownership interest	Voting power	Profit sharing	Principal activities
Shanghai Jin Mao Jin Jiang Automobile Service Company Limited	RMB22,000,000	The PRC/ Mainland China	50%	57%	50%	Lease of commercial vehicles
Shanghai Jin Mao Auto Hire Company Limited	RMB2,000,000	The PRC/ Mainland China	45%	57%	45%	Lease of commercial vehicles
Shanghai Tuoying Co., Ltd.	RMB16,000,000	The PRC/ Mainland China	50%	50%	50%	Property development
Beijing Franshion Xingyi Development Co., Ltd.	RMB100,000,000	The PRC/ Mainland China	50%	50%	50%	Property development
Guangzhou Rongfang Development Co., Ltd.	RMB10,000,000	The PRC/ Mainland China	50%	50%	50%	Property development

\# The English names of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

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

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Investments in joint ventures (Continued)

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2014 HK$'000	2013 HK$'000
Share of the joint ventures' profit/(loss) for the year	(1,322)	2,293
Share of the joint ventures' total comprehensive income/(loss) for the year	(1,322)	2,293
Aggregate carrying amount of the Group's investments in the joint ventures	119,179	42,052

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

On 5 November 2010, Qingdao Franshion, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Franshion agreed to inject RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, by way of capital injection to subscribe for its new registered capital.

On 28 July 2011, Qingdao Franshion completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to its newly registered capital. On the same day, Qingdao Franshion and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, in which branch 1 would be unilaterally managed and controlled by Qingdao Franshion in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group assessed this supplementary arrangement as joint operations and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2014 HK$'000	2013 HK$'000
Non-current assets		
Property, plant and equipment	3,557	3,186
Properties under development	1,679,898	1,905,681
Deferred tax assets	–	26,543
Total non-current assets	1,683,455	1,935,410
Current assets		
Properties held for sale	785,407	1,458,190
Properties under development	515,653	625,138
Prepayments, deposits and other receivables	19,611	75,315
Prepaid tax	48,812	53,843
Restricted bank balances	144,016	40,966
Cash and cash equivalents	6,876	232,206
Total current assets	1,520,375	2,485,658
Current liabilities		
Trade payables	422,919	169,530
Other payables and accruals	511,962	1,938,260
Total current liabilities	934,881	2,107,790
Net current assets	585,494	377,868
Total assets less current liabilities	2,268,949	2,313,278
Non-current liabilities		
Deferred tax liabilities	779	–
Net assets	2,268,170	2,313,278

	2014 HK$'000	2013 HK$'000
Revenue	2,299,343	–
Cost of sales	(1,623,119)	–
Gross profit	676,224	–
Other income and gains	3,068	2,555
Selling and marketing expenses	(48,942)	(43,319)
Administrative expenses	(21,341)	(16,879)
Profit/(loss) before tax	609,009	(57,643)
Income tax	(159,362)	16,576
Profit/(loss) for the year	449,647	(41,067)

23. INVESTMENTS IN ASSOCIATES

	Group	
	2014 HK$'000	2013 HK$'000
Share of net assets	1,741,976	–

The amounts due from and to associates are disclosed in note 27 to the financial statements.

Particulars of the Group's principal associates are as follows:

Name	Registered and paid-in capital	Place of registration and business	Percentage of ownership interest	Principal activities
Shanghai Tuoping Development Co., Ltd.	RMB 40,000,000	The PRC/ Mainland China	20%	Property development
Franshion Development (Shanghai) Co., Ltd.	RMB7,000,000,000	The PRC/ Mainland China	36%	Property development

\# The English names of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2014 HK$'000	2013 HK$'000
Share of the associates' loss for the year	(31,430)	–
Share of the associates' total comprehensive loss for the year	(31,430)	–
Aggregate carrying amount of the Group's investments in the associates	1,741,976	–

24. INVENTORIES

	Group	
	2014 HK$'000	2013 HK$'000
Raw materials	56,045	8,462
Consumables and tools	1,677	1,061
Hotel merchandise	19,250	18,681
Trading stock	3,538	3,373
	80,510	31,577

25. TRADE RECEIVABLES

	Group 2014 HK$'000	2013 HK$'000
Trade receivables	3,611,779	4,221,547
Impairment	(18,597)	(19,533)
	3,593,182	4,202,014

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	Group 2014 HK$'000	2013 HK$'000
Within 1 month	1,263,609	2,356,923
1 to 3 months	92,414	1,624,352
4 to 6 months	762,196	7,907
6 months to 1 year	662,837	212,832
Over 1 year	812,126	–
	3,593,182	4,202,014

The Group has pledged trade receivables of approximately HK$8,721,000 (2013: HK$40,894,000) to secure a bank loan granted to the Group (note 33).

The movements in provision for impairment of trade receivables are as follows:

	Group 2014 HK$'000	2013 HK$'000
At 1 January	19,533	2,488
Impairment losses recognised (note 6)	23,282	16,794
Amount written off as uncollectible	(24,149)	(96)
Exchange realignment	(69)	347
	18,597	19,533

25. TRADE RECEIVABLES (Continued)

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$18,597,000 (2013: HK$19,533,000) with a carrying amount before provision of HK$18,597,000 (2013: HK$19,533,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Neither past due nor impaired	**2,776,209**	4,179,043
Less than 1 month past due	**567,290**	6,031
1 to 3 months past due	**201**	16,746
Over 3 months past due	**249,482**	194
	3,593,182	4,202,014

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

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

At 31 December 2014, the Group's trade receivables included amounts due from contract customers of HK$121,227,000 (2013: HK$181,778,000), being the difference between the contract costs incurred for the rendering of services, plus recognised profits less recognised losses to date, of HK$781,748,000 (2013: HK$808,084,000), and the progress billing amount of HK$660,521,000 (2013: HK$626,306,000).

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**575,083**	1,759,235	**46,443**	30,016
Deposits	**1,254,728**	1,273,157	**139**	139
Other receivables	**179,345**	290,223	**2,533**	–
Due from non-controlling shareholders	**2,166,677**	1,664,531	**–**	–
Entrusted loans to third parties	**236,027**	236,828	**–**	–
Prepaid land lease payments (note 19)	**62,007**	62,499	**–**	–
	4,473,867	5,286,473	**49,115**	30,155

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

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of HK$496,899,000, HK$963,376,000, HK$64,655,000, HK$126,760,000 and HK$168,908,000 which bear interest at 0.35%, 0.35%, 6.6%, 8.54% and 6% per annum, respectively (2013: HK$747,877,000, HK$508,760,000, HK$127,190,000 and HK$60,641,000 which bore interest at 3.08%, 3.5%, 3%, and 6.6% per annum, respectively).

The entrustment loans to third parties are unsecured, bear interest at 6% per annum (2013: 6% per annum) and receivable within one year.

27. BALANCES WITH RELATED PARTIES

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current:				
Due from related parties:				
Ultimate holding company	**2**	1	–	–
Intermediate holding company	**9,531**	7,425	–	–
Immediate holding company	**1,008**	1,008	**1,008**	1,008
Fellow subsidiaries	**2,062**	2,402	–	–
Associates	**169,479**	–	–	–
Joint ventures	**3,383,721**	954	–	–
	3,565,803	11,790	**1,008**	1,008
Non-current:				
Due from a related party:				
An associate	**3,134,851**	–	–	–
	3,134,851	–	–	–
Due to related parties:				
Ultimate holding company	**2,512**	2,520	–	–
Intermediate holding company	**23,332**	23,301	–	–
Immediate holding company	**1,986,867**	3,334,435	**1,986,867**	3,334,435
Fellow subsidiaries	**86,304**	77,514	–	–
Associates	**13**	–	–	–
Joint ventures	**5,901**	5,834	–	–
	2,104,929	3,443,604	**1,986,867**	3,334,435

The current balances of due from related parties are unsecured, interest-free and are repayable on demand except for the amount of HK$23,197,000 and HK$1,027,788,000 which bear interest at 7% and 6.9% per annum, respectively. The non-current balance of due from a related party is unsecured, bears interest at a rate of 9% and is not repayable within one year.

28. OTHER FINANCIAL ASSETS

	Group	
	2014 HK$'000	2013 HK$'000
Non-current balance	42,485	42,629
Current balance	210,739	131,324
	253,224	173,953

The current balance of other financial assets as at 31 December 2014 included 1) a right to acquire non-controlling interests of 49% interests in Franshion Yicheng, which was measured at fair value of HK$108,380,000 (2013: HK$108,748,000) and 2) a right to acquire non-controlling interests of 49% interests in Changsha Shengrong, which was measured at fair value of HK$102,359,000 (2013: Nil).

In addition, the current balance of other financial assets as at 31 December 2013 included financial products with original maturity of within three months when acquired from banks of HK$22,576,000.

The non-current balance of other financial assets represented the amounts recoverable from non-controlling shareholders as estimated by management in relation to the acquisition of Sanya Yazhouwan in 2012. The balance is not repayable within one year.

29. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		Group		Company	
	Note	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Cash and bank balances		10,866,959	12,403,941	1,153,085	222,438
Time deposits		3,185,870	2,389,421	429,785	744,273
		14,052,829	14,793,362	1,582,870	966,711
Less:					
Pledged time deposits for short term bank loans	33	(6,338)	–	–	–
Restricted bank balances		(1,591,921)	(303,400)	–	–
		(1,598,259)	(303,400)	–	–
Cash and cash equivalents		12,454,570	14,489,962	1,582,870	966,711

At 31 December 2014, the cash and bank balances of the Group denominated in RMB amounted to HK$7,992,568,000 (2013: HK$12,157,890,000). 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.

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

29. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued)

Included in the Group's cash and cash equivalents are deposits of HK$1,155,471,000 (2013: HK$2,249,558,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.385% to 1.620% per annum (2013: 0.385% to 1.265%). Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 45(a) to the financial statements.

30. DUE FROM NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders are secured, bear interest at a rate of 8.54% and are not repayable within one year.

31. TRADE PAYABLES

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

	Group	
	2014	2013
	HK$'000	HK$'000
Within 1 year or on demand	7,722,149	4,861,045
Over 1 year	408,424	443,125
	8,130,573	5,304,170

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

32. OTHER PAYABLES AND ACCRUALS

		Group		Company	
		2014	2013	**2014**	2013
	Note	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other payables		2,442,232	2,237,489	16,311	12,002
Receipts in advance		9,609,777	16,749,083	–	–
Accruals		84,125	79,115	13,031	12,914
Due to non-controlling shareholders		2,809,421	1,860,748	–	–
Dividend payable to non-controlling shareholders		1,521	22,087	–	–
Distribution guarantee	39(a)	160,991	–	547,850	–
		15,108,067	20,948,522	577,192	24,916

Other payables are non-interest-bearing with an average term of not more than one year.

The amounts due to non-controlling shareholders as at 31 December 2014 are unsecured, interest-free and are repayable on demand.

33. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2014			2013		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans, secured	5.60-5.70	2015	132,464	–	–	–
Bank loans, unsecured	3.65-6.00	2015	2,151,272	2.65-6.31	2014	3,117,150
Other loans, unsecured*	–	–	–	5.04	2014	254,380
Current portion of long term bank loans, secured	5.54-7.05	2015	1,677,200	5.76-7.05	2014	2,737,129
Current portion of long term other loans, unsecured	6.55	2015	12,676	–	–	–
Current portion of long term bank loans, unsecured	6.15-7.07	2015	98,873	6.40	2014	30,525
			4,072,485			6,139,184
Non-current						
Bank loans, secured	5.54-7.05	2016-2025	15,180,549	5.54-7.05	2015-2025	12,986,739
Bank loans, unsecured	2.34-7.07	2016-2026	10,533,025	1.78-3.70	2015-2017	4,936,383
Other loans, unsecured*	6.40-6.55	2016-2017	240,844	6.40	2015-2018	165,347
Notes, unsecured	4.83-6.85	2017-2022	16,732,443	4.83-6.85	2017-2022	11,578,482
			42,686,861			29,666,951
			46,759,346			35,806,135

* The balance represents amounts due to a fellow subsidiary of the Company.

Company

	2014			2013		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans, unsecured	–	–	–	2.65-2.78	2014	775,450
Non-current						
Bank loans, unsecured	2.66-3.57	2016-2017	6,188,144	1.78-3.70	2015-2017	4,936,383
			6,188,144			5,711,833

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Analysed into:				
Bank loans repayable:				
Within one year	**4,059,809**	5,884,804	**–**	775,450
In the second year	**6,509,110**	1,776,004	**2,832,838**	4,936,383
In the third to fifth years, inclusive	**16,062,971**	11,798,493	**3,355,306**	–
Beyond five years	**3,141,493**	4,348,625	**–**	–
	29,773,383	23,807,926	**6,188,144**	5,711,833
Other borrowings repayable:				
Within one year	**12,676**	254,380	**–**	–
In the second year	**6,338**	–	**–**	–
In the third to fifth years, inclusive	**11,558,689**	6,342,415	**–**	–
Beyond five years	**5,408,260**	5,401,414	**–**	–
	16,985,963	11,998,209	**–**	–
	46,759,346	35,806,135	**6,188,144**	5,711,833

Notes:

(a) The Group's loan facilities amounting to HK$53,003,608,000 (2013: HK$50,226,264,000), of which HK$31,294,503,000 (2013: HK$27,135,231,000) had been utilised as at the end of the reporting period, are secured by the Group's hotel properties, buildings, properties under development, properties held for sale, investment properties, prepaid land lease payments, trade receivables and time deposits.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's hotel properties and buildings, which had an aggregate net carrying value at the end of the reporting period of approximately HK$1,033,014,000 (2013: HK$5,003,629,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately HK$23,959,378,000 (2013: HK$12,065,182,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of HK$259,288,000 (2013: HK$275,662,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately HK$12,280,547,000 (2013: HK$14,770,708,000);

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying amount at the end of the reporting period of HK$231,487,000 (2013: HK$345,385,000);

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at the end of the reporting period of HK$8,721,000 (2013: HK$40,894,000); and

(vii) the pledge of certain of the Group's time deposits, which had an aggregate carrying amount at the end of the reporting period of HK$6,338,000 (2013:Nil).

(c) Except for the bank and other borrowings amounting to approximately HK$22,539,707,000 (2013: HK$17,247,850,000) which are denominated in United States dollars and HK$3,391,768,000 (2013: HK$400,000,000) which are denominated in Hong Kong dollars, all bank and other borrowings are denominated in RMB.

34. PROVISION FOR LAND APPRECIATION TAX

	Group HK$'000
At 1 January 2013	1,045,194
Acquisition of subsidiaries (note 40)	35,216
Charged to the statement of profit or loss during the year (note 10)	1,285,905
Payment during the year	(206,342)
Transfer from prepaid tax	(17,479)
Exchange realignment	50,624
At 31 December 2013 and 1 January 2014	**2,193,118**
Charged to the statement of profit or loss during the year (note 10)	**1,093,786**
Payment during the year	**(868,558)**
Transfer from prepaid tax	**(31,341)**
Exchange realignment	**5,921**
At 31 December 2014	**2,392,926**

PRC land appreciation tax

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 income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption 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.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1% to 3.5% on the sales and pre-sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out 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. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

35. DEFERRED TAX

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

Deferred tax liabilities

Group

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustment arising from acquisition of subsidiaries HK$'000	Withholding taxes HK$'000	Accrued interest income HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax liabilities at 1 January 2013	2,555,250	396,794	–	85,348	–	–	3,037,392
Acquisition of subsidiaries (note 40)	–	–	804,561	–	–	2,227	806,788
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	465,384	45,380	(16,128)	(11,982)	–	24	482,678
Deferred tax charged to the statement of comprehensive income during the year	3,941	–	–	–	–	–	3,941
Exchange realignment	87,485	13,151	23,443	655	–	66	124,800
Gross deferred tax liabilities at 31 December 2013 and 1 January 2014	3,112,060	455,325	811,876	74,021	–	2,317	4,455,599
Deferred tax charged to the statement of profit or loss during the year (note 10)	566,291	47,538	–	–	39,616	34,367	687,812
Exchange realignment	(7,504)	(1,359)	(2,745)	(73)	150	122	(11,409)
Gross deferred tax liabilities at 31 December 2014	3,670,847	501,504	809,131	73,948	39,766	36,806	5,132,002

35. DEFERRED TAX (Continued)

Deferred tax assets

Group

	Provision for LAT HK$'000	Losses available for offsetting against future taxable profits HK$'000	Unrealised profit arising from intra-group transactions HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax assets at 1 January 2013	261,295	67,238	115,852	70,734	515,119
Acquisition of subsidiaries (note 40)	8,804	4,223	–	–	13,027
Deferred tax credited to the statement of profit or loss during the year (note 10)	265,459	118,099	116,216	1,385	501,159
Exchange realignment	12,722	4,135	5,502	2,234	24,593
Gross deferred tax assets at 31 December 2013 and 1 January 2014	548,280	193,695	237,570	74,353	1,053,898
Deferred tax credited to the statement of profit or loss during the year (note 10)	61,700	4,737	35,914	7,905	110,256
Exchange realignment	(1,620)	(637)	(748)	(140)	(3,145)
Gross deferred tax assets at 31 December 2014	608,360	197,795	272,736	82,118	1,161,009

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2014 HK$'000	2013 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,132,436	951,253
Net deferred tax liabilities recognised in the consolidated statement of financial position	(5,103,429)	(4,352,954)
	(3,970,993)	(3,401,701)

The Group also has tax losses arising in Mainland China of HK$798,460,000 (2013: HK$342,685,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

35. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

Pursuant to the PRC 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. For the Group, the applicable rate is 5%. 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.

At 31 December 2014, the Group recognised deferred tax liabilities of approximately HK$73,948,000 (2013: HK$74,021,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$12,892,914,000 at 31 December 2014 (2013: HK$7,250,306,000).

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

36. PERPETUAL CONVERTIBLE SECURITIES

On 12 October 2010, Franshion Capital Limited, a direct wholly-owned subsidiary of the Company, issued perpetual convertible securities with a nominal value of US$600 million (equivalent to HK$4,655,166,000). There was no movement in the number of perpetual convertible securities during the year. The direct transaction costs attributable to the perpetual convertible securities amounted to HK$67,166,000.

The perpetual convertible securities are convertible at the option of the holders of perpetual convertible securities into ordinary shares of the Company at any time on or after 11 October 2011 at the initial conversion price of HK$2.83 per ordinary share of the Company. While the perpetual convertible securities confer a right to receive distributions at 6.8% per annum, Franshion Capital Limited may, at its sole discretion, elect to defer a distribution pursuant to the terms of the perpetual convertible securities. The conversion price is adjusted from HK$2.83 to HK$2.80 per ordinary share with effect from 20 June 2014, being the date immediately after the record date fixed for the purpose of determining shareholder' entitlement to the 2013 final dividends.

The perpetual convertible securities have no maturity date and are redeemable at the option of Franshion Capital Limited at any time after 11 October 2015 at 110% of the outstanding principal amount, together with all outstanding arrears of distribution (if any) and the distribution accrued to the date fixed for redemption. The perpetual convertible securities are also redeemable at the option of the holders of perpetual convertible securities upon any delisting or prolonged suspension (for a period of 90 consecutive days) arising from or as a result of an application to the Stock Exchange having been initiated or made by the Company or such delisting or prolonged suspension having been effected or imposed through any other means controlled by the Company or otherwise resulting from any action of the Company.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of perpetual convertible securities due to redemption other than an unforeseen liquidation of the Company or Franshion Capital Limited. Accordingly, the perpetual convertible securities are classified as equity instruments.

37. SHARE CAPITAL

Shares

	2014 HK$'000	2013 HK$'000
Authorised: (note (i))		
Nil (2013: 20,000,000,000 ordinary shares of HK$1 each) (note (ii))	–	20,000,000
Issued and fully paid:		
9,068,191,489 (2013: 9,161,489,489)ordinary shares	9,068,191	9,161,489

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of members of the Company as a result of this transition

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK$'000	Share Premium account HK$'000	Total HK$'000
At 1 January 2013, 31 December 2013 and 1 January 2014	9,161,489,489	9,161,489	6,109,789	15,271,278
Transition to no-par value regime on 3 March 2014 (note a)	–	6,109,789	(6,109,789)	–
Shares repurchased under the Companies Ordinance (Cap.622) (note b)	(93,298,000)	–	–	–
At 31 December 2014	9,068,191,489	15,271,278	–	15,271,278

Notes:

(a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

(b) The Company purchased its 93,298,000 ordinary shares on the Hong Kong Stock Exchange subsequent to 3 March 2014 for a total consideration of HK$208,411,000 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance (Cap. 622). The purchased shares were cancelled during the year and the total amount paid for the purchase of the shares of HK$208,411,000 has been charged to retained profits of the Company.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 38 to the financial statements.

38. 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 executive and non-executive directors and the Group's senior management, key technical and professional personnel, managers and employees, but do not include the Company's independent non-executive directors. The Scheme became effective on 22 November 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of 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 director, chief executive or substantial shareholder 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 and exercisability of the share options is related to the performance of individuals and of the Company. The board of directors will determine performance targets concerned and set out in the grant notice. The share options granted will become exercisable after two years from the grant date or a later date as set out in the relevant grant notice, and in any event shall end not later than seven years from the grant date but subject to the provisions for early termination of employment.

38. SHARE OPTION SCHEME (Continued)

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

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	2.46	56,599,270	2.46	59,530,077
Forfeited during the year	2.44	(11,171,600)	2.47	(2,930,807)
At 31 December	2.46	45,427,670	2.46	56,599,270

The exercise prices and exercise periods 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
1,180,270	3.37	5 May 2010 to 4 May 2015
13,274,220	2.44	28 November 2014 to 27 November 2019
13,274,220	2.44	28 November 2015 to 27 November 2019
17,698,960	2.44	28 November 2016 to 27 November 2019
45,427,670		

2013

Number of options	Exercise price* HK$ per share	Exercise period
1,180,270	3.37	5 May 2010 to 4 May 2015
16,625,700	2.44	28 November 2014 to 27 November 2019
16,625,700	2.44	28 November 2015 to 27 November 2019
22,167,600	2.44	28 November 2016 to 27 November 2019
56,599,270		

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

38. SHARE OPTION SCHEME (Continued)

The fair value of the share options granted during the year ended 31 December 2012 was HK$51,858,000 (HK$0.89 each), of which the Group recognised a share option expense of HK$17,502,000 (2013: HK$18,150,000) during the year ended 31 December 2014.

The fair value of the share options granted during the year ended 31 December 2008 was HK$7,604,000, which was fully recognised in prior years.

At the end of the reporting period, the Company had 45,427,670 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 45,427,670 additional ordinary shares of the Company and additional share capital of HK$111,941,000 (before issue expenses).

39. 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 on page 157 to 158 of the financial statements.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

On 2 July 2014, the Company completed a spin-off and separate listing of JCIHL effected by way of a listing of 600,000,000 share stapled units jointly issued by Jinmao Investments and JCIHL (the "Share Stapled Units") on the Main Board of The Stock Exchange of Hong Kong Limited at a unit price of HK$5.35 (the "IPO"). The total IPO proceeds, before share issue expenses, amounted to HK$3,210,000,000. On 24 July 2014, in connection with the partial exercise of the over-allotment options by the joint global coordinators of the IPO, 69,397,000 Share Stapled Units were sold by the Company at a price of HK$5.35 per Share Stapled Unit. Following the completion of the IPO and exercise of over-allotment options, the Company's equity interest in JCIHL decreased from 100% to 66.53% and the Company retains control over JCIHL. The Group therefore recognised the change in the ownership interest in JCIHL amounting HK$439,537,000 in the consolidated capital reserve during the year ended 31 December 2014.

In connection with the IPO, the Company agreed to provide a distribution guarantee to the trustee-manager of Jinmao Investments (the "Trustee-Manager") (for the benefit of the holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager to the holders of Share Stapled Units (including the Company) for the period from the listing date of Share Stapled Units to 31 December 2014 would be an amount which represents an annualised distribution amount of not less than HK$960,000,000 for the financial year ended 31 December 2014. The actual distribution guarantee amount (from 2 July 2014 to 31 December 2014) is HK$481,000,000, of which a guarantee amount of HK$160,991,000 payable to holders of Share Stapled Units (other than the Company) was recognised in the consolidated capital reserve during the year ended 31 December 2014. Such distribution guarantee payable to holders of Share Stapled Units (other than the Company) of HK$160,991,000 remained unpaid and was recorded in other payables and accruals in the consolidated statement of financial position as at 31 December 2014.

39. RESERVES (Continued)

(a) Group (Continued)

PRC 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 Mainland China and were approved by the board of directors of the respective subsidiaries.

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

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

(b) Company

	Notes	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2013		6,109,789	3,242	268,919	6,381,950
Total comprehensive income for the year	11	–	–	1,334,076	1,334,076
Equity-settled share option arrangements	38	–	18,150	–	18,150
Transfer of share option reserve upon the forfeiture or expiry of share options		–	(1,074)	1,074	–
Proposed final 2013 dividend		–	–	(870,342)	(870,342)
At 31 December 2013 and at 1 January 2014		6,109,789	20,318	733,727	6,863,834
Total comprehensive income for the year*	11	–	–	4,797,179	4,797,179
Transition to no-par value regime	37	(6,109,789)	–	–	(6,109,789)
Shares repurchased under the Companies Ordinance (Cap. 622)	37	–	–	(208,411)	(208,411)
Equity-settled share option arrangements	38	–	17,502	–	17,502
Transfer of share option reserve upon the forfeiture or expiry of share options		–	(7,126)	7,126	–
Proposed final 2014 dividend	12	–	–	(1,042,842)	(1,042,842)
At 31 December 2014		–	30,694	4,286,779	4,317,473

* Included Pre-IPO dividend income of HK$6,321,247,000 received from JCIHL during the year ended 31 December 2014.

40. BUSINESS COMBINATION

On 4 February 2013, the Group acquired a 51% interest in Leading Holdings Limited from Bateson Investment Limited. Leading Holdings Limited and its subsidiaries (the "Leading Group") are engaged in the development, construction and operation of a real estate project in Nanjing, the PRC. The purchase consideration for the acquisition was in the form of cash, with RMB181,000,000 paid at the acquisition date and the remaining RMB635,000,000 to be paid upon the fulfilment of certain conditions as agreed between the Group and Bateson Investment Limited.

The Group has elected to measure the non-controlling interest in the Leading Group at the non-controlling interest's proportionate share of the Leading Group's identifiable net assets.

The fair values of the identifiable assets and liabilities of the Leading Group as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition HK$'000**
Property, plant and equipment	14	2,219,608
Investment properties	18	2,789,903
Prepaid land lease payments	19	235,249
Intangible assets	20	4,561
Properties held for sale		482,794
Inventories		1,723
Trade receivables		15,617
Prepayments, deposits and other receivables		343,867
Prepaid tax		35,162
Restricted bank balances		573,549
Cash and cash equivalents		45,827
Trade payables		(204,864)
Other payables and accruals		(1,002,711)
Interest-bearing bank and other borrowings		(2,292,604)
Provision for land appreciation tax	34	(35,216)
Tax payable		(212)
Deferred tax liabilities	35	(793,761)
Total identifiable net assets at fair value		2,418,492
Non-controlling interests		(1,267,412)
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	5	(142,912)
		1,008,168
Satisfied by:		
Cash		223,626
Other payables		784,542
		1,008,168

40. BUSINESS COMBINATION (Continued)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$15,617,000 and HK$46,948,000, respectively, which are equal to their gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of HK$1,479,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group recognised a gain on bargain purchase of approximately HK$142,912,000 in the consolidated statement of profit or loss for the year ended 31 December 2013, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with Bateson Investment Limited, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	(223,626)
Cash and cash equivalents acquired	45,827
Net outflow of cash and cash equivalents included in cash flows from investing activities	(177,799)
Transaction costs of the acquisition included in cash flows from operating activities	(1,479)
	(179,278)

Since the acquisition, the Leading Group contributed HK$404,030,000 to the Group's turnover and HK$40,987,000 to the consolidated profit for the year ended 31 December 2013.

Had the combination taken place at the beginning of 2013, the revenue and the profit of the Group for 2013 would have been HK$20,847,857,000 and HK$5,056,966,000, respectively.

41. DEEMED DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2014, the Group lost control over certain subsidiaries upon capital injections from third party investors into these then subsidiaries. As at 31 December 2014, these investees were measured and disclosed as investments in an associate and joint ventures in the consolidated statement of financial position.

Details of the financial impacts are summarised below:

	Notes	2014 HK$'000
Net assets disposed of:		
Property, plant and equipment	14	399
Intangible assets	20	257
Other non-current assets		184
Cash and cash equivalents		1,379,755
Properties under development	15	7,804,009
Other current assets		6,726
Trade payables		(104)
Other payables and accruals		(4,373,894)
Interest-bearing bank and other borrowings		(4,609,609)
Non-controlling interests		(127,546)
		80,177
Fair value of interests retained by the Group		81,880
Gain on deemed disposal of subsidiaries	5	1,703
Satisfied by:		
Cash		–

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

	2014 HK$'000
Cash consideration	–
Cash and cash equivalents disposed of	(1,379,755)
Net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	(1,379,755)

42. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$8,409,881,000 (2013: HK$5,158,048,000).

43. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 18) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

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

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**1,149,761**	1,068,427
In the second to fifth years, inclusive	**1,246,680**	735,626
After five years	**32,143**	29,112
	2,428,584	1,833,165

(b) As lessee

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

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**39,816**	34,206	**6,033**	4,110
In the second to fifth years, inclusive	**36,187**	38,708	**11,806**	–
	76,003	72,914	**17,839**	4,110

44. COMMITMENTS

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

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted, but not provided for:		
Properties under development	**12,547,061**	7,885,169
Land under development	**367,855**	307,546
Property, plant and equipment	**112,808**	845,130
	13,027,724	9,037,845

45. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		Group	
	Notes	2014 HK$'000	2013 HK$'000
Fellow subsidiaries:			
Rental income	(i)	277,760	230,213
Property management fee income	(i)	25,336	21,813
Interest expense	(ii)	67,612	18,429
Interest income	(iii)	8,914	2,548
The immediate holding company:			
Rental expense	(i)	3,834	3,692
Interest expense	(ii)	24,705	–
The intermediate holding company:			
Rental income	(i)	81,191	79,083
Property management fee income	(i)	16,667	14,564
The ultimate holding company:			
Rental income	(i)	9,023	9,631
Property management fee income	(i)	413	484

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 5.04% to 9% (2013: 5.04% to 6.40%) per annum.

(iii) The interest income was determined at rates ranging from 0.385% to 1.620% (2013: 0.385% to 1.265%) per annum.

(b) Compensation of key management personnel of the Group

	2014 HK$'000	2013 HK$'000
Short term employee benefits	32,569	34,876
Post-employment benefits	3,071	2,875
Equity-settled share option expense	3,536	4,984
Total compensation paid to key management personnel	39,176	42,735

45. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group (Continued)

The number of non-director and non-chief executive, key management personnel whose remuneration fell within the following bands is as follows:

	Number of key management personnel	
	2014	2013
Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	4
HK$2,500,001 to HK$3,000,000	1	3
HK$3,000,001 to HK$3,500,000	1	–
HK$3,500,001 to HK$4,000,000	3	1
HK$4,000,001 to HK$4,500,000	–	1
HK$4,500,001 to HK$5,000,000	1	–
	7	10

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management service and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

The related party transactions in respect of all items in note 45(a) also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group					
	2014			2013		
	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
Financial assets						
Trade receivables	–	3,593,182	3,593,182	–	4,202,014	4,202,014
Financial assets included in prepayments, deposits and other receivables (note 26)	–	3,836,777	3,836,777	–	3,464,739	3,464,739
Due from related parties	–	6,700,654	6,700,654	–	11,790	11,790
Due from non-controlling shareholders	–	126,760	126,760	–	254,380	254,380
Other financial assets	253,224*	–	253,224	173,953*	–	173,953
Restricted bank balances	–	1,591,921	1,591,921	–	303,400	303,400
Pledged deposits	–	6,338	6,338	–	–	–
Cash and cash equivalents	–	12,454,570	12,454,570	–	14,489,962	14,489,962
	253,224	28,310,202	28,563,426	173,953	22,726,285	22,900,238

* These other financial assets were designated as financial assets at fair value through profit or loss upon initial recognition.

	Group	
	2014	2013
	Financial liabilities at amortised cost HK$'000	Financial liabilities at amortised cost HK$'000
Financial liabilities		
Trade payables	8,130,573	5,304,170
Financial liabilities included in other payables and accruals (note 32)	5,414,165	4,120,324
Due to related parties	2,104,929	3,443,604
Interest-bearing bank and other borrowings	46,759,346	35,806,135
	62,409,013	48,674,233

46. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

	Company	
	2014	2013
	Loans and receivables	Loans and receivables
	HK$'000	HK$'000
Financial assets		
Due from subsidiaries	22,825,914	15,631,655
Financial assets included in prepayments, deposits and other receivables (note 26)	2,672	139
Due from related parties	1,008	1,008
Cash and cash equivalents	1,582,870	966,711
	24,412,464	16,599,513

	Financial liabilities at amortised cost	Financial liabilities at amortised cost
	HK$'000	HK$'000
Financial liabilities		
Due to subsidiaries	18,657,908	15,197,718
Financial liabilities included in other payables and accruals (note 32)	16,311	12,002
Due to related parties	1,986,867	3,334,435
Interest-bearing bank and other borrowings	6,188,144	5,711,833
	26,849,230	24,255,988

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group

	Carrying amounts		Fair values	
	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Other financial assets (current) – call option	210,739	108,748	210,739	108,748
Other financial assets (non-current)	42,485	42,629	42,485	42,629
	253,224	151,377	253,224	151,377
Financial liabilities				
Interest-bearing bank and other borrowings	46,759,346	35,806,135	47,473,590	35,936,278

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Company

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Interest-bearing bank and other borrowings	**6,188,144**	5,711,833	**6,188,144**	5,711,833

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, trade receivables, amounts due from non-controlling shareholders, financial assets included in prepayments, deposits and other receivables, financial products included in other financial assets, trade payables, financial liabilities included in other payables and accruals, amounts due from/to subsidiaries, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes 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 notes is based on quoted market prices. 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 fair value of a call option included in current other financial assets has been estimated using the residual method. The residual method measures the fair value of the property by deducting the estimated development costs including outstanding construction costs, marketing expense and developer profit from the gross development value assuming that it was completed as of the valuation date. The fair value of non-current other financial assets has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, are reasonable and that they were the most appropriate values at the end of the reporting period.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2014 and 2013:

	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input
Other financial assets Non-current balance	Discounted cash flow method	Discount rate for cash flows	5% (2013:5%) increase (decrease) in discount rate would result in decrease (increase) in fair value by HK$340,000 (2013: HK$2,754,000)
Other financial assets Current balance – Call option	Residual method	Average selling price per sqm for the property, taking into account location and properties' quality	5% (2013: 5%)increase (decrease) in average selling price would result in increase (decrease) in fair value by HK$10,711,000 (2013: HK$9,359,000)
		Construction cost, taking into account management's experience and estimated budget	5% (2013: 5%) increase (decrease) in construction cost would result in decrease (increase) in fair value by HK$8,941,000 (2013: HK$3,484,000)

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Fair value measurement using significant unobservable inputs (Level 3)

	Group	
	2014	2013
	HK$'000	HK$'000
Other financial assets (current) – call option	**210,739**	108,748
Other financial assets (non-current)	**42,485**	42,629
	253,224	151,377

The Group's assets were neither categorised in Level 1 nor Level 2 as at 31 December 2014 (2013: Nil).

The movements in fair value measurements in Level 3 during the year are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Other financial assets:		
At 1 January	**151,377**	41,335
Purchases	**102,359**	108,748
Exchange realignment	**(512)**	1,294
At 31 December	**253,224**	151,377

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).

The Company did not have any financial assets measured at fair value as at 31 December 2014(2013: Nil).

Liabilities measured at fair value:

The Group and the Company did not have any financial liabilities measured at fair value as at 31 December 2014 (2013: Nil).

Assets for which fair value is disclosed:

The Group and the Company did not have any financial assets that were not measured at fair value in the statement of financial position but for which the fair value is disclosed as at 31 December 2014 (2013: Nil).

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair value are disclosed:

Group

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	**17,446,687**	**30,026,903**	**–**	**47,473,590**

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	11,708,625	24,227,653	–	35,936,278

Company

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	**–**	**6,188,144**	**–**	**6,188,144**

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	–	5,711,833	–	5,711,833

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans 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 receivables and payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain approximately 30% of its interest-bearing borrowings at fixed interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and the Company's profit before tax (through the impact on floating rate borrowings).

	Group		Company	
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
31 December 2014				
RMB	27	(54,946)	27	–
USD	27	(19,294)	27	(14,902)
HK$	27	(9,250)	27	(2,784)
RMB	(27)	54,946	(27)	–
USD	(27)	19,294	(27)	14,902
HK$	(27)	9,250	(27)	2,784
31 December 2013				
RMB	27	(43,420)	27	–
USD	27	(10,278)	27	(10,115)
HK$	27	(410)	27	(410)
RMB	(27)	43,420	(27)	–
USD	(27)	10,278	(27)	10,115
HK$	(27)	410	(27)	410

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

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 currencies out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. 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 of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits denominated in United States dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and the Group may not be able to hedge the Group's exposure successfully, or at all.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and United States dollars ("US$") on the Group's profits for the years ended 31 December 2014 and 2013.

Increase/(decrease) in US$ rate	Group Increase/(decrease) in profit for the year 2014 HK$'000	Group Increase/(decrease) in profit for the year 2013 HK$'000
+1%	(209,105)	(156,181)
-1%	209,105	156,181

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Group's profits for the years ended 31 December 2014 and 2013.

Increase/(decrease) in US$ rate	Group Increase/(decrease) in profit for the year 2014 HK$'000	Group Increase/(decrease) in profit for the year 2013 HK$'000
+5%	55,825	(14,998)
-5%	(55,825)	14,998

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk arising from its land development revenue, the sale of properties, leasing activities, the provision of hotel and property management services and its financing activities, including deposits with banks and financial institutions and derivatives. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

48. 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 facilities 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 loans and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance 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, is as follows:

Group

	2014				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	11,806,495	13,144,998	39,474,800	14,792,673	79,218,966
Trade payables	8,130,573	–	–	–	8,130,573
Other payables	5,414,165	–	–	–	5,414,165
Due to related parties	2,104,929	–	–	–	2,104,929
	27,456,162	13,144,998	39,474,800	14,792,673	94,868,633

	2013				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	7,802,200	3,522,464	21,120,597	11,365,997	43,811,258
Trade payables	5,304,170	–	–	–	5,304,170
Other payables	4,120,324	–	–	–	4,120,324
Due to related parties	3,443,604	–	–	–	3,443,604
	20,670,298	3,522,464	21,120,597	11,365,997	56,679,356

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Company

	2014				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	179,294	2,903,559	3,369,184	–	6,452,037
Other payables	16,311	–	–	–	16,311
Due to subsidiaries	–	–	18,657,908	–	18,657,908
Due to related parties	1,986,867	–	–	–	1,986,867
	2,182,472	2,903,559	22,027,092	–	27,113,123

	2013				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	928,757	522,296	4,595,643	–	6,046,696
Other payables	12,002	–	–	–	12,002
Due to subsidiaries	–	–	15,197,718	–	15,197,718
Due to related parties	3,334,435	–	–	–	3,334,435
	4,275,194	522,296	19,793,361	–	24,590,851

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. 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 years ended 31 December 2014 and 31 December 2013.

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and pledged deposits and certain other financial assets included in current assets. Adjusted capital comprises all components of equity (including non-controlling interests) and amounts due to related parties. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to adjusted-capital ratios as at the end of the reporting periods were as follows:

		Group	
		2014	2013
	Notes	HK$'000	HK$'000
Interest-bearing bank and other borrowings	33	46,759,346	35,806,135
Less: Cash and cash equivalents	29	(12,454,570)	(14,489,962)
Restricted bank balances and pledged deposits	29	(1,598,259)	(303,400)
Certain other financial assets included in current assets		–	(22,576)
Net debt		32,706,517	20,990,197
Total equity		56,332,571	47,219,456
Add: Amounts due to related parties	27	2,104,929	3,443,604
Adjusted capital		58,437,500	50,663,060
Net debt-to-adjust-capital ratio		56.0%	41.4%

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2015.

FIVE-YEAR FINANCIAL INFORMATION

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
RESULTS					
Revenue	6,348,001	6,591,692	17,175,666	20,718,913	29,548,154
Cost of sales	(3,045,079)	(3,016,723)	(9,976,971)	(11,518,572)	(17,989,374)
Gross profit	3,302,922	3,574,969	7,198,695	9,200,341	11,558,780
Other income and gains	1,274,375	2,672,051	1,931,279	2,355,290	2,855,023
Selling and marketing expenses	(266,686)	(307,128)	(439,132)	(623,758)	(914,632)
Administrative expenses	(640,683)	(851,250)	(968,054)	(1,161,582)	(1,678,744)
Other expenses and losses	(3,107)	(135,667)	(15,859)	(20,341)	(26,160)
Finance costs	(606,196)	(859,274)	(986,043)	(1,324,626)	(1,221,891)
Share of profits and losses of:					
Joint ventures	2,900	3,619	2,463	2,293	(1,322)
Associates	–	–	–	–	(31,430)
PROFIT BEFORE TAX	3,063,525	4,097,320	6,723,349	8,427,617	10,539,624
Income tax expense	(931,714)	(1,186,566)	(2,783,013)	(3,393,261)	(3,884,026)
PROFIT FOR THE YEAR	2,131,811	2,910,754	3,940,336	5,034,356	6,655,598
Attributable to:					
Owners of the parent	1,713,616	2,344,352	3,377,727	4,227,150	5,296,054
Non-controlling interests	418,195	566,402	562,609	807,206	1,359,544
	2,131,811	2,910,754	3,940,336	5,034,356	6,655,598

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014 HK$'000**
Total non-current assets	35,639,777	44,803,431	44,303,165	74,122,845	82,367,426
Total current assets	15,715,375	24,967,607	38,199,079	46,720,431	55,658,342
Total assets	51,355,152	69,771,038	82,502,244	120,843,276	138,025,768
Total current liabilities	10,886,405	17,610,408	25,726,043	39,603,915	33,902,907
Total non-current liabilities	13,749,546	21,613,375	22,273,371	34,019,905	47,790,290
Total liabilities	24,635,951	39,223,783	47,999,414	73,623,820	81,693,197
Equity attributable to:					
Owners of the parent	23,124,496	26,170,749	28,877,841	33,561,884	37,650,417
Non-controlling interests	3,594,705	4,376,506	5,624,989	13,657,572	18,682,154
Total equity	26,719,201	30,547,255	34,502,830	47,219,456	56,332,571

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