億達中國控股有限公司
Yida China Holdings Limited

(於開曼群島註冊成立的有限公司)
(incorporated in the Cayman Islands with limited liability)

股份代號：3639.HK
Stock Code：3639.HK

2014
年度報告
ANNUAL REPORT

中國領先的商務園區運營商
THE LEADING BUSINESS PARK OPERATOR IN CHINA


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CORPORATE OVERVIEW

Yida China Holdings Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group"), was established in 1988 with its headquarter in Dalian. It is the largest business park developer and the leading business park operator in the PRC. It is principally engaged in the development and operation of business parks, the development and sale of multi-functional and integrated residential communities, construction, decoration, landscaping, the management of business parks and property management services. The Company was successfully listed (the "Listing") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 June 2014.

Since 1998, the Group has led the development of Dalian Software Park, Dalian BEST City Core Area Business Park, Wuhan First City, Yida Information Software Park, Dalian Ascendas IT Park and Dalian Tiandi. It also participated in the development and operation of Wuhan Optical Valley Software Park and Tianjin Binhai Service Outsourcing Industry Park through BOT (Build-Operate-Transfer) arrangements.

With its strong integration ability in urban and industrial planning and design, the Group actively participated in urban planning and design with local governments and has gained trust from the governments. Its outstanding results and management ability in business park operation has attracted the residence of globally leading enterprises and established long-term and stable cooperation relationships with them. Its fully integrated service capabilities, with construction, landscaping, decoration and property management businesses guaranteed the services quality, the properties quality and pricing competitiveness of the Group. In addition, its management team with extensive experience and high recognition of corporate culture provides strong support to the future development of the Group.

With its extensive experience in the development and operation of business parks, the Group has established its unique business model, which lays a foundation for achieving the layout and development of the business park business across the country. The Group targets to expand into at least one new city every year in the next five years and is devoted to develop the best software parks and technology parks in China, meanwhile being dedicated to become the best business park operator in China.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Yinhuan *(Chairman)*
Mr. Sun Yinfeng *(Vice Chairman)*
Mr. Sun Yansheng *(Chief Executive Officer)*
Mr. Jiang Xiuwen
Mr. Gao Wei
Mr. Wen Hongyu

Independent Non-executive Directors

Mr. Ip Yuk Chi Eddie
Mr. Yip Wai Ming
Mr. Guo Shaomu

COMPANY SECRETARY

Mr. Law Siu Wo

AUTHORIZED REPRESENTATIVES

Mr. Sun Yansheng
Mr. Law Siu Wo

BOARD COMMITTEES

Audit Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Ip Yuk Chi Eddie
Mr. Guo Shaomu

Remuneration Committee

Mr. Ip Yuk Chi Eddie *(Chairman)*
Mr. Jiang Xiuwen
Mr. Guo Shaomu

Nomination Committee

Mr. Sun Yinhuan *(Chairman)*
Mr. Ip Yuk Chi Eddie
Mr. Yip Wai Ming

REGISTERED OFFICE

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

HEADQUARTER IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

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Shahekou District
Dalian, Liaoning Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2903–05
29th Floor
AIA Central
1 Connaught Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong Law

Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman (Cayman) Limited

COMPLIANCE ADVISOR

Quam Capital Limited

PRINCIPAL BANKERS

The Export-Import Bank of China
Agricultural Bank of China Dalian Branch
China Minsheng Bank Dalian Branch
China CITIC Bank Dalian Branch
China Construction Bank Dalian Branch
Bank of China Dalian Branch

STOCK CODE

3639

COMPANY'S WEBSITE

www.yidachina.com

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited financial statements and the prospectus of the Company dated 17 June 2014, is set out below:

	Year ended 31 December			
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
RESULTS				
REVENUE	**7,711,305**	6,399,179	6,000,667	3,793,015
Cost of sales	**(5,280,673)**	(4,293,662)	(3,913,480)	(2,771,803)
Gross profit	**2,430,632**	2,105,517	2,087,187	1,021,212
Other income and gains	**108,550**	256,177	52,269	83,800
Selling and marketing expenses	**(302,206)**	(304,413)	(228,476)	(239,326)
Administrative expenses	**(427,116)**	(449,562)	(353,221)	(299,644)
Other expenses	**(165,370)**	(64,314)	(87,179)	(114,719)
Fair value gains on investment properties	**58,864**	411,566	635,814	1,111,581
Finance costs	**(190,699)**	(260,464)	(92,010)	(101,792)
Share of profits and losses of:				
Joint ventures	**31,543**	1,540	146,214	4,646
Associates	**(52,563)**	(28,726)	40,124	17,367
PROFIT BEFORE TAX	**1,491,635**	1,667,321	2,200,722	1,483,125
Income tax expenses	**(594,791)**	(810,059)	(801,047)	(544,367)
PROFIT FOR THE YEAR	**896,844**	857,262	1,399,675	938,758
Attributable to:				
Owners of the parent	**896,887**	827,865	1,310,691	864,096
Non-controlling interests	**(43)**	29,397	88,984	74,662
	896,844	857,262	1,399,675	938,758

	As at 31 December			
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS				
TOTAL ASSETS	**36,156,451**	36,662,498	36,125,255	33,080,598
TOTAL LIABILITIES	**(27,177,375)**	(29,671,497)	(28,936,120)	(27,001,617)
NON-CONTROLLING INTERESTS	**(1,399)**	(1,426)	(285,166)	(214,223)
	8,977,677	6,989,575	6,903,969	5,864,758

CHAIRMAN'S STATEMENT

Sun Yinhuan Chairman

Dear Shareholders,

In 2014, a challenging year for the property industry, enterprise had its own unique way in paving its journey. Some forged arduously ahead; some made bold and prompt decision to cut loss; some rebounded from the verge of collapse; some grew stronger amidst adverse environment. For the Company, it was a year of being second time entrepreneur with perseverance.

Because of perseverance, we insisted on going through the difficult path of being a business park developer and operator regardless of the economic downturn and industry correction; because of perseverance, we became a public company so that our business model could be examined and further enhanced by the capital market; because of perseverance, we kept an open mind, proactively expanding into new markets and exploring new businesses. Your participation has made our perseverance more precious.

As compared to last year, there will be more possibilities in China's economy in 2015. "The Internet Plus" ("互聯網+") made will provide more opportunities and challenges to traditional industries. For the Group, on the one hand, we should still focus on business park businesses and providing more quality and comprehensive services to science and internet enterprises. On the other hand, we should further innovate our businesses, enhance our organisational structure and management efficiency, and familiarise ourselves with the changing market and competitive landscape by utilising the new way of internet thinking. In addition to continually improving various businesses in Dalian, we will combine light and heavy assets operation together and expedite the expansion in Wuhan, Shanghai, Beijing and Shenzhen. We will continue to optimise business park development and management aiming for city-industry integration. In addition, we will strengthen the core competitive strength of our business parks in marketing, operation and property management and improve our capability in architecture, renovation, gardening task integration and business expansion so as to consistently enhance added value of various businesses.

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I hereby express the heartfelt thanks to all shareholders, partners, local governments and customers for their supports to the Group and also thanks to the joint efforts of the Directors, the management team and every staff member. Our united heart and soul is the foundation of the Group's future.

In 2015, let us venture on with perseverance.

Yida China Holdings Limited
Sun Yinhuan
Chairman

Dalian, Liaoning Province, PRC, 31 March 2015

CHIEF EXECUTIVE OFFICER'S STATEMENT

Sun Yansheng Chief Executive Officer

Dear Shareholders,

I am pleased to present to you the results of the Group for the year ended 31 December 2014.

RESULTS

The recognised revenue of the Group for the year ended 31 December 2014 was RMB7,711.3 million, representing an increase of 20.5% compared with the corresponding period of last year, of which rental income increased by 5.3% to RMB308.6 million. The net profit attributable to equity owners of the Company was RMB896.9 million. The core net profit after deducting fair value gains on investment properties (net of tax) was RMB852.7 million, with core net profit margin of 11.1% that was attributable to the shareholders of the Company.

REVIEW OF 2014

In 2014, under a complicated market environment, the Company firmly adhered to its determined strategies, realising a gross contracted sales amount of RMB8.07 billion for the year. The Group's business in the development and sales of business park properties remained steady, and it maintained and reinforced its leading position in Dalian. Benefited from favourable factors such as the industrial development of business parks and ancillary facilities of school districts, the residential properties in business parks recorded satisfying sales results. Eastern Santaclara Project in Dalian Software Park achieved contracted sales of RMB1.83 billion in the year, ranked the top in Dalian market. The Springfield Project in the Dalian BEST City Core Area Business Park achieved contracted sales of RMB1.60 billion, being the second in Dalian market. During the year, the Group acquired a plot of land with mixed commercial and office use in the central area in Dalian Software Park at a price lower than the local land market, and development and sales have been commenced.

Through a series of value-added services for tenants such as customised decoration, talents recommendation, new staff training and project report submission, the business parks held and operated by the Group achieved excellent results of steady increase in rent and increase in occupancy rate under the severe market competition and this has strengthened the Group's industry position as the leading operator of business parks. The occupancy rate of Dalian Software Park at end of 2014 rose to 94%, with an addition of 13 new well-known customers settled in, including three Fortune Global 500 Enterprises and ten strategic and emerging industries enterprises, and this continued to lead the upgrading of the industry profile in the park. As of the end of 2014, the accumulated number of enterprises settled in the park was 743, including 48 Fortune Global 500 Enterprises and 34 Top 100 Industry Enterprises such as HP, Accenture, Panasonic, Sony, Hitachi, NTT, ORACLE, AVAYA, NEC, FIDELITY and British Telecom. The sales revenue and software export value by enterprises in the park achieved a year-to-year growth of over 30%, representing over 50% of the market share in Dalian on average. Dalian Software Park has pragmatically become the core development zone of Dalian's software and information services industry.

The Group continued to promote the upgrade of different business sectors according to the service requirements of customers. Wuhan New Software Park Development Company Limited (武漢軟件新城發展有限公司), a joint venture with 50% equity interests owned by the Group, provides customers with whole chain services comprising project design review, construction management, business solicitation, operation and management, which preliminarily formed a business model of project management business. The Group has successfully expanded its office premises business to other regions, and this laid the foundation for innovation and business upgrade of office premises management services. Dalian Yida Construction Engineering Company Limited (大連億達建設工程有限公司), a wholly owned subsidiary of the Company, actively implemented the strategy of "Main Contractor", developed project implementation templates for the contractor projects. Dalian Yida Landscaping Engineering Company Limited (大連億達園林綠化工程有限公司), a wholly owned subsidiary of the Company, clearly set up the business model of "being the integrated operator of landscaping" through internal consolidation of the Group.

For regional expansion, the Group established new regional companies in Beijing and Shanghai, preliminarily establishing the strategic presence in three main regions — Dalian, Beijing and Shanghai. Through the practice of expansion, the Group conducted studies on business park operation projects in various cities such as Shanghai, Shenzhen, Beijing, Suzhou and Hangzhou and, after which, determined to commence the operation and pre-construction consultation projects for Shanghai Jiangqiao Project (上海江橋項目), Suzhou High-speed Rail Cultural and Creative Park Project (蘇州高鐵文創園項目), Suzhou Wuzhong Shangjinwan Project (蘇州吳中尚金灣項目), Beijing Shichuang Environmental Park Project (北京實創環保園項目) and Changsha Technology New Park Project (長沙科技新城項目), and this has laid a solid foundation for the rapid expansion in such cities.

During the course of business development, the Group is determined to advocate its corporate social responsibility and made donations in the year for education, culture and people's livelihood purposes. The Group and Dalian University of Technology jointly set up "Yida Education Development Foundation", with donation of RMB15.0 million in the year used in supporting innovation and introduction of talents of the university, thus social value was achieved at the time while the innovation environment of Dalian Software Park was strengthened and the supply of talents was satisfied. With the "New Year Concert — Sound of Yida" (億達之聲新年音樂會) first taken place in Wuhan in 2013, the Group continued with its off-site brand promotion and the concert was appraised after being first held in Shanghai with a total of more than 7,000 audience who attended the concerts in Dalian, Wuhan and Shanghai. The popularity and influence of Yida brand was thus further enhanced.

OUTLOOK FOR 2015

In 2015, the central government will continue to accelerate the economic structural transformation with implementation of the innovation-led development strategy and propel the implementation of the new urbanisation strategy. Business parks, as the important platform for industrial structural upgrade and new urbanisation development, will meet the demand from both the government and enterprises, and hence will enjoy the unprecedented market opportunity, and such demand will form an important base for a new series of market development of the Group.

Real estates market will turn more healthy with steady development while specific guidance, policies variance by land type and the outlined main responsibilities of local governments will be the main direction of future policy development. With the ease of monetary policy by the People's Bank of China, the market will continue to rebound. At the same time, the industry competition will be more intensive, and this will in turn drive the transformation and business models upgrade of various leading enterprises in the industry. The city divergences have become more obvious and the first and second tier cities with more economic activities and higher populations will continue to have better market performance in short to medium term. Accordingly, the Group will adapt to the market trend and actively adjust its tactics in order to strengthen its market position in the business park sector.

In 2015, the Group sets its vision of development as "Being the Best Business Park Developer and the Largest Business Park Operator in China" and, adheres to the development principle of "Combining Light with Heavy Assets Operation together". The Group will put more efforts in the development of its four main business segments — development and sales of business parks and property projects, operation of business parks, property holding for investment and assets management and construction. In five years' time, the Company aims to achieve the strategic development structure of "Consolidation in Dalian and Advancement in Wuhan, Expansion in First Tier Cities such as Beijing, Shanghai and Shenzhen, Put Emphasis on Second Tier Cities such as Bohai, Yangtze River Delta, Pearl River Delta and Yangtze Economic Rims".

Business park and property project development and sales remains to be the main source of revenue and net profit contribution of the Group. In 2015, the Group's focus remains to "increase profit, reduce inventory and adjust structures". Through strengthening the cost management and capital operation management, the Group will enhance its profitability; while through measures of improving the quality of products and auxiliary products and, expanding sales channels and strengthening the sales capability, the Group will promote its product competitiveness under general market conditions. Meanwhile, the Group will accelerate the sales of inventories, speed up the establishment of the projects in Shanghai, Shenzhen and Beijing, facilitate the sales of inventories in Dalian and shorten the project cycle of Wuhan First City Project (武漢軟件新城項目) to optimise the distribution layout of its inventories.

The operation of business park will gradually be departed from its development, forming separate segments principally in light asset businesses such as business solicitation and operation, property management and the provision of value-added services and, through development and practice, the Group enhances its core competitiveness through innovation which in turn becomes the new driving force for the considerable growth of the Group's sectors and profit reserve. In 2015, the Group will emphasise on consolidating the businesses of business solicitation and operation with the office premise management so as to enhance its competitiveness with an aim to penetrate into the first and second tier cities such as Shanghai, Beijing, Shenzhen and Hangzhou to rapidly establish its brand in business park operation.

The business of property investment holding and asset management will be established through acquiring low-cost rural office premises together with the Group's own high-quality properties to enhance the Group's asset value through the operation of such portfolio. In 2015, the Group will emphasise on optimising customer resources and increasing the level of net rental revenue while at the same time, exploring new financing channels to reduce the financial cost in property.

Construction segment will gradually consolidate the business segments of construction, landscaping and decoration, to form an integrated and professional business segment. In 2015, the Group will emphasise on improving the core competitiveness of each of these individual businesses, increasing the share of external business and actively developing off-site projects.

In 2015, the Group advances to a new milestone, which is also the first year of the implementation of the new medium-term strategy plan. The Group hopes to take this as an opportunity for the adoption of new concepts, innovation of practices and expansion of business and the Group will continue to create value for its shareholders.

Yida China Holdings Limited
Sun Yansheng
Chief Executive Officer

Dalian, Liaoning Province, PRC, 31 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. The Development and Operation of Business Parks

As at 31 December 2014, the Group led the development and operation of six business parks, including Dalian Software Park, Dalian BEST City Core Area Business Park, Dalian Ascendas IT Park, Wuhan First City, Yida Information Software Park and Dalian Tiandi.

As at 31 December 2014, there were 19 residential properties in business parks on sale, achieved contracted sales of approximately RMB4,923 million, representing 61% of the contracted sales amount of the Group (equity share amount of approximately RMB4,306 million), the floor area of contracted sales was 389,720 sq.m., with average selling price of RMB12,632 per sq.m..

Dalian Software Park was gradually upgrading with quality and large customers and emerging industry customers. As at 31 December 2014, the occupancy rate of Dalian Software Park was approximately 94%, with 13 well-known customers newly joined in the year, including three Fortune Global 500 Enterprises and ten Emerging Industries Enterprises. As at 31 December 2014, there were 102 well-known customers in Dalian Software Park, including 48 Fortune Global 500 Enterprises, 34 Top 100 Industry Enterprises and 20 Emerging Industries Enterprises.

As at 31 December 2014, the occupancy rate of Dalian BEST City Core Area Business Park was approximately 62%, settled enterprises including Fortune Global 500 Enterprises such as Panasonic, Hitachi and GOODYEAR.

As at 31 December 2014, the occupancy rate of Dalian Ascendas IT Park was approximately 78%, with 62 settled enterprises including 12 Fortune Global 500 enterprises.

As at 31 December 2014, Yida Information Software Park office building was expected to be completed in 2015 and has currently entered into leasing agreements with customers such as Accenture and Internet of Vehicles, representing 38% of the leasable area.

As at 31 December 2014, part one of the office building's main structures of Wuhan First City Phase II was completed while 50% of part two of the office building's main structures was completed. The Group actively explored the customised sales model for certain office buildings and as at 31 December 2014, 40% of the office buildings under construction had signed the customised sales agreements.

2. The Development of Multi-functional Integrated Residential Communities

As at 31 December 2014, the Group has a total of 12 multi-functional integrated residential community projects of the Group on sale, achieved contracted sales of approximately RMB3,149 million, representing 39% of the contracted sales amount of the Group (equity share amount of approximately RMB2,961 million), the floor area of contracted sales was 245,410 sq.m., with average selling price of RMB12,832 per sq.m..

3. The Operation Management of Business Parks

The Group provides business park operation management services to Phase I of Wuhan First City. As at 31 December 2014, the occupancy rate was approximately 89%, with 38 contracted enterprises including well-known customers such as IBM, Publicis Groupe and Philips, formed a preliminary cluster of six major industries, namely, software research and development, culture and creativity, financial services, internet, e-commerce as well as new technology, new material and new energy.

As at 31 December 2014, the Group entered into entrusted operation and pre-construction consultation agreements for Shanghai Jiangqiao Project (上海江橋項目), Suzhou High-speed Rail Cultural and Creative Park Project (蘇州高鐵文創園項目), Suzhou Wuzhong Shangjinwan Project (蘇州吳中尚金灣項目) and Beijing Shichuang Environmental Park Project (北京實創環保園項目) and Changsha Technology New Park Project (長沙科技新城項目) respectively, to provide business park operation and management services in these projects.

4. Construction, Decoration and Landscaping

In 2014, the Group continuously enhanced its competitiveness in construction, decoration and landscaping businesses so as to supplement the Group's development in business parks and multi-functional integrated residential community projects and, at the same time, actively expanding the external market portion.

5. Property Management

In 2014, the Group actively explored the property value-added services model to increase the customer satisfactory level of office buildings and residential properties. In the annual customer satisfactory level survey from Gallup, Inc., the satisfactory level of the Group's customers was 75%, representing an increase of 8% from last year.

6. Land Reserves

As at 31 December 2014, the total gross floor area ("GFA") of the Group's land reserves was approximately 11.09 million sq.m., and the attributable GFA of the Group's land reserves was approximately 7.41 million sq.m..

The following table sets forth a breakdown of the Group's land reserves as at 31 December 2014:

Business Parks/ Multi-functional, Integrated Residential Community Projects	Percentage of interest attributable to the Group	Site Area (sq.m.)	GFA Completed Remaining Saleable/ Leasable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks					
Dalian Software Park					
Office Building Area	100%	389,615	594,935	—	—
Residential Area	100%	237,313	301,227	86,753	—
Subtotal	100%	626,928	896,162	86,753	—
Dalian Best City Core Area Business Park					
Office Building Area	100%	417,800	59,230	222,810	557,530
Residential Area	100%	826,490	188,380	599,294	105,340
Subtotal	100%	1,244,290	247,610	822,104	662,870
Wuhan First City					
Office Building Area	50%	618,762	—	276,682	862,234
Residential Area	50%	246,847	—	—	372,077
Subtotal	50%	865,609	—	276,682	1,234,311
Yida Information Software Park					
Office Building Area	100%	162,291	—	151,286	118,798
Residential Area	59.5%–100%	675,410	444,404	219,461	172,188
Subtotal	59.5%–100%	837,701	444,404	370,747	290,986
Dalian Ascendas IT Park					
Office Building Area	50%	275,944	159,182	—	95,953
Subtotal	50%	275,944	159,182	—	95,953
Dalian Tiandi					
Office Building Area	30%	968,994	317,982	172,373	1,330,709
Residential Area	30%	579,298	124,836	243,718	767,776
Subtotal	30%	1,548,292	442,818	416,091	2,098,485
Business Parks Subtotal	30%–100%	5,398,763	2,190,176	1,972,377	4,382,605
Multi-functional, Integrated Residential Community Projects					
Dalian	25%–100%	1,111,905	189,110	888,839	1,272,443
Shenyang	100%	132,379	18,491	42,069	—
Chengdu	80%–100%	192,478	5,430	119,784	3,737
Beijing	35%	14,123	6,751	—	—
Multi-functional, Integrated Residential Community Subtotal	25%–100%	1,450,885	219,784	1,050,692	1,276,180
Grand Total	25%–100%	6,849,648	2,409,960	3,023,069	5,658,785

In 2014, the Group acquired a parcel of land in the Dalian Software Park with a planned GFA of approximately 86,753 sq.m. for office, commercial and apartment usages. The project has commenced construction and sales during the year.

7. Overview on Major Properties

Below are major properties of the Group as at 31 December 2014.

Office Buildings at Dalian Software Park

The office buildings at Dalian Software Park, located on the north side of Zhongshan Road, the arterial road of Dalian City and adjacent to Dalian University of Technology, Dongbei University of Finance and Economics and Dalian Maritime University, are operated under the property held for investment segment of Dalian Software Park, in which the Group has 100% equity interest. The project is completed, with an aggregate GFA of 594,935 sq.m. comprising various types of properties such as offices, student apartments, retails and car parks. The Group possesses the office buildings at Dalian Software Park with medium term lease contract.

Office Buildings at Dalian BEST City Core Area Business Park

The office buildings at Dalian BEST City Core Area Business Park, located in Ganjingzi District, Dalian City and are approximately five kilometers away from the airport, are operated under the property held for investment segment of Dalian BEST City Core Area Business Park, in which the Group has 100% equity interest, with a completed GFA of 59,230 sq.m., a GFA under development of 222,810 sq.m. and a planned GFA held for future development of 557,530 sq.m.. The office buildings project, comprising various types of properties such as offices, retails and car parks, is expected to be completed in 2018. The Group possesses the office buildings at Dalian BEST City Core Area Business Park with medium term lease contract.

Area A of Qingyun Sky

Qingyun Sky project is located in the Zhongshan District of Dalian City. Area A of Qingyun Sky occupies a total site area of approximately 80,586 sq.m. with an estimated total GFA of approximately 553,420 sq.m., in which the Group has 100% equity interest. The project, comprising various types of properties such as residentials, retails and car parks, is currently under construction, and are expected to be completed in the fourth quarter of 2016. The project is held for development and sale purpose.

FINANCIAL REVIEW

Revenue

The sources of revenue of the Group primarily include (i) income from the sales of properties; (ii) rental income; (iii) income from providing business park operation and management services; (iv) income from providing construction, decoration and landscaping services; and (v) income from providing property management services. For the year ended 31 December 2014, the revenue of the Group was RMB7,711.3 million, representing an increase of 20.5% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the periods indicated:

	2014		2013	
	Amount RMB '000	% of total	Amount RMB '000	% of total
Sales of properties	**7,007,324**	**91%**	5,385,317	84%
Rental income	**308,581**	**4%**	293,147	5%
Business park operation and management service income	**4,662**	**0%**	4,660	0%
Construction, decoration and landscaping income	**185,850**	**2%**	579,449	9%
Property management income	**204,888**	**3%**	136,606	2%
Total	**7,711,305**	**100%**	6,399,179	100%

(1) Sales of Properties

The income derived from property sales of the Group in 2014 amounted to RMB7,007.3 million, representing an increase of 30.1% from last year. Properties with a total GFA of 561,534 sq.m. was delivered during the year, representing an increase of 45.6% from last year.

(2) Rental Income

The rental income of the Group in 2014 was RMB308.6 million, representing an increase of 5.3% from the corresponding period of last year. The increase was mainly due to the growth in leased area in relation to Dalian BEST City Core Area Business Park.

(3) Business Park Operation and Management Services Income

In 2014, the income from business park operation and management services of the Group remained relatively stable at approximately RMB4.7 million as compared to 2013.

(4) Construction, Decoration and Landscaping Income

The construction, decoration and landscaping income of the Group decreased by 67.9% to approximately RMB185.9 million in 2014 from approximately RMB579.4 million in 2013, which was mainly due to the increasing provision of this type of services for projects developed by the Group and the decrease in services provided to third parties during the year.

(5) Property Management income

The property management income increased by 50.0% to approximately RMB204.9 million in 2014 from approximately RMB136.6 million in 2013, which was mainly attributable to the growth of area under management in residential premises and the more timely payment by homeowners for the year ended 31 December 2014, as well as from the increase in rates for office premises.

Cost of Sales

The cost of sales of the Group in 2014 was approximately RMB5,280.7 million, representing an increase of 23.0% from approximately RMB4,293.7 million in 2013, which was mainly attributable to the increase in sales during the year.

Gross Profit and Gross Profit Margin

The gross profit of the Group in 2014 was RMB2,430.6 million, representing an increase of 15.4% from approximately RMB2,105.5 million in 2013. The gross profit margin decreased to 31.5% in 2014 from 32.9% in 2013, which was mainly attributable to the lower selling price on units for end user demand from Triumph Hill Project (天琴山項目), and Sunny Bay Project (晴灣項目) during the year.

Other Income and Gains

Other income and gains of the Group include interest income, dividend income, government subsidy and other income. During 2014, other income and gains was approximately RMB108.6 million, representing a decrease of approximately RMB147.6 million from 2013, which was mainly attributable to the absence of non-recurring government subsidy and government compensation in 2014.

Sales and Marketing Costs

The sales and marketing costs of the Group in 2014 was approximately RMB302.2 million, which remained stable as compared to approximately RMB304.4 million in 2013.

Administrative Expenses

The administrative expenses of the Group decreased by 5.0% to RMB427.1 million in 2014 from RMB449.6 million in 2013, which was mainly attributable to the absence of the share-based payment expense as recorded prior to the listing (the "Listing") of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Other Expenses

Other expenses of the Group include charity donation, fair value loss of derivative financial instruments and other expenses. In 2014, other expenses of the Group was RMB165.4 million, representing an increase of approximately RMB101.1 million from 2013. The increase was mainly due to the growth in losses arising from changes in fair value of put and call options. The sales of Yihong Project and Yize Project (億鴻億澤項目) commenced in 2014, leading to a loss of changes in fair value of put and call options in the amount of RMB127.6 million, while in 2013 the loss of changes in relevant options was in the amount of RMB30.5 million, as resulted from the failure in satisfying return condition, as set out in the contract.

Fair Value Gains on Investment Properties

The fair value gains on investment properties of the Group decreased by 85.7% to approximately RMB58.9 million in 2014 from approximately RMB411.6 million in 2013, which was mainly due to the lack of newly commenced investment properties or investment properties under construction being transferred to completed investment properties during the year. Fair value gains are mainly derived from the construction progress achieved for projects under construction during the year.

Finance Costs

The finance costs of the Group mainly represented the interests on borrowings that were not capitalised and such costs decreased by 26.8% to approximately RMB190.7 million in 2014 from approximately RMB260.5 million in 2013. The decrease was primarily attributable to the increase of capitalised finance costs allocated to costs of property development during the year, while part of the interests were not capitalised in last year as it did not meet the criteria of capitalisation as a result of the completion of certain projects.

Share of Profits and Losses of Joint Ventures

In 2014, the Group's share of profits of joint ventures was approximately RMB31.5 million, representing an increase of RMB30.0 million from 2013, which was mainly attributable to the increase of profits in Dalian Software Park Ascendas Development Company Limited and Dalian Software Park Shitong Development Co., Ltd.

Share of Profits and Losses of Associates

Share of losses of associates was primarily from Richcoast Group Limited ("Richcoast Group") and Crown Speed Investments Limited. In 2014, the Group's share of losses of associates was approximately RMB52.6 million, which was mainly attributable to the losses of Dalian Tiandi project which the Group held interest through Richcoast Group.

Income Tax Expenses

The income tax expenses of the Group include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group decreased by 26.6% to RMB594.8 million in 2014 from RMB810.1 million in 2013, which was mainly attributable to the reversal of provision of land appreciation tax in previous years by Dalian Yida Meijia Property Development Company Limited as a result of final settlements of land appreciation tax for these projects in the current year.

Profit for the Year

As a result of the foregoing, the pre-tax profit of the Group decreased by 10.5% to approximately RMB1,491.6 million in 2014 from approximately RMB1,667.3 million in 2013.

The profit for the year of the Group increased by 4.6% to approximately RMB896.8 million in 2014 from approximately RMB857.3 million in 2013.

The profit attributable to equity owners of the Group increased by 8.3% to approximately RMB896.9 million in 2014 from approximately RMB827.9 million in 2013.

The core net profit (after deducting the fair value gains on investment properties, net of tax) attributable to equity owners of the Group increased by 64.2% to approximately RMB852.7 million in 2014 from approximately RMB519.2 million in 2013.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2014, the Group had cash and bank balances of approximately RMB2,799.1 million, including restricted cash of approximately RMB2,059.0 million. (31 December 2013: cash and bank balances of approximately RMB3,527.0 million, including restricted cash of approximately RMB1,410.6 million.)

Debts

As at 31 December 2014, the Group had bank and other borrowings of approximately RMB16,251.8 million (31 December 2013: approximately RMB13,426.7 million), of which:

(1) By loan type

	31 December 2014 RMB'000	31 December 2013 RMB'000
Secured bank loans	**11,371,125**	8,631,047
Unsecured bank loans	**406,000**	585,000
Secured other borrowings	**3,274,648**	3,010,616
Unsecured other borrowings	**1,200,000**	1,200,000
	16,251,773	13,426,663

(2) By maturity date

	31 December 2014 RMB'000	31 December 2013 RMB'000
Within one year or on demand	**5,342,262**	5,148,302
In the second year	**5,243,786**	4,425,824
In the third to fifth years	**4,463,975**	3,135,622
Beyond five years	**1,201,750**	716,915
	16,251,773	13,426,663

As at 31 December 2014, the Group pledged its property, prepayment for acquisition of land, investment properties, properties under development, completed properties held for sale and time deposits with an aggregate carrying amount of RMB18,402 million (2013: RMB12,494 million) to secure borrowings of the Group.

Gearing Ratio

The gearing ratio of the Group (net borrowings, including interest-bearing bank and other borrowings less cash and cash equivalents and restricted cash, divided by the total equity) was approximately 150% as at 31 December 2014 and 142% as at 31 December 2013. The increase in the gearing ratio was mainly due to the change of borrowing entities from related parties to entities within the Group in the amount of RMB3,060.0 million prior to the Listing in 2014.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 31 December 2014, the Group had cash and bank balances (including restricted cash) of approximately RMB430.3 million and RMB8.2 million denominated in United States dollars and Hong Kong dollars, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with commercial banks in China to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) registration of mortgage interest to the bank, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 31 December 2014, the Group provided a guarantee of approximately RMB598.9 million to commercial banks in China in respect of bank mortgages loans granted to the customers of the Group (as at 31 December 2013: approximately RMB632.2 million).

In addition to guarantees the Group provided in respect of the mortgage facilities for its customers, as at 31 December 2014, the Group provided a guarantee in the amount of not exceeding RMB150.0 million (31 December 2013: RMB150.0 million) to the shareholders of Richcoast Group. This guarantee was provided in respect of the payment obligations of Richcoast Group to a joint venture and the joint venture partner, and such guarantee was provided in accordance with the Group's shareholding percentage.

As at 31 December 2014, the Group also provided guarantees to the extent of RMB181.6 million (2013: Nil) in respect of bank and other borrowings granted to associated companies of the Group.

As at 31 December 2014, the Group also provided guarantees to the extent of RMB1,268.0 million (31 December 2013: RMB490.0 million) in respect of bank and other borrowings granted to the joint ventures of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group has 2,992 full-time employees in the PRC and Hong Kong. The Group pays remunerations to the staff based on the performances, working experiences of the employees and the current market salary level. The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards.

The Directors' remunerations are subject to the recommendations of the remuneration committee and the Board's approval. The remunerations are determined by the Board with reference to the Directors' time commitment and responsibilities, and employment condition in the Group and comparable companies.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Sun Yinhuan (孫蔭環), aged 65 was appointed as a Director on 2 April 2008 and was redesignated as an executive Director on 16 December 2013. Mr. Sun is the founder and the chairman of the Group. Mr. Sun is also the chairman of the nomination committee of the Company. He is responsible for the strategic development, investment strategies as well as the operation and management decision-making of the project planning and business development of the Group. Mr. Sun founded the Group in 1998, has over 26 years of experience in the PRC real estate development and has around 20 years of experience in the operations of business parks in the PRC. Mr. Sun is the standing committee member of The Twelfth National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆全國委員會), the vice chairman of The Eleventh All-China Federation of Industry & Commerce (第十一屆中華全國工商業聯合會), the vice chairman of the board of directors of China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司), the vice president of the China Enterprise Confederation (中國企業聯合會), the vice president of the China Real Estate Association (中國房地產業協會), the member of The Twelfth, Thirteenth, Fourteenth and Fifteenth Dalian Municipal People's Congress Standing Committee (大連市第十二屆、第十三屆、第十四屆、第十五屆人民代表大會常務委員會), the vice chairman of the Liaoning Commercial Federation (遼寧省工商業聯合會), the vice chairman of the Dalian Federation of Industry and Commerce (大連工商聯合會) and the honorary chairman of the Dalian Charity Federation (大連慈善總會). Mr. Sun is the brother of Mr. Sun Yinfeng and the uncle of Mr. Jiang Xiuwen.

Mr. Sun Yinfeng (孫蔭峰), aged 58, was appointed as an executive Director on 16 December 2013. Mr. Sun is the co-founder and the vice chairman of the Group. He is responsible for the planning and design of business parks of the Group and product research and development of various projects. Mr. Sun has over 26 years of experience in real estate development. Mr. Sun received his professional certificate in economics management from Dalian Management College (大連管理幹部學院) in January 1999, now known as Dalian Vocational and Technical College (大連職業技術學院). Mr. Sun also won the "National May 1st Labor Medal" (全國五一勞動獎章) from the All China Federation of Trade Unions. Mr. Sun is the brother of Mr. Sun Yinhuan and the uncle of Mr. Jiang Xiuwen.

Mr. Sun Yansheng (孫燕生), aged 59, was appointed as an executive Director on 16 December 2013. Mr. Sun is the chief executive officer of the Group. He is responsible for the overall operations management of the Group. Mr. Sun joined the Group as the chief accountant of Yida Group Co., Ltd. (億達集團有限公司), the former holding company of the Group's PRC subsidiaries, in July 1999. Prior to joining the Group, Mr. Sun was employed by Dalian Daqi Company Limited (大連大起集團有限公司), a company principally engaged in the manufacture of cranes and other heavy machinery from January 1982 to July 1999, where he last served as the deputy factory manager and deputy general manager, and he was primarily responsible for its financial management. He was accredited as a senior engineer by the Evaluation Committee of Senior Level Qualifications in Electronical and Mechanical Engineering of Dalian City (大連市機電工程高級職務任職條件評審委員會) in October 1992. Mr. Sun received his bachelor's degree in automation instrument from Shanghai College of Mechanics (上海機械學院), now known as the University of Shanghai for Science and Technology, in January 1982 and a master's degree in business and administration from the State University of New York in February 1991.

Mr. Jiang Xiuwen (姜修文), aged 38 was appointed as an executive Director on 16 December 2013. Mr. Jiang is also a member of the remuneration committee of the Company. He is primarily co-working with the chief executive officer in the overall operations management of the Group, and is responsible for the operations management of sales and marketing, construction, human resources and branding. Mr. Jiang joined the Group in July 2000 as an employee of the marketing department of Dalian Yida Property Company Limited (大連億達房地產股份有限公司), a wholly owned subsidiary of the Group. Mr. Jiang received his bachelor's degree in thermal treatment of metal from Dalian Jiaotong University (大連交通大學) in July 2000 and an executive master's degree in advanced business administration from Dalian University of Technology (大連理工大學) in July 2011. Mr. Jiang also won several awards, namely the "Liaoning May 1st Labour Medal" (遼寧五一勞動獎章) of the General Labor Union of Liaoning Province in 2010 and the "Model Worker" (勞動模範) by the People's Government of Liaoning Province in 2012. Mr. Jiang Xiuwen is the nephew of Mr. Sun Yinhuan and Mr. Sun Yinfeng.

Mr. Gao Wei (高煒), aged 52, was appointed as executive Director on 16 December 2013. He is the president of Yida New Software Park Management Company Limited (億達軟件新城管理有限公司) and Dalian Software Park Company Limited (大連軟件園股份有限公司), the wholly owned subsidiaries of the Group, and is primarily responsible for the operations management of Dalian Software Park and the operations development of new business parks projects in Wuhan, Shanghai and Suzhou. Mr. Gao joined the Group in 1998 as the deputy chief economist of Yida Group. From March 1988 to December 1993, Mr. Gao was a lecturer in industrial economics at Dalian Management College (大連管理幹部學院), now known as Dalian Vocational and Technical College (大連職業技術學院), where he taught industrial economics, business administration and economic law. Mr. Gao was accredited as a senior economist by the Liaoning Province Department of Personnel (遼寧省人事廳) in September 1996. Mr. Gao received his bachelor's degree in applied mechanics in July 1985 and a master's degree in industrial management engineering in May 1988 from Beijing Institute of Technology (北京工業學院), now known as Beijing Institute of Technology (北京理工大學). Mr. Gao was awarded the "Model Worker Honorary Certificate of Liaoning Province" (遼寧省勞動模範榮譽證書) from the People's Government of Liaoning Province in 2012.

Mr. Wen Hongyu (問宏宇), aged 52, was appointed as an executive Director on 16 December 2013. He is the general manager of Dalian BEST City Development Company Limited (大連科技城發展有限公司), a wholly owned subsidiary of the Group, and is primarily responsible for the operations management of Dalian BEST City Development Company Limited and its subsidiaries. Mr. Wen joined the Group in 1998 as the general manager of Dalian Yida Property Company Limited. Prior to joining the Group, Mr. Wen had held various positions within the construction department of the Shaanxi Provincial Denghe Mining Bureau (陝西省澄河礦務局建安處), including head of construction department and chief engineer, where he was primarily responsible for management of construction. Mr. Wen was accredited as a senior engineer by the Shaanxi Province Department of Personnel (陝西省人事廳) in December 1996. Mr. Wen received his bachelor's degree in industrial and civil architecture from Xi'an Metallurgy & Architecture College (西安冶金建築學院), now known as Xi'an University of Architecture and Technology (西安建築科技大學) in July 1984. Mr. Wen also won several awards, namely the "Model Worker Honorary Certificate of Liaoning Province" (遼寧省勞動模範榮譽證書) from the People's Government of Liaoning Province in 2009 and the "Outstanding Representative of the Honorary Title Certificate of the 16th People's Congress" (第16屆人民代表大會優秀代表榮譽稱號證書) from the City of Dalian Ganjingzi District People's Congress Standing Committee in 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Yuk Chi Eddie (葉毓池), aged 64, was appointed as an independent non-executive Director on 1 June 2014. Mr. Ip is also the chairman of the remuneration committee, a member of both the audit committee and nomination committee of the Company. Mr. Ip has 32 years of experience working at a number of multinational banks in Hong Kong. His areas of expertise include corporate banking, emerging market debt trading and distressed asset trading and investment. From 1989 to 1998, Mr. Ip served as the manager of asset trading and head of corporation banking group at ING Bank, a bank principally engaged in providing banking services, where he was primarily responsible for asset trading and corporate banking services. From 1998 to 2003, Mr. Ip served as the managing director of distressed asset trading and investment at Bank of America, a bank principally engaged in providing banking services, where he was primarily responsible for management of corporate non-performing assets and investment. From 2004 to 2008, Mr. Ip served as the regional director of Spinnaker Capital Group, a global emerging market investment group, where he was primarily responsible for special situation investment in China. Mr. Ip received his bachelor's degree in applied mathematics and computer science from Washington University in St. Louis, Missouri in May 1973 and a master's degree in business administration from the University of California, Los Angeles in December 1975.

Mr. Yip Wai Ming (葉偉明), aged 50, was appointed as an independent non-executive Director on 1 June 2014. Mr. Yip is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Yip has over 20 years of experience in accounting, capital markets and corporate finance. From 1987 to 1996, Mr. Yip worked at Ernst & Young, where his last position held was senior manager. From 1996 to 1998, Mr. Yip served as an associate director of ING Bank N.V., where he was principally engaged in corporate finance. From 1999 till now, Mr. Yip has held positions in a number of companies listed on the Stock Exchange, including serving as the chief financial officer of China New Energy Power Group Limited (stock code: 1041) from 1999 to 2001; the vice president of Hi Sun Technology (China) Limited (stock code: 818) from 2001 to 2003; the chief financial officer of Haier Electronics Group Co., Ltd. (stock code: 1169) from 2004 to 2009; an independent non-executive director of Ju Teng International Holdings Limited (stock code: 3336) from 2006 till now; an independent non-executive director of BBMG Corporation (stock code: 2009) from 2009 till now; the deputy general manager of Yuzhou Properties Company Limited (stock code: 1628) in 2010; an independent non-executive director of PAX Global Technology Limited (stock code: 327) from 2010 till now; an independent non-executive director of Far East Horizon Limited (stock code: 3360) from 2011 till now; and an independent non-executive director of Poly Culture Group Corporation Limited (stock code: 3636) from 2013 till now. Mr. Yip holds a bachelor's degree in social sciences from the University of Hong Kong and a bachelor's degree in laws from the University of London. Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Guo Shaomu (郭少牧), aged 49, was appointed as an independent non-executive Director on 1 June 2014. Mr. Guo is also a member of both the audit committee and remuneration committee of the Company. Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance of Salomon

Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate and an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. From February 2015 till now, Mr. Guo has been an independent non-executive director of Fantasia Holdings Group Co., Limited (stock code: 1777), a company listed on the Stock Exchange. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

SENIOR MANAGEMENT

Mr. Law Siu Wo (羅兆和), aged 52, is the chief financial officer of the Group and company secretary of the Company. He is primarily responsible for the overall financial management of the Group. Prior to joining the Group, Mr. Law had held positions such as the head of financial department in a number of companies listed on the Stock Exchange as well as non-listed companies. Mr. Law is a member of the American Institute of Certified Public Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Law received his bachelor's degree in business administration at the University of Wisconsin-Whitewater in December 1985 and a master's degree in business administration from the University of California, Los Angeles in June 1994.

Ms. Ma Lan (馬蘭), aged 43, is a vice president of the Group. She is primarily responsible for the investment, financing, land expansion and development as well as the operation of investment properties of the business parks of the Group. Ms. Ma joined the Group as the general manager of the investment department of Yida Group Co., Ltd., the former holding company of the PRC subsidiaries of the Group, in October 2004, where she was primarily responsible for the overall operations management. Prior to joining the Group, Ms. Ma was a manager at Shanghai Youlian Strategy Management Centre (上海友聯戰略管理中心), a company principally engaged in the management of financial holding companies, from April 2003 to August 2004, where she was primarily responsible for marketing activities. Ms. Ma received her bachelor's degree in industrial economic management from Dongbei University of Finance and Economics (東北財經大學) in July 1994.

Mr. Qin Xuesen (秦學森), aged 44, is a vice president of the Group. He is primarily responsible for the design and planning, product positioning, cost control, construction and property management of the Group. Mr. Qin joined the Group in November 2002, as the head of quality control department of Dalian Software Park Development Co., Ltd. (大連軟件園開發有限公司). Prior to joining the Group, Mr. Qin was the director of engineering at Dalian Jian-An Engineering Construction Supervision & Management Co., Ltd. (大連建安工程建設監理有限公司), a company principally engaged in building construction supervision, from December 1996 to January 2002, where he was primarily responsible for construction management. Mr. Qin was accredited as an engineer by the Liaoning Province Department of Personnel (遼寧省人事廳) in February 2002. Mr. Qin received his bachelor's degree in construction surveying at Hohai University (河海大學) in July 1995.

Mr. Bao Hongkui (暴洪奎), aged 49, is a vice president of the Group. He is primarily responsible for the brand operation and administration work. Mr. Bao joined the Group in July 1996, as the deputy general manager, and was primarily responsible for the personnel administration and project management. He was also the vice chancellor of Neusoft University of Information (東軟信息學院) from 2005 to 2009, being responsible for enrollment and employment. Prior to joining the Group, from 1989 to 1994, Mr. Bao was the business manager of Liaoning Animal Products Import & Export Company (遼寧省畜產進出口公司), being responsible for business management. From 1994 to 1996, Mr. Bao was the general manager of China National Native Produce and Animal By-products Import and Export Corporation, Dalian branch (中國土產畜產進出口總公司大連公司), being responsible for its overall operation management. Mr. Bao received his bachelor's degree in chemistry engineering and his master of philosophy degree in science at Dalian University of Technology (大連理工大學) in July 1986 and February 1989, respectively.

Mr. Liu Dashun (劉大舜), aged 44, is a vice president of the Group. He is primarily responsible for the financial management and accounting as well as tax planning of the Group. Mr. Liu joined the Group in 1998, being responsible for the financial management. He was the chief financial officer of Shenyang Yida Property Company Limited (瀋陽億達房地產有限公司), a wholly owned subsidiary of the Group, from 2003 to 2005, being responsible for the financial management. He was the chief financial officer of Dalian Yida Development Company Limited (大連億達發展有限公司), a wholly owned subsidiary of the Group, from 2005 to 2006. He was the general manager of Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司), a wholly owned subsidiary of the Group, from 2006 to 2013, being responsible for its operation management. He was the general manager of Shenyang Yida Property Company Limited from 2013 to 2014, being responsible for its operation management. Prior to joining the Group, he was an accountant at Dalian Santai Edifice Company Limited (大連三泰大廈有限公司) from 1995 to 1998. Mr. Liu received his bachelor's degree in accounting in July 1995 at Northeastern University (東北大學).

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries principally engage in the business of development and operation of business parks, the development and sales of multi-functional integrated residential community projects, the operation and management, construction, decoration, landscaping and the property management of business parks. There were no significant changes in nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2014 are set out on page 51 of this annual report.

DIVIDENDS

The Board has recommended a payment of final dividend of RMB13.2 cents per share for the year ended 31 December 2014, payable to shareholders whose names appear in the register of members of the Company on 18 June 2015. The proposed final dividend will be payable on or about 26 June 2015, subject to the approval of the shareholders of the Company in the forthcoming annual general meeting ("AGM") to be held by the Company.

The proposed final dividend will be declared in Renminbi and paid in Hong Kong dollars. The payable final dividend will be translated into Hong Kong dollars at the average middle exchange rate for Renminbi to Hong Kong dollars as published by The People's Bank of China between 8 June 2015 and 10 June 2015.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 8 June 2015 to Wednesday, 10 June 2015 (both days inclusive), during such period no transfer of shares will be registered. To ascertain shareholders who are eligible to attend and vote at the AGM to be held on Wednesday, 10 June 2015, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 5 June 2015.

The register of members of the Company will be closed from Tuesday, 16 June 2015 to Thursday, 18 June 2015 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 15 June 2015.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last four financial years is set out on page 4 of this annual report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The details of changes of the property, plant and equipment and investment properties of the Company and the Group during the year under review are set out in notes 15 and 16 to the consolidated financial statements of the Group, respectively. Further details of the Group's major investment properties are set out on page 15 of this annual report.

BORROWINGS

Details of borrowings are set out in note 34 to the financial statements of the Group.

RESERVES

The changes of reserves of the Group during the year under review are set out in the consolidated statement of changes in equity and note 40 to the financial statements of the Group.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the available distributable reserves of the Company was approximately RMB2,051,734,000.

DONATIONS

The donations of the Group during the year under review was approximately RMB30,350,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales for the same period and the aggregate purchases attributable to the Group's five largest suppliers was less than 30% of the Group's total purchases for the same period. None of the Directors, their close associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the share capital of any of the five largest customers and suppliers of the Group for the year ended 31 December 2014.

SHARE CAPITAL

The details of the changes in the share capital of the Company during the year under review are set out in note 38 to the financial statements of the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the date of Listing to 31 December 2014, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, save for the capitalisation issue which took place immediately before the Listing on 27 June 2014 and the issue and allotment of an additional 3,970,000 over-allotment Shares, for the purpose of covering the over-allocation in the international placing on 23 July 2014 in relation to the Company's initial public offering.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period from the date of Listing to 31 December 2014, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

PRE-EMPTIVE RIGHTS

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014 (the "Share Option Scheme"). During the period from the date of adoption to 31 December 2014, no share options have been granted under the share option scheme.

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

1. Purpose of the Share Option Scheme:

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

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

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

2. Participants of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine:

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

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

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

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2014:

As at 31 December 2014, no share option has been granted under the Share Option Scheme.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 258,000,000 Shares.

4. Maximum entitlement of each participant under the Share Option Scheme:

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

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

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the Shares must be exercised under the Share Option Scheme:

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

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

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price:

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of a Share.

8. The remaining lift of the Share Option Scheme:

Subject to the earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

USE OF PROCEEDS FROM GLOBAL OFFERING

On 27 June 2014, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the above global offering were approximately HK$1,328.0 million (after deducting relevant listing expenses). During the period from the date of Listing to 31 December 2014, the Company has been using the net proceeds in proportion on the terms of that listed out in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the prospectus issued by the Company on 17 June 2014.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Sun Yinhuan *(Chairman)*
Mr. Sun Yinfeng *(Vice-chairman)*
Mr. Sun Yansheng *(Chief executive officer)*
Mr. Jiang Xiuwen
Mr. Gao Wei
Mr. Wen Hongyu

Independent Non-Executive Directors

Mr. Ip Yuk Chi Eddie
Mr. Yip Wai Ming
Mr. Guo Shaomu

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 27 June 2014 and each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 27 June 2014. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payments of compensation other than statutory compensation.

In accordance with Article 83(3) of the Articles of Association, Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen, Mr. Gao Wei, Mr. Wen Hongyu, Mr. Ip Yuk Chi Eddie, Mr. Yip Wai Ming and Mr. Guo Shaomu shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2014, the details of the remuneration of the directors and five highest paid individuals of the Group are set out in notes 9 and 10 to the financial statements of the Group, respectively.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time from the date of Listing.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at 31 December 2014, none of the Directors had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

NON-COMPETITION UNDERTAKINGS

The Company has received from each of the controlling shareholders of the Company an annual declaration on his/its compliance with the undertakings contained in the deed of non-competition (the "Deed of Non-Competition") entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/it will not and will procure that his/its associates (other than members of the Group) not to directly or indirectly be involved in or undertake any business that directly or indirectly competes with the Group's business.

Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 17 June 2014 under the section headed "Relationship with Our Controlling Shareholders".

For the year ended 31 December 2014, the Company has received an annual written confirmation from each of the Company's controlling shareholders in respect of their and their associates' compliance with the Deed of Non-Competition. The independent non-executive Directors have reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2014.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2014, the Group entered into transactions with related parties as disclosed in note 47 to the financial statements of the Group. These related party transactions included the following transactions which constituted continuing connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules:

1. Provision of real estate agency services to Shenyang Yida Property Company Limited (瀋陽億達房地產有限公司) and/or its subsidiaries;

2. Lease of property to Yida Information Technology Co., Ltd. (億達信息技術有限公司);

3. Lease of property from Dalian Software Park Development Co., Ltd. (大連軟件園開發有限公司); and

4. License of certain trademarks from Yida Group Co., Ltd. (億達集團有限公司).

Save for the above exempted continuing connected transactions, there were no other continuing connected transactions from the date of the Listing to 31 December 2014.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, the interests and short positions of each of the Directors and the chief executives of the Company in the shares (the "Shares") and underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules were as follows:

(I) Interest in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of shares held[1]	Approximate percentage in the company's issued share capital
Mr. Sun Yinhuan	Interest of a controlled corporation	1,611,400,000(L)[2]	62.36%
Mr. Sun Yinfeng	Interest of a controlled corporation	93,400,000(L)[3]	3.61%
Mr. Sun Yansheng	Interest of a controlled corporation	78,800,000(L)[4]	3.05%
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L)[5]	2.65%
Mr. Wen Hongyu	Interest of a controlled corporation	93,400,000(L)[6]	3.61%
Mr. Gao Wei	Interest of a controlled corporation	78,800,000(L)[7]	3.05%

Notes:

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

(2) Mr. Sun Yinhuan beneficially owns the entire issued share capital of Right Won Management Limited. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won Management Limited.

(3) Mr. Sun Yinfeng beneficially owns the entire issued share capital of Grand Create Limited, which in turn owns 42.10% of the issued share capital of Keen Harmony Limited. Keen Harmony Limited owns 3.61% of the issued share capital of the Company. By virtue of the SFO, Mr. Sun Yinfeng is deemed to be interested in the Shares held by Keen Harmony Limited.

(4) Mr. Sun Yansheng beneficially owns the entire issued share capital of Everest Talent Limited, which in turn owns 37.50% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Sun Yansheng is deemed to be interested in the Shares held by Keen Sky Grace Limited.

(5) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited, which in turn owns 42.98% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.

(6) Mr. Wen Hongyu beneficially owns the entire issued share capital of Kind Source Limited, which in turn owns 31.58% of the issued share capital of Keen Harmony Limited. Keen Harmony Limited owns 3.61% of the issued share capital of the Company. By virtue of the SFO, Mr. Wen Hongyu is deemed to be interested in the Shares held by Keen Harmony Limited.

(7) Mr. Gao Wei beneficially owns the entire issued share capital of Everest Excellence Limited, which in turn owns 25% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Gao Wei is deemed to be interested in the Shares held by Keen Sky Grace Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares[1]	Percentage of the issued share capital of that associated corporation held
Mr. Sun Yinhuan	Right Won Management Limited	Beneficial owner	1(L)	100.00%
Mr. Sun Yinfeng	Keen Harmony Limited	Interest of a controlled corporation	4,000(L)[2]	42.10%
Mr. Sun Yansheng	Keen Sky Grace Limited	Interest of a controlled corporation	3,000(L)[3]	37.50%
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	3,000(L)[4]	42.98%
Mr. Wen Hongyu	Keen Harmony Limited	Interest of a controlled corporation	3,000(L)[5]	31.58%
Mr. Gao Wei	Keen Sky Grace Limited	Interest of a controlled corporation	2,000(L)[6]	25.00%

Notes:

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

(2) These shares are held by Grand Create Limited which is wholly owned by Mr. Sun Yinfeng.

(3) These shares are held by Everest Talent Limited which is wholly owned by Mr. Sun Yansheng.

(4) These shares are held by Grace Excellence Limited which is wholly owned by Mr. Jiang Xiuwen.

(5) These shares are held by Kind Source Limited which is wholly owned by Mr. Wen Hongyu.

(6) These shares are held by Everest Excellence Limited which is wholly owned by Mr. Gao Wei.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company and/or their respective associated persons had any personal, family, corporate or other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2014, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held[1]	Approximate percentage in the Company's issued share capital
Right Won Management Limited[2]	Beneficial owner	1,611,400,000(L)	62.36%

Notes:

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

(2) Right Won Management Limited is beneficially and wholly owned by Mr. Sun Yinhuan. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won Management Limited.

Save as disclosed above, as at 31 December 2014, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, during the period from the date of Listing and up to the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the Company's total number of issued shares as required under the Listing Rules.

AUDITORS

The financial statements have been audited by the Company's auditors, Ernst & Young, who will retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board
Yida China Holdings Limited
Sun Yinhuan
Chairman

Dalian, Liaoning Province, PRC, 31 March 2015

CORPORATE GOVERNANCE REPORT

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

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy based on the principles and code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules (the "CG Code") was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk and internal control. The Board monitors the execution and enforcement of the Company's corporate governance system, conducts reviews of the Company and performs regular assessments. The Company believes that its commitment to high-standard practices will translate into long-term value and ultimately maximize returns to shareholders. The Company's management pledges to build long-term interests for shareholders via conducting business in a socially responsible and professional manner. The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

The Board is of the view that, for the period from 27 June 2014 (the date on which dealings in the Company's shares first commenced on the Stock Exchange (the "Listing Date") to 31 December 2014 (the "Review Period"), the Company has complied with the principles and the code provisions set out in the CG Code, save for the deviation which is explained below.

Pursuant to the code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Review Period, the Company only held two Board meetings as the Review Period was not a complete financial year. The Board intends to meet at least four times per year in the future at approximately quarterly intervals. Pursuant to the code provision C.3.3 of the CG Code, the Audit Committee should meet with the Company's auditors at least twice a year. During the Review Period, the Company only held one Audit Committee meeting as the Review Period was not a complete financial year. The Audit Committee intends to meet at least twice per year in the future.

(A) THE BOARD OF DIRECTORS

Board Composition

During the Review Period, the Board consisted of nine Directors including Mr. Sun Yinhuan (Chairman), Mr. Sun Yinfeng (Vice Chairman), Mr. Sun Yansheng (Chief Executive Officer), Mr. Jiang Xiuwen, Mr. Gao Wei and Mr. Wen Hongyu as the executive Directors and Mr. Ip Yuk Chi Eddie, Mr. Yip Wai Ming and Mr. Guo Shaomu as the independent non-executive Directors. The overall management of the Company's operation is vested in the Board. Saved as disclosed in the prospectus of the Company dated 17 June 2014 and this annual report, to the knowledge of the Directors, the Board members have no financial, business, family or other material relationship with each other.

Board's Responsibilities

The Board takes on the responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior management. The Board has established three Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. All relevant terms of reference are published on the websites of the Stock Exchange and the Company. All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its shareholders at all times.

During the Review Period, the Board comprised nine Directors, including six executive Directors and three independent non-executive Directors. The biographical details of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this annual report.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of the Company's executive Directors along with other senior management officers, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior management officers meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Review Period. The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employees was noted by the Company.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditors' Report" in this annual report.

Chairman and Chief Executive Officer

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual in order to reinforce their respective independence, accountability and responsibility. During the Review Period, the roles of the chairman and the chief executive officer of the Company have been performed by Mr. Sun Yinhuan and Mr. Sun Yansheng, respectively. The chairman plays a leadership role in the Board and is responsible for the management and functioning of the Board. Pursuant to the code provisions A.2.2 and A.2.3 of the CG Code, the chairman would properly brief all Directors on issues arising at Board meetings and would be responsible for ensuring that all Directors receive adequate information, which must be complete and reliable, in a timely manner, so as to enable the Board to have timely and constructive discussions in respect of all important and proper issues. The chairman is also responsible for the formulation of the Group's corporate culture, strategic vision, direction and objectives as well as participating in the Group's strategic and key operational decision-making process. The chairman is also responsible for establishing good corporate governance practices and procedures for the Company, taking appropriate steps for effective communication with shareholders and that views of shareholders are communicated to the Board. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval.

Pursuant to the code provision A.2.7 of the CG Code, during the Review Period, the chairman of the Company met with the three independent non-executive Directors without the presence of other executive Directors on 2 December 2014.

Independent Non-Executive Directors

During the Review Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received an annual written confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the requirement under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence requirements set out in Rule 3.13 of the Listing Rules.

All independent non-executive Directors of the Company possess extensive industry expertise, professional and management experience. They play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on the Company's strategies, performance and control. They will take lead when potential conflicts of interest arise in order to protect the interests of the Company and all its shareholders. They are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

Board Meetings and General Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Pursuant to the code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. During the Review Period, the Company only held two Board meetings. All Directors participated in the Board meetings. The Board intends to meet at least four times per year in the future at approximately quarterly intervals.

At least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend the meeting either in person or through electronic means of communications. For all other non-regular Board meetings, reasonable notice will be given. All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings. They can separately get access to the senior management and the company secretary at all time and may seek independent professional advice at the Company's expense. Pursuant to the code provisions A.1.4 and A.1.5 of the CG Code, minutes of Board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached. Draft and final versions of minutes of Board meetings would be sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting is held.

Pursuant to the code provision A.1.7 of the CG Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee (except an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting would be held. Executive Directors and independent non-executive Directors who have no material conflict of interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the articles of association (the "Articles") of the Company, as well as relevant rules and regulations.

During the Review Period, the Company has not held any general meeting.

Appointment, Re-election and Removal of Directors

The procedures of appointment, re-election and removal of Directors are set out in the Articles of the Company. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a term of three years commencing from the Listing Date. Such term is subject to his re-election by the Company at an annual general meeting upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance with the Articles, at every annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

In accordance with Article 83(3) of the Articles, Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen, Mr. Gao Wei, Mr. Wen Hongyu, the executive Directors and Mr. Ip Yuk Chi Eddie, Mr. Yip Wai Ming and Mr. Guo Shaomu, the Independent non-executive Directors, shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

The shareholders of the Company may, at any general meetings convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything contrary in the Articles or in any agreement between the Company and such Director.

Induction and Continuing Development for Directors

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually provided with information related to the latest developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Relevant training such as continuing briefing and professional development for Directors were also arranged by the Company and its legal adviser.

During the Review Period, a training course was organized by the Company for Directors to update the Directors on the new amendments to the relevant code and the related Listing Rules. All Directors participated in such training course. Individual Directors also attended seminars, conferences and/or forums and read newspapers, journals, Company newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

The Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. In designing the Board's composition, the Company considered diversity of board members from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Board Committees

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Board and the Group's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the Company's website and the website of the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Nomination Committee

The Nomination Committee of the Company is established with written terms of reference in compliance with Rule A.5 of the CG Code. The Nomination Committee is comprised of one executive Director and two independent non-executive Directors. The Nomination Committee comprises Mr. Sun Yinhuan as the chairman and Mr. Ip Yuk Chi Eddie and Mr. Yip Wai Ming as members.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The written terms of reference of the committee are in line with the provisions of the code. During the Review Period, the Nomination Committee convened a meeting on 2 December 2014 to discuss the structure, size and composition of the Board and assess the independence of each independent Director.

Audit Committee

The Audit Committee of the Company is established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provisions C.3 and D.3 of the CG Code. The Audit Committee is comprised of all three independent non-executive Directors. The chairman is Mr. Yip Wai Ming, who confirmed that he possesses appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules. The other members are Mr. Ip Yuk Chi Eddie and Mr. Guo Shaomu. The Group's accounting principles and practices, financial statements and related materials for the year ended 31 December 2014 had been reviewed by the committee.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditors and the Group, particularly the independence, objectivity and effectiveness of the external auditors; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial statements of the Company including annual and interim reports as well as ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors. The written terms of reference of the committee are in line with the provisions of the code.

During the Review Period, the Audit Committee convened a meeting on 18 August 2014 to review the Company's interim financial report as of 30 June 2014.

In addition, the committee has recommended the Board to re-appoint Ernst & Young as the Company's external auditors for the financial year ending 31 December 2015 at the forthcoming AGM.

Remuneration Committee

The Remuneration Committee of the Company is established with written terms of reference in compliance with Rule B.1 of the CG Code. The Remuneration Committee is comprised of two independent non-executive Directors and one executive Director. The committee comprises of Mr. Ip Yuk Chi Eddie as the chairman and Mr. Jiang Xiuwen and Mr. Guo Shaomu as members.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining the terms of the remuneration package of our Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies. The written terms of reference of the committee are in line with the provisions of the code.

During the Review Period, the Remuneration Committee convened a meeting on 2 December 2014 to review and recommend to the Board certain remuneration-related matters of the Directors and senior management.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Management Discussion and Analysis" and note 9 to the financial statements.

Meeting Attendance

The attendance of Directors at Board meetings and meetings of the Board committees during the Review Period, as well as the number of such meetings held, is set out as follows:

Meetings attended/held

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Mr. Sun Yinhuan (Chairman)	2/2		1/1	
Mr. Sun Yinfeng (Vice Chairman)	2/2			
Mr. Sun Yansheng (Chief Executive Officer)	2/2			
Mr. Jiang Xiuwen	2/2			1/1
Mr. Gao Wei	2/2			
Mr. Wen Hongyu	2/2			
Independent Non-executive Directors				
Mr. Ip Yuk Chi Eddie	2/2	1/1	1/1	1/1
Mr. Yip Wai Ming	2/2	1/1	1/1	
Mr. Guo Shaomu	2/2	1/1		1/1

Company Secretary

Mr. Law Siu Wo, the company secretary, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. He also confirmed that he possesses appropriate professional qualifications as required under Rule 3.28 of the Listing Rules. He is reporting to the Chief Executive Officer. All Directors have access to the advice and services of the company secretary to ensure the Board procedures, and all applicable law, rules and regulations, are followed.

For the financial year ended 31 December 2014, the company secretary has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014, and for ensuring the financial statements are published in a timely manner.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

Pursuant to the code provision C.1.1 of the CG Code, the senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

The working scope and reporting responsibilities of Ernst & Young, the Company's external auditors, are set out on pages 49 and 50 of the "Independent Auditors' Report" in this annual report.

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about its reporting responsibilities for the financial statements is set out under the section headed "Independent Auditors' Report" in this annual report.

The external auditors of the Company will be invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report and auditors' independence.

During the year, the remuneration paid to the external auditors of the Company in respect of audit services, including the remuneration paid for the Company's initial public offering, and non-audit services for the year ended 31 December 2014 amounted to RMB8,355,000 and RMB794,000, respectively.

Ernst & Young has been appointed as the Company's external auditors since 2014.

Internal Control

During the year, the Board has conducted a review of the effectiveness of the internal control system of the Group. The review has covered the financial, operational compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Group's assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee. In addition to the external audit, an internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

The Directors of the Company believe that the above internal control measures are adequate and effective.

(C) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at www.yidachina.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

In addition, the Company has also established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Company is committed to maintaining a high level of corporate transparency and disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

On 27 June 2014, the Company has adopted an amended and restated memorandum and articles of association which had been uploaded to the website of the Company and the Stock Exchange. Save as disclosed above, there were no significant changes to the Company's constitutional documents during the year ended 31 December 2014.

(D) GENERAL MEETINGS AND SHAREHOLDERS' RIGHTS

If shareholders have any enquiries about their shareholdings and entitlements to dividend, they can contact Computershare Hong Kong Investor Services Limited, the share registrar and transfer office of the Company, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the company secretary at the Company's principal place of business in Hong Kong who will ensure these enquiries to be properly directed to the Board. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Pursuant to the code provisions of the CG Code, to safeguard shareholders' interests and rights, in respect of each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and arrange for the chairman of the Audit, Remuneration and Nomination Committees or in the absence of the chairman of such committees, another member of the committee, to be available to answer questions at the AGM. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

Pursuant to article 58 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying rights of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders who wish to put forward proposals at general meetings may follow article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 of the Articles of Association of the Company are set out above.

As at 31 December 2014, the Company had a diversified shareholding structure and had maintained sufficient public float as required under the Listing Rules.

EY 安永

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

We have audited the consolidated financial statements of Yida China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 156, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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

Opinion

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

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

31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
REVENUE	6	**7,711,305**	6,399,179
Cost of sales		**(5,280,673)**	(4,293,662)
Gross profit		**2,430,632**	2,105,517
Other income and gains	6	**108,550**	256,177
Selling and marketing expenses		**(302,206)**	(304,413)
Administrative expenses		**(427,116)**	(449,562)
Other expenses		**(165,370)**	(64,314)
Fair value gains on investment properties	16	**58,864**	411,566
Finance costs	8	**(190,699)**	(260,464)
Share of profits and losses of:			
Joint ventures		**31,543**	1,540
Associates		**(52,563)**	(28,726)
PROFIT BEFORE TAX	7	**1,491,635**	1,667,321
Income tax expenses	11	**(594,791)**	(810,059)
PROFIT FOR THE YEAR		**896,844**	857,262
Attributable to:			
Owners of the parent	12	**896,887**	827,865
Non-controlling interests		**(43)**	29,397
		896,844	857,262
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic (RMB per share)		**0.39**	0.48
Diluted (RMB per share)		**0.39**	0.48

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
PROFIT FOR THE YEAR	**896,844**	857,262
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(17,892)**	14,168
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**878,952**	871,430
Attributable to:		
Owners of the parent	**878,979**	841,814
Non-controlling interests	**(27)**	29,616
	878,952	871,430

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**118,628**	120,746
Investment properties	16	**11,055,930**	10,796,582
Investments in joint ventures	20	**2,458,340**	2,395,679
Investments in associates	21	**697,185**	748,806
Prepayments for acquisition of land		**1,875,683**	1,135,060
Land held for development for sale	17	**840,255**	592,861
Other receivables	28	**38,000**	—
Intangible assets	18	**10,906**	9,006
Available-for-sale investments	22	**24,540**	24,540
Deferred tax assets	36	**159,543**	153,214
Total non-current assets		**17,279,010**	15,976,494
CURRENT ASSETS			
Inventories	26	**2,892**	13,642
Land held for development for sale	17	**269,551**	617,728
Properties under development	23	**8,253,644**	5,528,112
Completed properties held for sale	24	**2,050,867**	4,424,458
Prepayments for acquisition of land		**386,212**	733,685
Gross amount due from contract customers	25	**67,251**	129,606
Trade receivables	27	**384,629**	577,212
Prepayments, deposits and other receivables	28	**4,483,976**	4,840,356
Due from related parties	29	**—**	43
Prepaid corporate income tax		**70,719**	99,667
Prepaid land appreciation tax		**108,586**	194,458
Restricted cash	30	**2,059,043**	1,410,636
Cash and cash equivalents	30	**740,071**	2,116,401
Total current assets		**18,877,441**	20,686,004
CURRENT LIABILITIES			
Gross amount due to contract customers	25	**382,076**	557,676
Receipts in advance	31	**3,629,206**	5,125,930
Trade payables	32	**2,311,255**	2,545,986
Other payables and accruals	33	**1,793,659**	746,813
Derivative financial instruments	37	**138,697**	164,367
Interest-bearing bank and other borrowings	34	**5,342,262**	5,148,302
Due to related parties	29	**—**	3,817,171
Tax payable		**386,616**	223,628
Provision for land appreciation tax	35	**367,577**	406,471
Total current liabilities		**14,351,348**	18,736,344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NET CURRENT ASSETS		**4,526,093**	1,949,660
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,805,103**	17,926,154
NON-CURRENT LIABILITIES			
Derivative financial instruments	37	**245,480**	92,235
Interest-bearing bank and other borrowings	34	**10,909,511**	8,278,361
Other payables	33	**122,570**	1,021,493
Deferred tax liabilities	36	**1,548,466**	1,543,064
Total non-current liabilities		**12,826,027**	10,935,153
Net assets		**8,979,076**	6,991,001
EQUITY			
Equity attributable to owners of the parent			
Issued capital	38	**159,418**	61
Reserves	40(a)	**8,477,175**	6,989,514
Proposed dividend	13	**341,084**	—
		8,977,677	6,989,575
Non-controlling interests		**1,399**	1,426
Total equity		**8,979,076**	6,991,001

Sun Yinhuan
Director

Sun Yansheng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Notes	Issued capital RMB'000 (Note 38)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 40(c))	Merger reserve RMB'000 (Note 40(b))	Share-based payment reserve RMB'000 (Note 40(e))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the parent										
At 1 January 2014		**61**	**1,101,968**	**322,105**	**352,979**	**81,000**	**43,064**	**5,088,398**	**–**	**6,989,575**	**1,426**	**6,991,001**
Profit/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**–**	**896,887**	**–**	**896,887**	**(43)**	**896,844**
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**(17,908)**	**–**	**–**	**(17,908)**	**16**	**(17,892)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**(17,908)**	**896,887**	**–**	**878,979**	**(27)**	**878,952**
Transfer from retained profits		**–**	**–**	**15,516**	**–**	**–**	**–**	**(15,516)**	**–**	**–**	**–**	**–**
Capitalisation issue of shares	38	**123,329**	**(123,329)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issuance of new shares	38	**36,028**	**1,111,095**	**–**	**–**	**–**	**–**	**–**	**–**	**1,147,123**	**–**	**1,147,123**
Share issue expenses		**–**	**(38,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(38,000)**	**–**	**(38,000)**
Proposed final 2014 dividend	13	**–**	**(341,084)**	**–**	**–**	**–**	**–**	**–**	**341,084**	**–**	**–**	**–**
At 31 December 2014		**159,418**	**1,710,650***	**337,621***	**352,979***	**81,000***	**25,156***	**5,969,769***	**341,084**	**8,977,677**	**1,399**	**8,979,076**

	Notes	Issued capital RMB'000 (Note 38)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 40(c))	Merger reserve RMB'000 (Note 40(b))	Share-based payment reserve RMB'000 (Note 40(e))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to owners of the parent									
At 1 January 2013		–	–	264,393	1,534,973	–	29,115	5,075,488	6,903,969	285,166	7,189,135
Profit for the year		–	–	–	–	–	–	827,865	827,865	29,397	857,262
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	13,949	–	13,949	219	14,168
Total comprehensive income for the year		–	–	–	–	–	13,949	827,865	841,814	29,616	871,430
Capital contribution from the then equity owners		–	–	–	109,386	–	–	–	109,386	–	109,386
Deemed distribution to the then equity owners	40(d)	–	–	–	(1,475,136)	–	–	–	(1,475,136)	–	(1,475,136)
Transfer from retained profits		–	–	57,712	–	–	–	(57,712)	–	–	–
Acquisition of non-controlling interests		–	–	–	183,756	–	–	–	183,756	(264,756)	(81,000)
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	(48,600)	(48,600)
Issuance of new shares	38	61	1,101,968	–	–	81,000	–	–	1,183,029	–	1,183,029
Dividends	13	–	–	–	–	–	–	(757,243)	(757,243)	–	(757,243)
At 31 December 2013		61	1,101,968*	322,105*	352,979*	81,000*	43,064*	5,088,398*	6,989,575	1,426	6,991,001

* These reserve accounts comprise the consolidated reserves of RMB8,477,175,000 (2013: RMB6,989,514,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,491,635**	1,667,321
Adjustments for:			
Depreciation	7	**22,894**	23,068
Amortisation of intangible assets	7	**985**	565
Loss on disposal/write-off of items of property, plant and equipment	7	**7,375**	1,463
Gain on derecognition of a property	7	**(57,800)**	—
Share-based payment expense	7	**—**	81,000
Gain on disposal of the Disposal Businesses and the Disposal Assets	7	**—**	(58,964)
Fair value gains on investment properties	16	**(58,864)**	(411,566)
Fair value loss on derivative financial instruments	7	**127,575**	30,483
Share of profits and losses of joint ventures		**(31,543)**	(1,540)
Share of profits and losses of associates		**52,563**	28,726
Finance costs	8	**190,699**	260,464
Interest income	6	**(15,675)**	(13,787)
Dividend income	6	**(669)**	(836)
		1,729,175	1,606,397
Decrease/(increase) in inventories		**10,750**	(5,633)
(Increase)/decrease in properties under development		**(2,248,230)**	956,675
Decrease/(increase) in completed properties held for sale		**3,848,599**	(145,863)
Increase in land held for development for sale		**(247,393)**	(136,674)
Increase in prepayments for acquisition of land		**(697,800)**	(732,141)
Decrease/(increase) in the gross amount due from contract customers		**62,355**	(47,132)
Decrease/(increase) in trade receivables		**192,583**	(161,745)
Decrease in prepayments, deposits and other receivables		**211,173**	271,346
(Decrease)/increase in trade payables		**(234,731)**	262,640
(Decrease)/increase in other payables and accruals		**(88,606)**	814,884
Decrease in receipts in advance		**(1,496,724)**	(171,842)
(Decrease)/increase in the gross amount due to contract customers		**(175,600)**	26,853
Increase in deferred income		**9,478**	2,298
Cash generated from operations		**875,029**	2,540,063
Interest received		**15,675**	13,787
PRC corporate income tax paid		**(237,654)**	(334,658)
PRC land appreciation tax paid		**(119,150)**	(243,424)
Net cash from operating activities		**533,900**	1,975,768

	Notes	2014 RMB'000	2013 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of the Disposal Businesses and the Disposal Assets	42	–	167,607
Proceeds from disposal of investment properties		101,144	–
Proceeds from disposal of intangible assets		58	–
Capital contributions to joint ventures		–	(60,000)
(Advances to)/repayment from joint ventures		(1,083)	14,773
(Advances to)/repayment from associates		(806)	2,116
Decrease in amounts due from related parties		43	453,819
Decrease/(increase) in amounts due from joint ventures and associates		82,512	(578,615)
Purchases of items of property, plant and equipment		(28,151)	(25,832)
Purchases of intangible assets	18	(2,943)	(4,467)
Additions to investment properties	16	(138,540)	(292,443)
Increase in prepayments for acquisition of land		–	(42,520)
Increase in restricted cash		(648,407)	(426,775)
Dividends received		669	836
Receipt of government grants		212,100	–
Net cash used in investing activities		(423,404)	(791,501)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests		–	(81,000)
Issuance of new shares	38	1,147,123	1,102,029
Expenses on issuance of new shares		(82,000)	–
Capital contribution from then equity owners		–	30,000
Interest paid		(1,537,671)	(1,438,330)
Dividends paid	13	–	(757,243)
Dividends paid to non-controlling shareholders		–	(48,600)
Decrease in amounts due to related parties		(779,348)	(2,983,443)
New bank and other borrowings		7,119,508	10,633,111
Repayment of bank and other borrowings		(7,354,438)	(6,055,889)
Net cash (used in)/from financing activities		(1,486,826)	400,635
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,376,330)	1,584,902
Cash and cash equivalents at beginning of year		2,116,401	531,499
CASH AND CASH EQUIVALENTS AT END OF YEAR		740,071	2,116,401
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	30	740,071	2,116,401

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSET			
Investment in a subsidiary	19	—*	—*
CURRENT ASSETS			
Due from subsidiaries	19	627,506	512,310
Restricted cash	30	1,525,313	600,856
Cash and cash equivalents	30	58,259	58
Total current assets		2,211,078	1,113,224
Net assets		2,211,078	1,113,224
EQUITY			
Issued capital	38	159,418	61
Reserves	40(f)	2,051,660	1,113,163
Total equity		2,211,078	1,113,224

* Less than RMB1,000

Sun Yinhuan
Director

Sun Yansheng
Director

1. CORPORATE INFORMATION

Yida China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Pursuant to special resolutions dated 17 July 2013 and 11 February 2014, the name of the Company was changed from Yida Property Limited to Yida Group (China) Limited, and further changed to Yida China Holdings Limited.

The shares of the Company were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 June 2014.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in property development, property investment, property management, construction, decoration and landscaping in Dalian, Wuhan, Shenyang, Beijing and Chengdu, the People's Republic of China (the "PRC" or "Mainland China").

In the opinion of the directors of the Company (the "Directors"), Mr. Sun Yinhuan (a director of the Company) and Right Won Management Limited ("Right Won") are considered as the controlling shareholders of the Company (the "Controlling Shareholder(s)"), and the holding company and the ultimate holding company of the Company is Right Won, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PRESENTATION

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 disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

To rationalise the corporate structure in preparation for the listing of the Company's shares on the Stock Exchange, the Company underwent a group reorganisation (the "Reorganisation") in 2013, further details of which are set out in the Company's prospectus dated 17 June 2014. Pursuant to the Reorganisation, the Company became the holding company of the companies then comprising the Group on 23 November 2013. Since the Company and the companies then comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganisation, the Reorganisation was accounted for using the principles of merger accounting.

2.1 BASIS OF PRESENTATION (continued)

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2013 include the results and cash flows of all companies then comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2013 has been prepared to present the assets and liabilities of the Group using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

In the opinion of the Directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

Pursuant to the Reorganisation, certain subsidiaries which are principally engaged in property development (holding only limited unsold flats of their projects and becoming dormant after all the flats are sold), investment holding and information technology consulting services (the "Disposal Businesses") were disposed of to the companies controlled by the non-controlling shareholders of certain subsidiaries. In addition, the Group disposed of certain other assets (the "Disposal Assets") to a company controlled by the Controlling Shareholder, to the companies controlled by the non-controlling shareholders of certain subsidiaries and to an independent third party. The Group completed the disposal of the Disposal Businesses and the Disposal Assets in 2013. The results of the disposal of the Disposal Businesses and the Disposal Assets are disclosed in note 42 to the financial statements.

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.

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.

2.1 BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)

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

1 Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 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.

(f) 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.

(g) 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.

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

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

Amendments to HKAS 1	*Disclosure Initiative*[2]
HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 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

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

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

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

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

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

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

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

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

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

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

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

3. 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 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 unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred.

The aggregate of the Group's share of profits or losses of associates and joint ventures is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates or joint ventures.

The financial statements of the associates or joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in its associates or joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as "Share of profits and losses of associates and joint ventures" in the statement of profit or loss.

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 and this amount is regarded as the fair value on initial recognition of a financial asset. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(a) Expected to be realised or intended to sold or consumed in the normal operating cycle;

(b) Held primarily for the purpose of trading;

(c) Expected to be realised within twelve months after the reporting period; or

(d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

(a) It is expected to be settled in the normal operating cycle;

(b) It is held primarily for the purpose of trading;

(c) It is due to be settled within twelve months after the reporting period; or

(d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures derivative financial instruments and investment properties at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in note 49.

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 to 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.

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 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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 re-assessing 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.

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The finance department and the Group's external valuers present the valuation results to the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. 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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract 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 in those expense categories consistent with the function of the impaired asset.

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

Property, plant and equipment and depreciation

Property, plant and equipment 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Leasehold land and buildings	Over the shorter of lease terms and 20 years
Plant and machinery	5 to 10 years
Motor vehicles	3 to 10 years
Furniture, fixtures and office equipment	3 to 20 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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

Investment properties

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

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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

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

Operating leases

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

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

Land held for development for sale

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and is not depreciated. It is transferred to properties under development upon commencement of the related construction work in the property development project.

Properties under development

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development (continued)

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

Intangible assets

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 as 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.

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

Completed properties held for sale

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

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables and available-for-sale financial investments. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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:

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 for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. 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.

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 expenses. Dividends earned whilst holding the available-for-sale financial investments are reported as dividend income and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

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 and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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 measured at cost is impaired, an amount comprising the difference between the carrying amount of the financial assets and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial assets is 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. 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. "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.

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.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). 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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

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

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 derecognised 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)

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 risks 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 asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivative financial instruments. The Group determines the classification of its financial liabilities at initial recognition.

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

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

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings (continued)

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Further details of derivative financial instruments are disclosed in note 37.

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

Revenue recognition

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

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sales agreement, and the collectability of the related receivables is reasonably assured;

(b) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" below;

(c) from the rendering of property management services, when the services are rendered;

(d) from the provision of business park operation and management services, when the services are provided;

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

(f) 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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants (continued)

Where the grant relates to an asset, the fair value is credited to other payables 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.

Employee benefits

Pension scheme

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

Borrowing costs

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

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the progress of certified value of work performed to date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Share-based payments

The Company has issued shares to companies controlled by certain employees of the Group (including certain directors of the Company) in the prior year.

The shortfall between the fair value of the shares at the date of issue and the consideration paid for the shares was accounted for as share-based payment. The fair value of the shares is determined with reference to the business value of the Group determined by an external valuer using a market approach, further details of which are given in note 40(e) to the financial statements.

The share-based payment is recognised immediately to the statement of profit or loss, together with a corresponding increase in equity, upon the issue of shares to the companies controlled by certain employees of the Group.

Foreign currencies

These financial statements are presented in RMB which is the Company's functional and presentation currency. In the opinion of the Directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from settlement or translation of monetary items are recognised in the statement of profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments — Group as lessor

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

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

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

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

Classification between investment properties and properties held for sale

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted.

Estimation uncertainty

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

Valuation of properties under development and properties held for sale

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

Allocation of construction cost on properties under development

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

PRC corporate income tax ("CIT")

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

PRC land appreciation tax ("LAT")

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

Deferred tax assets

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

Fair value of investment properties

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

5. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other real estate developers;

(d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration to property buyers and landscaping services to property projects;

(e) the property management segment engages in the provision of management services to properties; and

(f) the others segment comprises corporate income and expense items.

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

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial liabilities, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

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

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

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	7,007,324	308,581	4,662	185,850	204,888	–	7,711,305
Segment results	1,569,086	227,400	3,636	2,146	8,839	(17,542)	1,793,565
Reconciliation:							
Interest income							15,675
Dividend income and unallocated gains							669
Corporate and other unallocated expenses							(127,575)
Finance costs							(190,699)
Profit before tax							1,491,635
Income tax expenses							(594,791)
Profit for the year							896,844
Segment assets	32,507,692	12,338,856	–	7,700,030	354,232	2,530,203	55,431,013
Reconciliation:							
Elimination of intersegment receivables							(22,412,523)
Corporate and other unallocated assets							3,137,961
Total assets							36,156,451

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014 (continued)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment liabilities	21,823,367	2,137,458	–	2,931,461	68,457	3,690,545	30,651,288
Reconciliation:							
Elimination of intersegment payables							(22,412,523)
Corporate and other unallocated liabilities							18,938,610
Total liabilities							27,177,375
Other segment information:							
Depreciation and amortisation	20,453	1,705	–	812	407	502	23,879
Capital expenditure*	21,140	138,766	–	7,060	566	2,102	169,634
Fair value gains on investment properties	–	58,864	–	–	–	–	58,864
Share of profits and losses of joint ventures	7,090	18,550	–	5,903	–	–	31,543
Share of losses of associates	(52,563)	–	–	–	–	–	(52,563)
Investments in joint ventures	1,754,875	667,984	–	35,481	–	–	2,458,340
Investments in associates	697,185	–	–	–	–	–	697,185

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

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	5,385,317	293,147	4,660	579,449	136,606	–	6,399,179
Segment results	1,409,192	556,378	3,625	23,798	3,005	(30,317)	1,965,681
Reconciliation:							
Interest income							13,787
Dividend income and unallocated gains							59,800
Corporate and other unallocated expenses							(111,483)
Finance costs							(260,464)
Profit before tax							1,667,321
Income tax expenses							(810,059)
Profit for the year							857,262
Segment assets	33,437,041	12,181,457	–	6,707,574	37,734	2,233,665	54,597,471
Reconciliation:							
Elimination of intersegment receivables							(21,909,392)
Corporate and other unallocated assets							3,974,419
Total assets							36,662,498

5. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2013 (continued)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment liabilities	24,145,279	2,169,745	–	2,021,618	83,996	3,486,652	31,907,290
Reconciliation:							
Elimination of intersegment payables							(21,909,392)
Corporate and other unallocated liabilities							19,673,599
Total liabilities							29,671,497
Other segment information:							
Depreciation and amortisation	19,135	2,140	–	1,903	455	–	23,633
Capital expenditure*	8,931	293,481	–	18,662	1,668	–	322,742
Fair value gains on investment properties	–	411,566	–	–	–	–	411,566
Share of profits and losses of joint ventures	51,788	(50,285)	–	37	–	–	1,540
Share of profits of associates	(28,726)	–	–	–	–	–	(28,726)
Investments in joint ventures	1,741,166	649,435	–	5,078	–	–	2,395,679
Investments in associates	748,806	–	–	–	–	–	748,806

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

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties; gross rental income, net of business tax, received and receivable from investment properties; property management income, net of business tax, received and receivable; an appropriate proportion of contract revenue from construction, decoration and landscaping; and business park operation and management service income, net of business tax, received and receivable from the provision of operation and management services to the business park projects during the year.

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

	Notes	2014 RMB'000	2013 RMB'000
Revenue			
Sale of properties		7,007,324	5,385,317
Rental income		308,581	293,147
Business park operation and management service income		4,662	4,660
Construction, decoration and landscaping income		185,850	579,449
Property management income		204,888	136,606
		7,711,305	6,399,179
Other income and gains			
Bank interest income		15,675	13,787
Dividend income		669	836
Government subsidies	(a)	—	76,270
Gain on derecognition of a property		57,800	—
Gain on disposal of the Disposal Businesses and the Disposal Assets	42	—	58,964
Compensation income	(b)	—	84,667
Others		34,406	21,653
		108,550	256,177

Notes:

(a) Government subsidies have been received by the Group from government authorities in Mainland China in respect of the development costs related to property development. The government subsidies have been recognised in the consolidated statement of profit or loss to match the related expenses that they are intended to compensate or over the expected useful lives of the relevant assets by equal annual instalments. There are no unfulfilled conditions or contingencies relating to these subsidies. Government subsidies received for which related expenditure has not yet been undertaken are included in other payables in the consolidated statement of financial position.

(b) The amount represented the compensation from the local government bureau in relation to the delay in handover of a land parcel to the Group.

7. PROFIT BEFORE TAX

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

	Notes	2014 RMB'000	2013 RMB'000
Cost of properties sold		**4,827,902**	3,562,037
Cost of services provided		**347,854**	632,147
Depreciation	15	**22,894**	23,068
Amortisation of intangible assets*	18	**985**	565
Gain on disposal of the Disposal Businesses and the Disposal Assets@	42	**—**	(58,964)
Gain on derecognition of a property		**(57,800)**	—
Loss on disposal of items of property, plant and equipment		**7,375**	663
Write-off of items of property, plant and equipment		**—**	800
Fair value loss on derivative financial instruments**		**127,575**	30,483
Auditors' remuneration		**3,040**	4,849
Minimum lease payments under operating leases for land and buildings		**6,002**	1,075
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		**232,998**	133,766
Share-based payment expense		**—**	81,000
Pension scheme contributions		**48,711**	24,122
		281,709	238,888
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**104,917**	99,478

* The amortisation of intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** The fair value loss on derivative financial instruments for the year is included in "Other expenses" in the consolidated statement of profit or loss.

@ The gain on disposal of the Disposal Businesses and the Disposal Assets for the prior year is included in "Other income and gains" in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Interest on bank loans wholly repayable within five years	**1,088,391**	878,714
Interest on bank loans wholly repayable beyond five years	**155,801**	52,650
Interest on other loans	**293,479**	506,966
Total interest expense on financial liabilities not at fair value through profit or loss	**1,537,671**	1,438,330
Less: Interest capitalised	**(1,346,972)**	(1,177,866)
	190,699	260,464

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to 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
	RMB'000	RMB'000
Fees	**450**	—
Other emoluments:		
Salaries, allowances and benefits in kind	**4,372**	2,262
Discretionary bonuses	**22,662**	9,417
Pension scheme contributions	**416**	109
Share-based payment	**—**	38,553
	27,450	50,341
	27,900	50,341

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the directors and chief executive for the year ended 31 December 2014 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Sun Yinhuan	–	1,080	8,760	–	9,840
Mr. Sun Yinfeng	–	821	3,177	77	4,075
Mr. Sun Yansheng*	–	819	2,961	77	3,857
Mr. Jiang Xiuwen	–	558	2,148	77	2,783
Mr. Gao Wei	–	537	3,268	106	3,911
Mr. Wen Hongyu	–	557	2,348	79	2,984
	–	4,372	22,662	416	27,450
Independent non-executive directors:					
Mr. Ip Yuk Chi Eddie@	150	–	–	–	150
Mr. Yip Wai Ming@	150	–	–	–	150
Mr. Guo Shaomu@	150	–	–	–	150
	450	–	–	–	450
	450	4,372	22,662	416	27,900

The remuneration of each of the directors and chief executive for the year ended 31 December 2013 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Share-based payment RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Sun Yinhuan	–	–	–	–	–	–
Mr. Sun Yinfeng#	–	368	2,371	16	10,274	13,029
Mr. Sun Yansheng*/#	–	–	–	–	7,721	7,721
Mr. Jiang Xiuwen#	–	588	2,312	31	7,704	10,635
Mr. Gao Wei#	–	720	2,042	31	5,147	7,940
Mr. Wen Hongyu#	–	586	2,692	31	7,707	11,016
	–	2,262	9,417	109	38,553	50,341

* Mr. Sun Yansheng is a director and the chief executive of the Company.

@ Appointed as independent non-executive director on 1 June 2014.

Appointed as executive director on 16 December 2013.

The Group did not have any independent non-executive directors at any time during the prior year.

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

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during each of the years ended 31 December 2014 and 2013 are directors of the Company, details of whose remuneration for these years are set out in note 9 to the financial statements.

11. INCOME TAX EXPENSES

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

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

	2014 RMB'000	2013 RMB'000
Group:		
Current:		
PRC corporate income tax	**429,590**	320,622
PRC land appreciation tax (note 35)		
Charge for the year	**270,895**	464,627
Overprovision in prior years*	**(104,767)**	—
	595,718	785,249
Deferred (note 36):		
Current year	**(27,119)**	24,810
Reversal of deferred tax assets on LAT overprovided in prior years	**26,192**	—
	(927)	24,810
Total tax charge for the year	**594,791**	810,059

* During the year, the Group filed and agreed with the local tax bureau in the PRC the computation for the LAT of certain property development projects that had been completed and sold in previous years. As a result of the local tax bureau's assessments, the Group has reversed and recognised an overprovision of LAT on the relevant property development projects of RMB104,767,000 (2013: Nil) to the consolidated statement of profit or loss for the year.

11. INCOME TAX EXPENSES (continued)

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

	Group			
	2014		2013	
	RMB'000	%	RMB'000	%
Profit before tax	**1,491,635**		1,667,321	
At the statutory income tax rate	**372,909**	**25.0**	416,830	25.0
Tax losses utilised from previous periods	**—**	**—**	(13,722)	(0.8)
Profits and losses attributable to joint ventures and associates	**5,255**	**0.4**	6,798	0.4
Income not subject to tax	**(167)**	**(0.0)**	(6,418)	(0.4)
Expenses not deductible for tax	**30,075**	**2.0**	26,279	1.6
Tax losses not recognised	**62,123**	**4.1**	31,822	1.9
Reversal of an overprovision for LAT in prior years	**(104,767)**	**(7.0)**	—	—
Reversal of deferred tax effect on an overprovision for LAT in prior years	**26,192**	**1.8**	—	—
LAT	**270,895**	**18.1**	464,627	27.9
Tax effect of LAT	**(67,724)**	**(4.5)**	(116,157)	(7.0)
Tax charge at the Group's effective rate	**594,791**	**39.9**	810,059	48.6

The share of tax attributable to joint ventures amounting to RMB42,688,000 (2013: RMB77,651,000) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

The share of tax attributable to associates amounting to RMB12,145,000 (2013: RMB8,645,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to the owners of the parent for the year ended 31 December 2014 includes a loss of RMB11,269,000 (2013: RMB69,805,000) which has been dealt with in the financial statements of the Company (note 40(f)).

13. DIVIDEND

	2014 RMB'000	2013 RMB'000
Proposed final — RMB13.2 cents (2013: Nil) per ordinary share	**341,084**	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

During the prior year, the Company's subsidiaries paid dividends of RMB757,243,000 to their then shareholders.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to the ordinary equity holders of the parent of RMB896,887,000 (2013: RMB827,865,000), and the weighted average number of ordinary shares of 2,300,501,753 (2013: 1,719,726,027) in issue during the year, on the assumption that the group reorganisation and the capitalisation issue in connection with the listing of the Company had been completed on 1 January 2013.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2014 included 1,000,000 issued ordinary shares of the Company upon completion of the group reorganisation and 1,999,000,000 ordinary shares of the Company issued by capitalisation issue, on the assumption that these shares had been in issue throughout the year ended 31 December 2014, and the weighted average number of 298,739,726 ordinary shares of the Company and 1,762,027 ordinary shares of the Company issued upon the completion of the listing of the Company and the partial exercise of the over-allotment option by the joint global coordinators of the Company's initial public offering, respectively, as further detailed in note 38 to the financial statements.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2013 included 1,611,400,000 ordinary shares of the Company held by Right Won and 78,600,000 ordinary shares of the Company held by Keen Everlasting Harmony Limited ("Keen Everlasting Harmony"), after subdivision and capitalisation issue, on the assumption that these shares had been in issue throughout the year ended 31 December 2013, and the weighted average number of 29,726,027 ordinary shares of the Company (after sub-division and capitalisation issue) held by companies owned by certain employees of the Group as further detailed in note 38 to the financial statements.

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

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
31 December 2014					
At 31 December 2013 and at 1 January 2014:					
Cost	113,958	62,472	26,132	37,851	240,413
Accumulated depreciation	(47,874)	(33,407)	(13,305)	(25,081)	(119,667)
Net carrying amount	66,084	29,065	12,827	12,770	120,746
At 1 January 2014, net of accumulated depreciation	66,084	29,065	12,827	12,770	120,746
Additions	16,729	6,818	192	4,412	28,151
Depreciation provided during the year	(3,986)	(9,154)	(4,089)	(5,665)	(22,894)
Write-off/disposal	(6,980)	(395)	—	—	(7,375)
At 31 December 2014, net of accumulated depreciation	71,847	26,334	8,930	11,517	118,628
At 31 December 2014:					
Cost	118,870	61,397	26,324	42,263	248,854
Accumulated depreciation	(47,023)	(35,063)	(17,394)	(30,746)	(130,226)
Net carrying amount	71,847	26,334	8,930	11,517	118,628

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
31 December 2013					
At 1 January 2013:					
Cost	113,958	45,596	28,904	36,896	225,354
Accumulated depreciation	(42,460)	(26,567)	(13,226)	(20,962)	(103,215)
Net carrying amount	71,498	19,029	15,678	15,934	122,139
At 1 January 2013, net of accumulated depreciation	71,498	19,029	15,678	15,934	122,139
Additions	—	16,876	3,435	5,521	25,832
Depreciation provided during the year	(5,414)	(6,840)	(5,058)	(5,756)	(23,068)
Write-off/disposal	—	—	(1,095)	(368)	(1,463)
Disposal of the Disposal Businesses and the Disposal Assets (note 42)	—	—	(133)	(2,561)	(2,694)
At 31 December 2013, net of accumulated depreciation	66,084	29,065	12,827	12,770	120,746
At 31 December 2013:					
Cost	113,958	62,472	26,132	37,851	240,413
Accumulated depreciation	(47,874)	(33,407)	(13,305)	(25,081)	(119,667)
Net carrying amount	66,084	29,065	12,827	12,770	120,746

The Group's leasehold land and buildings included above are situated in Mainland China under medium lease terms.

16. INVESTMENT PROPERTIES

Group

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2013	7,276,590	2,851,656	10,128,246
Additions	93,004	199,439	292,443
Disposal of the Disposal Businesses and the Disposal Assets (note 42)	(35,673)	—	(35,673)
Transfers	574,579	(574,579)	—
Net gains from fair value adjustments	181,370	230,196	411,566
Carrying amount at 31 December 2013 and 1 January 2014	**8,089,870**	**2,706,712**	**10,796,582**
Additions	**23,199**	**115,341**	**138,540**
Disposals	**(90,000)**	**(11,144)**	**(101,144)**
Transfers from completed properties held for sale	**163,088**	**—**	**163,088**
Net gains from fair value adjustments	**(46,787)**	**105,651**	**58,864**
Carrying amount at 31 December 2014	**8,139,370**	**2,916,560**	**11,055,930**

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

	2014 RMB'000	2013 RMB'000
Long term leases	**554,438**	428,849
Medium term leases	**10,501,492**	10,367,733
	11,055,930	10,796,582

At 31 December 2014, certain of the Group's investment properties of RMB9,205,808,000 (2013: RMB5,833,287,000) were pledged to banks to secure the loans granted to the Group (note 34).

At 31 December 2013, certain of the Group's investment properties of RMB3,687,000,000 were pledged to banks to secure the bank and other loans granted to the companies controlled by the Controlling Shareholder.

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 44(a) to the financial statements.

16. INVESTMENT PROPERTIES (continued)

The Group's completed investment properties and investment properties under construction were revalued at the end of the reporting period by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value at 31 December 2014 and 2013, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain investment properties under construction measured at fair value in the aggregate carrying amount of RMB1,146,000,000 (2013: RMB1,009,000,000) as at 31 December 2014, which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

Reconciliation for investment properties that are measured at fair value:

	Completed RMB'000	**Under construction** RMB'000	**Total** RMB'000
At 1 January 2013	7,276,590	2,299,000	9,575,590
Additions	93,004	181,383	274,387
Transfers	574,579	(574,579)	—
Disposal of the Disposal Businesses and the Disposal Assets (note 42)	(35,673)	—	(35,673)
Net gains from fair value adjustments	181,370	230,196	411,566
At 31 December 2013 and 1 January 2014	**8,089,870**	**2,136,000**	**10,225,870**
Additions	**23,199**	**115,172**	**138,371**
Disposals	**(90,000)**	**—**	**(90,000)**
Transfers from completed properties held for sale	**163,088**	**—**	**163,088**
Net gains from fair value adjustments	**(46,787)**	**105,651**	**58,864**
At 31 December 2014	**8,139,370**	**2,356,823**	**10,496,193**

16. INVESTMENT PROPERTIES (continued)

Unrealised losses included in the consolidated statement of profit or loss for completed investment properties for the year ended 31 December 2014 was RMB46,787,000 (2013: unrealised gain of RMB181,370,000).

Unrealised gains included in the consolidated statement of profit or loss for investment properties under construction for the year ended 31 December 2014 was RMB105,651,000 (2013: RMB230,196,000).

Investment properties which have been measured at cost included in the consolidated statement of financial position as at 31 December 2014 were RMB559,737,000 (2013: RMB570,712,000).

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

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2014	Range (weighted average) 2013
Completed	Income approach (refer above)			
Retail		Estimated yearly rental value per square metre (RMB)	**396–2,004**	396–1,930
Office		Estimated yearly rental value per square metre (RMB)	**563–851**	566–847
Car park		Estimated yearly rental value per lot (RMB)	**3,564–5,012**	3,564 –4,103
Retail		Capitalisation rate	**5%–6%**	5%–6%
Office		Capitalisation rate	**4.5%–5%**	4.5%–5%
Car park		Capitalisation rate	**3.5%–4%**	3.5%–4%
Under construction	Residual approach (refer above)			
Retail		Estimated yearly rental value per square metre (RMB)	**665–672**	666
Office		Estimated yearly rental value per square metre (RMB)	**684–721**	659–718
Car park		Estimated yearly rental value per lot (RMB)	**3,125–4,248**	3,972–4,104
Retail		Capitalisation rate	**5%**	5%
Office		Capitalisation rate	**5%**	5%
Car park		Capitalisation rate	**3.5%–4%**	3.5%
Retail, office and car park		Development profit	**1.5%–20%**	3%–8%

16. INVESTMENT PROPERTIES (continued)

A significant increase/(decrease) in the estimated yearly rental value per square metre/per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square meter/per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

17. LAND HELD FOR DEVELOPMENT FOR SALE

	Group	
	2014	2013
	RMB'000	RMB'000
Carrying amount at beginning of year	**1,210,589**	1,116,345
Additions during the year	**247,394**	39,971
Transfer from prepayments for acquisition of land	**—**	213,561
Transfer to properties under development	**(348,177)**	—
Disposal of the Disposal Businesses (note 42)	**—**	(159,288)
Carrying amount at end of year	**1,109,806**	1,210,589
Current portion	**(269,551)**	(617,728)
Non-current portion	**840,255**	592,861

At 31 December 2014, certain of the Group's land held for development for sale of RMB840,255,000 (2013: RMB577,779,000) were pledged to banks to secure the bank and other loans granted to the Group (note 34).

At 31 December 2013, certain of the Group's land held for development for sale of RMB379,300,000 were pledged to a bank to secure the bank loan granted to a company controlled by the Controlling Shareholder.

18. INTANGIBLE ASSETS

Group

	Software licenses RMB'000	Forest concession RMB'000	Total RMB'000
At 1 January 2013	5,534	38,038	43,572
Additions during the year	4,467	—	4,467
Amortisation during the year	(565)	—	(565)
Disposal of the Disposal Businesses and the Disposal Assets (note 42)	(430)	(38,038)	(38,468)
At 31 December 2013 and 1 January 2014	**9,006**	**—**	**9,006**
Additions during the year	**2,943**	**—**	**2,943**
Amortisation during the year	**(985)**	**—**	**(985)**
Disposals during the year	**(58)**	**—**	**(58)**
At 31 December 2014	**10,906**	**—**	**10,906**

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	**—***	—*

* Less than RMB1,000.

The amounts due from subsidiaries included in the Company's current assets of RMB627,506,000 (2013: RMB512,310,000) are unsecured, interest-free and have no fixed terms of repayment.

19. INVESTMENTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司)*	The PRC/ Mainland China	RMB200,000,000	–	100	Property development
Dalian BEST City Development Company Limited (大連科技城發展有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Investment holding
Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Changyuan Development Company Limited (大連科技城常源開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Xintong Development Company Limited (大連科技城欣桐開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Xinyuan Development Company Limited (大連科技城欣原開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Xinrui Development Company Limited (大連科技城欣鋭開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Tairui Development Company Limited (大連科技城泰鋭開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian BEST City Changde Development Company Limited (大連科技城昌得開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment

19. INVESTMENTS IN SUBSIDIARIES (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian San Ann Real Estate Development Co., Ltd. (大連聖安房地產開發有限公司)@	The PRC/ Mainland China	RMB563,000,000	–	100	Property development
Dalian San Yan Real Estate Development Co., Ltd. (大連聖仁房地產開發有限公司)@	The PRC/ Mainland China	RMB257,700,000	–	100	Property development
Dalian Software Park Development Company Limited (大連軟件園發展有限公司)*	The PRC/ Mainland China	RMB200,000,000	–	100	Property development
Dalian Software Park Hengrui Development Company Limited (大連軟件園恒瑞開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian Software Park Hengrong Development Company Limited (大連軟件園恒榮開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Information Consulting Company Limited (大連億達資訊諮詢有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property investment
Dalian Software Park Company Limited (大連軟件園股份有限公司)*	The PRC/ Mainland China	RMB660,000,000	–	100	Property investment

19. INVESTMENTS IN SUBSIDIARIES (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Yida Construction Engineering Company Limited (大連億達建設工程有限公司)*	The PRC/ Mainland China	RMB200,000,000	–	100	Construction
Dalian Yida Property Management Company Limited (大連億達物業管理有限公司)*	The PRC/ Mainland China	RMB5,000,000	–	100	Property management
Dalian Yida Landscaping Engineering Company Limited (大連億達園林綠化工程有限公司)*	The PRC/ Mainland China	RMB2,000,000	–	100	Landscaping
Dalian Yida Electrical Installation Company Limited (大連億達電氣安裝有限公司)*	The PRC/ Mainland China	RMB2,000,000	–	100	Construction
Dalian Yida Development Company Limited (大連億達發展有限公司)@	The PRC/ Mainland China	RMB50,000,000	–	100	Property development
Dalian Yida Jincheng Development Company Limited (大連億達金城開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Management Consulting Co., Ltd. (大連億達管理諮詢有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Investment holding
Dalian Yida Service Consulting Co., Ltd. (大連億達服務諮詢有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Investment holding
Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司)*	The PRC/ Mainland China	RMB30,000,000	–	100	Property development
Chengdu Yixing Property Management Company Limited (成都億興物業管理有限公司)*	The PRC/ Mainland China	RMB500,000	–	100	Property management

19. INVESTMENTS IN SUBSIDIARIES (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司)*	The PRC/ Mainland China	RMB561,000,000	–	100	Property development
Culture Xintiandi (Chengdu) Property Development Company Limited (文化新天地(成都)房地產開發有限公司)@	The PRC/ Mainland China	RMB11,159,400	–	80	Property development
Dalian Shengbei Development Company Limited (大連聖北開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司)*	The PRC/ Mainland China	RMB120,000,000	–	100	Property development
Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司)*	The PRC/ Mainland China	RMB250,000,000	–	100	Property development
Dalian Lvshun Yida Sports Centre Company Limited (大連旅順億達文體中心有限公司)*	The PRC/ Mainland China	RMB1,000,000	–	100	Property development
Dalian Shenghe Property Development Company Limited (大連聖和房地產開發有限公司)*	The PRC/ Mainland China	RMB10,000,000	–	100	Property development
Liaoning Jiaye Real Estate Development Company Limited (遼寧佳業地產開發有限公司)*	The PRC/ Mainland China	RMB20,000,000	–	100	Property development
Shenyang Yida Property Management Company Limited (瀋陽億達物業管理有限公司)*	The PRC/ Mainland China	RMB500,000	–	100	Property management
Dalian Ruanjing Property Development Company Limited (大連軟景房地產開發有限公司)*^	The PRC/ Mainland China	RMB30,000,000	–	100	Property development

19. INVESTMENTS IN SUBSIDIARIES (continued)

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Yida Property Company Limited (大連億達房地產股份有限公司)*	The PRC/ Mainland China	RMB150,000,000	–	100	Property development
King Equity Holdings Limited	Hong Kong	HK$2	–	100	Investment holding

* Registered as domestic limited liability companies under PRC law.

@ Registered as sino-foreign equity entities under PRC law.

^ The name of the company was changed from Dalian Ruanjing Gongyu Development Company Limited to Dalian Ruanjing Property Development Company Limited in 2014.

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.

The Group does not have subsidiaries that have material non-controlling interests.

Except for King Equity Holdings Limited, the above subsidiaries were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

20. INVESTMENTS IN JOINT VENTURES

	Group	
	2014 RMB'000	2013 RMB'000
Share of net assets	**2,353,227**	2,291,649
Loans to joint ventures	**105,113**	104,030
	2,458,340	2,395,679

The loans to joint ventures are unsecured, interest-free and are not repayable within one year.

The Group's other payable balance due to joint ventures are disclosed in note 33 to the financial statements.

20. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the joint ventures, all of which are unlisted corporate entities, are as follows:

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2014	2013	Principal activities
Dalian Software Park Ambo Development Company Limited (大連軟件園安博開發有限公司)*@@#	RMB427,600,000	The PRC/ Mainland China	**51**	51	Property development
Dalian Software Park Shitong Development Company Limited (大連軟件園世通開發有限公司)*@@#	RMB550,000,000	The PRC/ Mainland China	**51**	51	Property development
Dalian Software Park Ascendas Development Company Limited (大連軟件園騰飛發展有限公司)@@#	US$52,700,000	The PRC/ Mainland China	**50**	50	Property investment
Wuhan New Software Park Development Company Limited (武漢軟件新城發展有限公司)*@#	RMB280,000,000	The PRC/ Mainland China	**50**	50	Property investment
Dalian Yida Deji Decoration Engineering Company Limited (大連億達德基裝飾工程有限公司)*@@#	RMB10,800,000	The PRC/ Mainland China	**50**	50	Interior decoration
Dalian Yize Property Development Company Limited (大連億澤房地產開發有限公司)@@#	RMB314,770,000	The PRC/ Mainland China	**52.57**	52.57	Property development
Dalian Yihong Property Development Company Limited (大連億鴻房地產開發有限公司)@@#	RMB347,200,000	The PRC/ Mainland China	**52.57**	52.57	Property development
Eagle Fit Limited ("Eagle Fit")*	US$200	British Virgin Islands/ Mainland China	**35**	35	Investment holding
Dalian Qingyun Sky Realty and Development Company Limited (大連青雲天下房地產開發有限公司)*@@^	RMB2,963,280,000	The PRC/ Mainland China	**25**	25	Property development
Panasonic Yida Decoration Co., Ltd. ("Panasonic Yida") (松下億達裝飾工程有限公司)*	RMB50,000,000	The PRC/ Mainland China	**49**	–	Decoration

20. INVESTMENTS IN JOINT VENTURES (continued)

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

@ Registered as a domestic limited liability company under PRC law.

@@ Registered as sino-foreign joint ventures under PRC law.

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

^ Material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs:

Dalian Qingyun Sky Realty and Development Company Limited, which is considered a material joint venture of the Group, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

Dalian Qingyun Sky Realty and Development Company Limited:

	2014 RMB'000	2013 RMB'000
Current assets	**2,863,163**	2,871,283
Non-current assets	**620**	675
Current liabilities	**(15,373)**	(3,277)
	2,848,410	2,868,681

20. INVESTMENTS IN JOINT VENTURES (continued)

The above amounts of assets and liabilities include the following:

	2014 RMB'000	2013 RMB'000
Cash and cash equivalents	37,784	218,985
Current financial liabilities (excluding trade and other payables and accruals)	—	—
Non-current financial liabilities (excluding trade and other payables and accruals)	—	—
Revenue	—	—
Cost of sales and operating expenses	(20,272)	(9,787)
Loss before tax	(20,272)	(9,787)
Income tax expense	—	—
Loss for the year and total comprehensive loss for the year	(20,272)	(9,787)
The above loss for the year includes the following:		
Depreciation and amortisation	(201)	(14)
Interest income	5,157	411
Interest expense	(10)	(1)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated statement of financial position:

	2014 RMB'000	2013 RMB'000
Net assets of the joint venture	2,848,410	2,868,681
Group's effective interest	25%	25%
Carrying amount of the Group's interest in the joint venture	712,103	717,170

20. INVESTMENTS IN JOINT VENTURES (continued)

The Group's share of the material joint venture's own capital commitments at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**16,567**	10,376

Aggregate information of joint ventures that are not individually material:

	2014 RMB'000	2013 RMB'000
The Group's share of profit	**36,610**	3,987
The Group's share of total comprehensive income	**36,610**	3,987

	2014 RMB'000	2013 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	**1,641,124**	1,574,479

20. INVESTMENTS IN JOINT VENTURES (continued)

The Group's share of the joint ventures' own capital commitments at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**338,730**	498,850

The joint ventures had the following contingent liabilities at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of a joint venture's properties	**98,640**	355,234

The joint ventures cannot distribute their profits until they obtain the consent of the joint venturers.

21. INVESTMENTS IN ASSOCIATES

	Group	
	2014 RMB'000	2013 RMB'000
Share of net assets	**622,495**	674,922
Loans to associates	**74,690**	73,884
	697,185	748,806

21. INVESTMENTS IN ASSOCIATES (continued)

The loans to associates are unsecured, interest-free and are not repayable within one year.

Particulars of the associates, which are unlisted corporate entities, are as follows:

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2014	2013	Principal activities
Richcoast Group Limited ("Richcoast Group")*	US$780	British Virgin Islands/ Mainland China	**10.26**	10.26	Investment holding
Dalian Delan Software Development Co., Ltd.*	RMB300,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Dalian Jiadao Information Co., Ltd.*	RMB300,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Dalian Qiantong Science & Technology Development Co., Ltd.*	RMB800,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Dalian Ruisheng Software Development Co., Ltd.*	RMB800,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Crown Speed Investments Limited*	HK$10,000	Hong Kong/ Mainland China	**21.22**	21.22	Investment holding

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

The following table illustrates the aggregate financial information of the Group's associates that are not individually material. The Group did not have any material associates for the year.

	2014 RMB'000	2013 RMB'000
The Group's share of loss	**(52,563)**	(28,726)
The Group's share of total comprehensive loss	**(52,563)**	(28,726)

	2014 RMB'000	2013 RMB'000
Aggregate carrying amount of the Group's interests in the associates	**622,495**	674,922

21. INVESTMENTS IN ASSOCIATES (continued)

The Group's share of the associates' own capital commitments at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Capital expenditure for investment properties under construction and properties under development in Mainland China		
— authorised, but not contracted for	**285,089**	302,534
— contracted, but not provided for	**1,528,992**	899,768
	1,814,081	1,202,302

As at the end of the reporting period, the associates had no significant contingent liabilities.

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost	**24,540**	24,540

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at the end of the reporting period, the above investments were stated at cost because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

23. PROPERTIES UNDER DEVELOPMENT

	Group	
	2014 RMB'000	2013 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**8,253,644**	5,528,112
Properties under development expected to be completed within normal operating cycle and recoverable:		
— Within one year	**4,886,138**	1,658,905
— After one year	**3,367,506**	3,869,207
	8,253,644	5,528,112

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

	2014 RMB'000	2013 RMB'000
Long term leases	**7,979,282**	5,307,445
Medium term leases	**274,362**	220,667
	8,253,644	5,528,112

At 31 December 2014, certain of the Group's properties under development of RMB5,828,943,000 (2013: RMB5,032,137,000) were pledged to banks to secure the loans granted to the Group (note 34).

24. COMPLETED PROPERTIES HELD FOR SALE

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

	2014 RMB'000	2013 RMB'000
Long term leases	**1,756,365**	4,247,541
Medium term leases	**294,502**	176,917
	2,050,867	4,424,458

The completed properties held for sale are stated at cost.

25. CONSTRUCTION CONTRACTS

	Group	
	2014	2013
	RMB'000	RMB'000
Gross amount due from contract customers	**67,251**	129,606
Gross amount due to contract customers	**(382,076)**	(557,676)
	(314,825)	(428,070)
Contract costs incurred plus recognised profits less recognised losses to date	**3,927,744**	2,943,778
Less: Progress billings	**(4,242,569)**	(3,371,848)
	(314,825)	(428,070)

At 31 December 2014, retentions held by customers for contract works included in trade receivables amounted to approximately RMB26,646,000 (2013: RMB19,726,000).

26. INVENTORIES

	Group	
	2014	2013
	RMB'000	RMB'000
Construction materials	**2,892**	13,642

27. TRADE RECEIVABLES

	Group	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**384,629**	577,212

Trade receivables represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. The Group seeks to maintain strict control over its outstanding receivables. 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, based on the invoice date, is as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Neither past due nor impaired		
Within 1 year	**196,990**	391,784
1 to 2 years	**115,943**	184,414
Over 2 years	**18,794**	1,014
Past due but not impaired		
1 to 2 years	**52,902**	—
	384,629	577,212

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.

As at 31 December 2014, included in the Group's trade receivables are amounts due from a related company controlled by Yida Group Co., Ltd. ("Yida Group") (a company controlled by the Controlling Shareholder) of RMB20,081,000 (2013: RMB11,789,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

27. TRADE RECEIVABLES (continued)

As at 31 December 2014, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB158,295,000 (2013: RMB107,713,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

As at 31 December 2014, included in the Group's trade receivables are amounts due from the Group's associates of RMB74,341,000 (2013: RMB349,571,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2014 RMB'000	2013 RMB'000
Prepayments	**551,189**	1,186,675
Deposits and other receivables	**3,970,787**	3,653,681
Carrying amount at end of the year	**4,521,976**	4,840,356
Current portion	**(4,483,976)**	(4,840,356)
Non-current portion	**38,000**	—

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

As at 31 December 2014, included in the Group's other receivables are amounts due from joint ventures of RMB344,073,000 (2013: RMB548,615,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2014, included in the Group's other receivables is an amount due from a joint venture of RMB38,000,000 (2013: Nil), which is unsecured, bears interest at 6.4% per annum and is repayable in 2017.

As at 31 December 2014, included in the Group's other receivables are amounts due from associates of RMB104,484,000 (2013: RMB5,000,000), which are unsecured, interest-free and repayable on demand.

As at 31 December 2013, included in the Group's other receivables was an amount due from a joint venture of RMB25,000,000, which was unsecured, bore interest at 6.72% per annum, and was repayable on demand. The balance has been settled during the current year.

29. DUE FROM/TO RELATED PARTIES

The amounts due from and due to related parties were related to the amounts due from and due to companies controlled by the Controlling Shareholder. The balances are non-trade in nature, unsecured, interest-free and repayable on demand, except that the balances due to related parties as at 31 December 2013 in the amount of RMB3,052,227,000 bore interest at 4.8% to 9.8% per annum. All the amounts due from and due to related parties were fully settled or repaid before the listing of the Company in June 2014.

30. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group		Company	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
Cash and bank balances	**2,799,114**	3,527,037	**1,583,772**	600,914
Less: Restricted cash (notes)	**(2,059,043)**	(1,410,636)	**(1,525,513)**	(600,856)
Cash and cash equivalents	**740,071**	2,116,401	**58,259**	58

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB2,360,635,000 (2013: RMB2,874,843,000). 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.

Notes:

(a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for the payment of property development cost incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2014, such guarantee deposits amounted to RMB328,363,000 (2013: RMB593,139,000).

(b) According to the relevant construction safety regulation implemented by the local government, certain subsidiaries of the Group are required to place at designated bank accounts certain amounts as deposits for potential industrial accidents during construction works. At 31 December 2014, such deposits amounted to RMB42,737,000 (2013: RMB41,959,000).

(c) At 31 December 2014, certain of the Group's time deposits of RMB1,687,943,000 (2013: RMB775,538,000) were pledged to banks to secure the bank and other loans granted to the Group (note 34).

31. RECEIPTS IN ADVANCE

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

32. TRADE PAYABLES

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

	Group	
	2014	2013
	RMB'000	RMB'000
Due within 1 year or on demand	**1,289,887**	1,132,730
Due within 1 to 2 years	**1,021,368**	1,413,256
	2,311,255	2,545,986

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

As at 31 December 2014, included in the Group's trade payables are amounts due to Panasonic Yida, of RMB76,405,000 (2013: RMB92,492,000), which are unsecured, interest-free and repayable within 1 to 2 years. Panasonic Yida is a joint venture of the Group after the completion of the acquisition of 49% equity interest in Panasonic Yida by the Group from Yida Group in January 2014. Prior to the acquisition, Panasonic Yida is a joint venture held by Yida Group.

33. OTHER PAYABLES AND ACCRUALS

	Group	
	2014	2013
	RMB'000	RMB'000
Accruals	**265,940**	201,060
Other payables	**1,650,289**	1,567,246
Carrying amount at end of the year	**1,916,229**	1,768,306
Current portion	**(1,793,659)**	(746,813)
Non-current portion	**122,570**	1,021,493

As at 31 December 2014, included in the Group's other payables are amounts due to joint ventures of RMB163,853,000 (2013: RMB173,399,000), which are unsecured, interest-free and repayable within one year.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2014			2013		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	6.09-10.50	2015	4,261,214	6.50-13.50	2014	2,674,002
Bank loans — unsecured	6.00-7.29	2015	306,000	7.10-8.70	2014	585,000
Other loans — secured	6.40-11.50	2015	775,048	6.40-15.00	2014	1,889,300
			5,342,262			5,148,302
Non-current						
Bank loans — secured	6.15-14.00	2016-2022	7,109,911	6.77-9.83	2015-2022	5,957,045
Bank loans — unsecured	6.15	2017	100,000	—	—	—
Other loans — secured	6.40-12.00	2016-2022	2,499,600	6.40-15.00	2015-2022	1,121,316
Other loans — unsecured	11.80	2017	1,200,000	9.00-11.80	2015-2017	1,200,000
			10,909,511			8,278,361
			16,251,773			13,426,663

	2014 RMB'000	2013 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	4,567,214	3,259,002
In the second year	3,524,186	2,704,508
In the third to fifth years, inclusive	2,503,975	2,575,622
Beyond five years	1,181,750	676,915
	11,777,125	9,216,047
Other loans repayable:		
Within one year or on demand	775,048	1,889,300
In the second year	1,719,600	1,721,316
In the third to fifth years, inclusive	1,960,000	560,000
Beyond five years	20,000	40,000
	4,474,648	4,210,616
	16,251,773	13,426,663

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(a) Certain of the Group's bank and other loans are secured or guaranteed by:

(i) mortgages over the Group's properties under development with an aggregate carrying value at 31 December 2014 of approximately RMB5,828,943,000 (2013: RMB5,032,137,000);

(ii) pledges of the Group's investment properties with an aggregate carrying value at 31 December 2014 of approximately RMB9,205,808,000 (2013: RMB5,833,287,000);

(iii) pledges of the Group's land held for development for sale with an aggregate carrying value at 31 December 2014 of approximately RMB840,255,000 (2013: RMB577,779,000);

(iv) pledges of the Group's completed properties held for sale with an aggregate carrying value at 31 December 2014 of approximately RMB522,582,000 (2013: RMB209,453,000);

(v) pledge of a building of the Group with a carrying value at 31 December 2014 of approximately RMB66,960,000 (2013: RMB66,083,000);

(vi) pledge of the Group's prepayment for acquisition of land with a carrying value at 31 December 2014 of approximately RMB249,656,000 (2013: Nil);

(vii) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB10,595,103,000 (2013: RMB6,964,600,000) as at 31 December 2014;

(viii) corporate guarantees executed by companies controlled by the Controlling Shareholders to the extent of nil (2013: RMB5,970,622,000) as at 31 December 2014;

(ix) personal guarantees executed by the Director, Mr. Sun Yinhuan, to the extent of nil (2013: RMB2,824,800,000) as at 31 December 2014;

(x) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period; and

(xi) pledges of certain of the Group's time deposits with an aggregate carrying value at 31 December 2014 of approximately RMB1,687,943,000 (2013: RMB775,538,000).

(b) Other than certain other borrowings with carrying amounts of RMB455,048,000 (2013: RMB475,816,000) denominated in United States dollars as at 31 December 2014, all bank and other borrowings of the Group are denominated in RMB (2013: RMB) as at 31 December 2014.

35. PROVISION FOR LAND APPRECIATION TAX

	Group RMB'000
At 1 January 2013	215,430
Disposal of the Disposal Businesses and the Disposal Assets (note 42)	(25,260)
Charged to the consolidated statement of profit or loss during the year (note 11)	464,627
Payment for the year	(248,326)
At 31 December 2013 and 1 January 2014	406,471
Charged to the consolidated statement of profit or loss during the year (note 11)	270,895
Overprovision in prior years (note 11)	(104,767)
Payment for the year	(205,022)
At 31 December 2014	367,577

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

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

36. DEFERRED TAX

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

	2014 RMB'000	2013 RMB'000
Deferred tax assets	**159,543**	153,214
Deferred tax liabilities	**(1,548,466)**	(1,543,064)
	(1,388,923)	(1,389,850)

36. DEFERRED TAX (continued)

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

	Unrealised profits from intra-group transactions RMB'000	Provision for LAT RMB'000	Revaluation of investment properties RMB'000	Total RMB'000
At 1 January 2013	25,293	53,858	(1,440,173)	(1,361,022)
Disposal of the Disposal Businesses and the Disposal Assets (note 42)	—	(4,018)	—	(4,018)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	26,303	51,778	(102,891)	(24,810)
At 31 December 2013 and 1 January 2014	51,596	101,618	(1,543,064)	(1,389,850)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	16,053	(9,724)	(5,402)	927
At 31 December 2014	67,649	91,894	(1,548,466)	(1,388,923)

The Group had unutilised tax losses of approximately RMB862,713,000 (2013: RMB614,225,000) as at 31 December 2014, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related benefits through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of such unutilised tax losses as the realisation of the related benefits is uncertain.

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 China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

36. DEFERRED TAX (continued)

As 31 December 2014 and 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB3,851,293,000 (2013: RMB2,641,089,000) as at 31 December 2014.

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

37. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2014 RMB'000	2013 RMB'000
Liabilities		
Current		
Put options	**138,697**	164,367
Non-current		
Call and put options, net	**245,480**	92,235
	384,177	256,602

In April 2010 and November 2011, the Group granted a total of four put options to certain joint venture partners to sell their interests in certain joint ventures to the Group, which can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier, at the option price determined based on the adjusted net asset value of the joint ventures.

In December 2013, a supplemental agreement was signed between certain subsidiaries of the Group and the joint venture partners and two of the put options were modified. Besides, a new put option was granted to the joint venture partners and, after an agreed amount has been paid by the Group, a new call option will be granted by the joint venture partners to the Group which can be exercised at any time within the first 54 months after the date of initial investments.

The new call option and put options are correlated and offset against each other and the net balance is recorded as derivative liabilities in the consolidated statement of financial position and carried at fair value with reference to a valuation performed by an independent professional valuer using the Binomial Model.

37. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Description of valuation techniques used and key inputs to valuation on put options:

Valuation technique	Significant unobservable inputs	Range/weighted average 31 December 2014	31 December 2013
Binomial model	Dividend yield	**0%**	0%
	Net asset value volatility	**19.00%–20.84%**	22.1% –23.0%
	Option life (Year(s))	**0.5–2.0**	1.5–3.0
	Risk-free interest rate	**2.97%–3.36%**	4.17%–4.30%
	Stock volatility of comparable companies	**26.25%–29.90%**	30.82%–34.00%

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk free-interest rate and an opposite change in the dividend yield, the option life and stock volatility.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "Combined factors").

	Increase/ (decrease) in basis points	Combined net effect on profit before tax RMB'000
31 December 2014		
Combined factors	**100**	**(5,838)**
Combined factors	**(100)**	**6,555**
31 December 2013		
Combined factors	100	(5,407)
Combined factors	(100)	10,132

38. SHARE CAPITAL

	Note	2014 RMB'000	2013 RMB'000
Authorised:			
50,000 shares of US$1.00 each	(a)	–	305
50,000,000,000 shares of US$0.01 each	(a)	3,124,300	–
Issued and fully paid:			
2,583,970,000 (2013: 10,000) ordinary shares		159,418	61

The Company was incorporated on 26 November 2007 with authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. On 2 April 2008, one share was allotted and issued to the subscriber at par and such share was subsequently transferred to Right Won on the same day.

A summary of movements in the Company's issued share capital is as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares RMB'000
As at 1 January 2013		1	–
Increase in issued share capital on 27 November 2013	(b)	9,999	61
As at 31 December 2013 and 1 January 2014		10,000	61
Sub-division of all the issued shares of US$1.00 each into shares of US$0.01 each	(a)	990,000	–
Capitalisation issue of shares	(c)	1,999,000,000	123,329
Issuance of new shares	(d)	580,000,000	35,783
Over-allotment	(e)	3,970,000	245
As at 31 December 2014		2,583,970,000	159,418

38. SHARE CAPITAL (continued)

Notes:

(a) On 1 June 2014, the Company sub-divided all of its issued and unissued shares with par value of US$1.00 each into shares of US$0.01 each. On the same date, the Company increased its authorised share capital to US$500,000,000 divided into 50,000,000,000 shares with a par value of US$0.01 each by the creation of an additional 49,995,000,000 shares.

(b) Pursuant to a written resolution passed on 27 November 2013, a total of 8,449 ordinary shares of US$1.00 each were issued at par for cash of US$8,449 (equivalent to RMB52,000) to Right Won and Keen Everlasting Harmony, and a total of 1,550 ordinary shares of US$1.00 each were issued for cash of US$180,100,000 (equivalent to RMB1,101,977,000) to certain companies owned by certain employees of the Group on 27 November 2013. Keen Everlasting Harmony is ultimately owned as to 50% and 50% by the son and daughter of Mr. Sun Yinhuan, respectively.

(c) Pursuant to a written resolution passed on 1 June 2014, 1,999,000,000 shares of US$0.01 each were allotted and issued, credited as fully paid at par, by way of capitalisation from the share premium account to the holders of shares whose names appear on the register of members of the Company at the close of business on 1 June 2014 in proportion to their respective shareholdings. This allotment and capitalisation issue were conditional on the share premium account being credited as a result of the issue of new shares to the public in connection with the Company's initial public offering as detailed in note (d) below.

(d) In connection with the Company's initial public offering, 580,000,000 shares of US$0.01 each were issued at a price of HK$2.45 per share for a total cash consideration, before expenses, of approximately HK$1,421,000,000 (equivalent to RMB1,139,698,000). Dealings in the shares of the Company on the Stock Exchange commenced on 27 June 2014.

(e) In connection with the partial exercise of the over-allotment option by the joint global coordinators of the Company's initial public offering, 3,970,000 shares of US$0.01 each were issued on 23 July 2014, at a price of HK$2.45 per share for a total cash consideration, before expenses, of HK$9,726,500 (approximately equivalent to RMB7,425,000).

39. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of motivating eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain an on-going business relationship with such eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the Scheme include the Directors, including independent non-executive directors, executives or officers of the Group, full-time or part-time employees of the Group, and advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Directors will contribute or have contributed to the Group. The Scheme became effective on 1 June 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

39. SHARE OPTION SCHEME (continued)

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue of the Company immediately following completion of the Company's initial public offering, i.e. 258,000,000 shares. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the Company's issued shares from time to time. The maximum number of shares issuable under the 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 as at the date of grant. Any further grant of options in excess of this 1% limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the Directors, but must be at least of the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

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

As at the date of approval of these financial statements, no options had been granted since adoption of the Scheme.

40. 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 of the financial statements.

(b) Merger reserve

The merger reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013.

(c) Statutory surplus reserve

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

(d) Deemed distribution to then equity owners upon the Reorganisation

Deemed distribution to then equity owners represents the costs paid by the Group to the equity owners in respect of the acquisition of subsidiaries pursuant to the reorganisation of the Group in 2013.

(e) Share-based payment reserve

On 27 November 2013, a total of 1,550 ordinary shares of US$1.00 each of the Company (before capitalisation issue and sub-division) were issued for cash of US$180,100,000 (equivalent to RMB1,101,977,000) to certain companies owned by certain employees of the Group. The shortfall in the amount of RMB81,000,000 between the estimated fair value of the shares at the date of issue and the consideration paid by the companies owned by certain employees of the Group for the shares was accounted for as share-based payment during the year ended 31 December 2013. The fair value of the shares is determined with reference to the business value of the Group determined by an external valuer using a market approach.

The following table describes the key inputs to the model used:

Price earnings multiplier	8.7 times
Lack of marketability discount	19.7%

40. RESERVES (continued)

(f) Company

	Share premium account RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Proposed final dividend RMB'000	Total reserves RMB'000
As at 1 January 2013					
Loss for the year and total comprehensive loss for the year	—	—	(69,805)	—	(69,805)
Issuance of shares	1,101,968	81,000	—	—	1,182,968
As at 31 December 2013 and 1 January 2014	**1,101,968**	**81,000**	**(69,805)**	**—**	**1,113,163**
Loss for the year and total comprehensive loss for the year	**—**	**—**	**(11,269)**	**—**	**(11,269)**
Capitalisation issue of shares	**(123,329)**	**—**	**—**	**—**	**(123,329)**
Issuance of new shares	**1,111,095**	**—**	**—**	**—**	**1,111,095**
Share issue expenses	**(38,000)**	**—**	**—**		**(38,000)**
Proposed final 2014 dividend	**(341,084)**	**—**	**—**	**341,084**	**—**
As at 31 December 2014	**1,710,650**	**81,000**	**(81,074)**	**341,084**	**2,051,660**

41. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

(a) Group

As at 31 December 2014, the maximum obligation in respect of the mortgage facilities provided to certain purchases of the Group's properties amounted to RMB598,949,000 (2013: RMB632,228,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

41. FINANCIAL GUARANTEES (continued)

(a) Group (continued)

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

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

(b) As at 31 December 2014, the Group provided a guarantee for an amount not exceeding RMB150,000,000 (2013: RMB150,000,000) in respect of the payment obligations of a subsidiary of Richcoast Group to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner.

(c) The Group provided guarantees to the extent of RMB181,600,000 (2013: Nil) as at 31 December 2014 in respect of the bank and other loans granted to the associates.

(d) The Group provided guarantees to the extent of RMB1,268,000,000 (2013: RMB490,000,000) as at 31 December 2014 in respect of bank and other loans granted to the joint ventures.

(e) The Group provided guarantees to the extent of nil (2013: RMB1,350,000,000) as at 31 December 2014 in respect of bank and other loans granted to the companies controlled by the Controlling Shareholder.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the financial statements.

42. DISPOSAL OF THE DISPOSAL BUSINESSES AND THE DISPOSAL ASSETS

During the year ended 31 December 2013, the Group disposed of its entire interest in the Disposal Businesses and the Disposal Assets (as further detailed in note 2.1 to the financial statements) to the non-controlling shareholders (which are companies owned by certain directors of the Company and key management of the Group), to an independent third party and to a company controlled by Yida Group.

	Notes	RMB'000
Net assets of subsidiaries disposed of:		
Property, plant and equipment	15	2,694
Investment properties	16	15,448
Land held for development for sale	17	159,288
Intangible assets	18	430
Available-for-sale investments		4,000
Deferred tax assets	36	4,018
Completed properties held for sale		82,462
Trade receivables		1,928
Prepayments, deposits and other receivables		164,811
Due from related parties		127,262
Cash and bank balances		36,614
Trade payables		(58,827)
Other payables and accruals		(76,621)
Receipts in advance		(15,693)
Due to related parties		(329,277)
Tax payable		(6,283)
Provision for land appreciation tax	35	(25,260)
		86,994
Assets disposed of:		
Investment properties	16	20,225
Intangible assets	18	38,038
Other receivables		954,002
		1,012,265
Total net assets disposed of		1,099,259
Gain on disposal of the Disposal Businesses and the Disposal Assets (note)	6	58,964
		1,158,223
Satisfied by:		
Cash		204,221
Other receivables		954,002
		1,158,223

Note: The gain on disposal of RMB58,964,000 arises from the disposal to the non-controlling shareholders and to an independent third party.

42. DISPOSAL OF THE DISPOSAL BUSINESSES AND THE DISPOSAL ASSETS (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Disposal Businesses and the Disposal Assets is as follows:

	RMB'000
Cash consideration	204,221
Cash and bank balances disposed of	(36,614)
	167,607
Net inflow of cash and cash equivalents in respect of:	
the disposal of subsidiaries	109,344
the disposal of investment properties	20,225
the disposal of intangible assets	38,038
	167,607

43. PLEDGE OF ASSETS

(a) Details of the Group's bank and other loans which are secured by the assets of the Group, are included in note 34 to the financial statements.

(b) At 31 December 2013, details of the Group's assets which are pledged to secure the bank and other loans of the companies controlled by the Controlling Shareholder are included in notes 16 and 17 to the financial statements. The pledge of the assets was released during the year.

(c) At 31 December 2013, the equity interests of a subsidiary of the Company with a net asset value of RMB1,597 million were pledged for a loan granted to a company controlled by the Controlling Shareholder. The pledge of the equity interests was released during the year.

44. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

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

	2014 RMB'000	2013 RMB'000
Within one year	**245,826**	216,434
In the second to fifth years, inclusive	**406,692**	372,202
After five years	**89,037**	117,249
	741,555	705,885

(b) As lessee

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

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

	2014 RMB'000	2013 RMB'000
Within one year	**6,600**	6,002
In the second to fifth years, inclusive	**3,177**	8,227
	9,777	14,229

45. COMMITMENTS

In addition to the operating lease commitments detailed in note 44(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014	2013
	RMB'000	RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**2,395,287**	1,648,020
Acquisition of land use rights	**—**	106,280
	2,395,287	1,754,300

As at the end of the reporting period, the Company had no significant commitments.

46. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 December 2013, the Group settled an amount due to Yida Group of RMB821,219,000 by offsetting against the Group's receivable from a third party pursuant to a tripartite deed of assignment.

(b) During the year ended 31 December 2013, the Group offset amounts due from related companies and amounts due to related companies in an aggregate amount of RMB4,253,331,000 pursuant to the deed of assignments between certain of the Company's subsidiaries and the related companies.

(c) During the year ended 31 December 2014, the Group entered into supplemental agreements with certain banks and Yida Group to change the borrowing entity under certain existing financing arrangements in an aggregate amount of RMB3,060 million (2013: Nil) from Yida Group to entities within the Group.

47. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the reporting period.

	Notes	2014 RMB'000	2013 RMB'000
Service fees from joint ventures	(i)	**132,887**	115,588
Service fees from associates	(i)	**75,181**	337,807
Service fees from companies controlled by the Controlling Shareholder	(i)	**6,676**	34,099
Service fees from Panasonic Yida*	(i)	**–**	1,111
Service fees paid to Panasonic Yida	(i)	**62,602**	78,821
Rental income from joint ventures	(ii)	**5,197**	1,034
Rental income from companies controlled by the Controlling Shareholder	(ii)	**1,848**	3,426
Rental income from Panasonic Yida*	(ii)	**–**	6,750
Rental expense to a company controlled by the Controlling Shareholder	(ii)	**1,400**	1,134
Consulting fee received from a company controlled by the Controlling Shareholder	(iii)	**–**	4,180
Consulting fees from joint ventures	(iii)	**30,186**	–
Consulting fees paid to Yida Group	(iv)	**–**	41,500
Consulting fees paid to a company controlled by the Controlling Shareholder	(iv)	**–**	27,000
Interest income from an associate	(v)	**4,484**	–
Interest expenses paid to Yida Group	(vi)	**–**	271,244

47. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(ii) The rentals were determined at rates mutually agreed by the related parties.

(iii) The consulting fee was charged for the project design, implementation and management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(iv) The consulting fees were paid for the investment consultation, project quality consultation, project cost management and project promotion services provided by Yida Group and a company controlled by the Controlling Shareholder at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(v) The interest income was received from an advance made to an associate. The interest rate was mutually agreed with the associate.

(vi) Interest expenses were charged for borrowings from Yida Group. The interest rate was mutually agreed by the related parties.

* The service fees from Panasonic Yida and rental income from Panasonic Yida for the year are included in "Service fees from joint ventures" and "Rental income from joint ventures", respectively.

During the year ended 31 December 2013, the Group disposed of certain assets with a carrying amount of RMB20,225,000 to a company controlled by Yida Group at the carrying amount.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

(b) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors represent the key management personnel of the Group and details of the compensation are set out in note 9 to the financial statements.

48. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

At 31 December 2014

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Loans to joint ventures (note 20)	105,113	—	105,113
Loans to associates (note 21)	74,690	—	74,690
Available-for-sale investments (note 22)	—	24,540	24,540
Trade receivables (note 27)	384,629	—	384,629
Deposits and other receivables (note 28)	3,970,787	—	3,970,787
Restricted cash (note 30)	2,059,043	—	2,059,043
Cash and cash equivalents (note 30)	740,071	—	740,071
	7,334,333	24,540	7,358,873

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 37)	384,177	—	384,177
Trade payables (note 32)	—	2,311,255	2,311,255
Other payables and accruals (note 33)	—	502,853	502,853
Interest-bearing bank and other borrowings (note 34)	—	16,251,773	16,251,773
	384,177	19,065,881	19,450,085

48. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

At 31 December 2013

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Loans to joint ventures (note 20)	104,030	—	104,030
Loans to associates (note 21)	73,884	—	73,884
Available-for-sale investments (note 22)	—	24,540	24,540
Trade receivables (note 27)	577,212	—	577,212
Deposits and other receivables (note 28)	3,653,681	—	3,653,681
Due from related parties (note 29)	43	—	43
Restricted cash (note 30)	1,410,636	—	1,410,636
Cash and cash equivalents (note 30)	2,116,401	—	2,116,401
	7,935,887	24,540	7,960,427

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 37)	256,602	—	256,602
Trade payables (note 32)	—	2,545,986	2,545,986
Other payables and accruals (note 33)	—	558,991	558,991
Interest-bearing bank and other borrowings (note 34)	—	13,426,663	13,426,663
Due to related parties (note 29)	—	3,817,171	3,817,171
	256,602	20,348,811	20,605,413

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

At 31 December 2014

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to joint ventures (note 20)	**105,113**	**105,113**
Loans to associates (note 21)	**74,690**	**74,690**
	179,803	**179,803**
Financial liabilities		
Derivative financial instruments (note 37)	**384,177**	**384,177**
Interest-bearing bank and other borrowings (note 34)	**16,251,773**	**16,251,773**
	16,635,950	**16,635,950**

At 31 December 2013

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to joint ventures (note 20)	104,030	104,030
Loans to associates (note 21)	73,884	73,884
	177,914	177,914
Financial liabilities		
Derivative financial instruments (note 37)	256,602	256,602
Interest-bearing bank and other borrowings (note 34)	13,426,663	13,426,663
	13,683,265	13,683,265

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy as at 31 December 2014

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 16)	—	—	10,496,193	10,496,193
Assets measured at amortised cost:				
Loans to joint ventures (note 20)	—	—	105,113	105,113
Loans to associates (note 21)	—	—	74,690	74,690
	—	—	179,803	179,803
Liabilities measured at fair value:				
Derivative financial instruments (note 37)	—	—	384,177	384,177
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (note 34)	—	—	16,251,773	16,251,773

Fair value hierarchy as at 31 December 2013

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 16)	—	—	10,225,870	10,225,870
Assets measured at amortised cost:				
Loans to joint ventures (note 20)	—	—	104,030	104,030
Loans to associates (note 21)	—	—	73,884	73,884
	—	—	177,914	177,914
Liabilities measured at fair value:				
Derivative financial instruments (note 37)	—	—	256,602	256,602
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (note 34)	—	—	13,426,663	13,426,663

49. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the non-current portion of loans to joint ventures and associates and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group assessed the credit risks as at the end of the reporting period of loans to joint ventures and associates to be insignificant. The Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the reporting period was assessed to be insignificant.

The details of valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 16 and note 37 to the financial statements, respectively.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013: Nil).

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowing and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

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

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in note 16 and note 37 to the financial statements, respectively.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
31 December 2014		
RMB	**50**	**37,251**
RMB	**(50)**	**(37,251)**
31 December 2013		
RMB	50	34,621
RMB	(50)	(34,621)

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration 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 a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration 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 Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term deposits denominated in Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

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.

A reasonably possible change of 5% in the exchange rate between the Hong Kong dollar and the RMB would have no material impact on the Group's profit during the year and there would be no material impact on other components of the Group's equity.

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 41, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

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

	At 31 December 2014				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	5,669,758	5,561,733	5,082,592	1,298,060	17,612,143
Trade payables	1,289,887	1,021,368	–	–	2,311,255
Other payables and accruals	502,853	–	–	–	502,853
Derivative financial instruments	142,816	262,254	–	–	405,070
	7,383,567	7,067,102	5,082,592	1,298,060	20,831,321
Financial guarantees issued: Maximum amount guaranteed (note 41)	2,198,549	–	–	–	2,198,549

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Group

	At 31 December 2013				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	5,692,236	4,783,078	3,398,534	772,416	14,646,264
Trade payables	1,132,730	1,413,256	—	—	2,545,986
Other payables and accruals	558,991	—	—	—	558,991
Due to related parties	3,817,171	—	—	—	3,817,171
Derivative financial instruments	171,434	100,088	—	—	271,522
	11,372,562	6,296,422	3,398,534	772,416	21,839,934
Financial guarantees issued: Maximum amount guaranteed (note 41)	2,622,228	—	—	—	2,622,228

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the year. No changes were made in the objectives, policies or processes for managing capital during the year.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting period were as follows:

	Group	
	2014	2013
	RMB'000	RMB'000
Interest-bearing bank and other borrowings	**16,251,773**	13,426,663
Less: Cash and cash equivalents	**(740,071)**	(2,116,401)
Less: Restricted cash	**(2,059,043)**	(1,410,636)
Net debt	**13,452,659**	9,899,626
Total equity	**8,979,076**	6,991,001
Net debt ratio	**150%**	142%

51. EVENT AFTER THE REPORTING PERIOD

In January 2015, the Company made an announcement that Eagle Fit (a joint venture indirectly owned as to 35% by the Company), Beijing Qi Xia Real Estate Development Company Limited, the project company wholly-owned by Prime Asset Investment Limited (the "Target Company"), SOCAM Development Limited and an independent third party (the "Purchaser") entered into an agreement pursuant to which, Eagle Fit has agreed to sell and the Purchaser has agreed to acquire the entire issued share capital of the Target Company, for a consideration to be not more than RMB520.8 million. The disposal has not been completed up to the date of approval of these financial statements.

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2015.

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