SHANGHAI ZENDAI
上海証大房地產有限公司

SHANGHAI ZENDAI PROPERTY LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 00755

Annual Report 2014

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Shanghai Zendai Property Limited
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Qingdao Zendai Thumb Plaza and Himalayas Qingdao Hotel

BOARD AND COMMITTEES

BOARD

Executive Directors

Mr. Dai Zhikang *(Chairman)*
Ms. Li Li Hua
Mr. Zuo Xingping
Mr. Tang Jian

Non-executive Directors

Mr. Xu Xiaoliang
Mr. Gong Ping

Independent Non-executive Directors

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Cai Gaosheng

COMMITTEES

Executive Committee

Ms. Li Li Hua *(Chairman)*
Mr. Dai Zhikang
Mr. Zuo Xingping
Mr. Tang Jian

Audit Committee

Mr. Li Man Wai *(Chairman)*
Mr. Lai Chik Fan
Mr. Lo Mun Lam, Raymond

Remuneration Committee

Mr. Lo Mun Lam, Raymond *(Chairman)*
Mr. Dai Zhikang
Mr. Lai Chik Fan
Mr. Cai Gaosheng

Nomination Committee

Mr. Dai Zhikang *(Chairman)*
Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan

CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of China
Citic Ka Wah Bank Limited
Bank of Communication
Shanghai Pudong Development Bank
Agricultural Bank of China

SOLICITORS

Hong Kong

K&L Gates
44th Floor
Edinburgh Tower
The Landmark
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Hong Kong

Bermuda

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Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6108
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Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. Wong Ngan Hung

QUALIFIED ACCOUNTANT

Mr. Wong Ngan Hung

REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 54, Hopewell Center
183 Queen's Road East
Wanchai
Hong Kong

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") hereby announces the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "year" or "year under review").

In the first half of 2012, the Group resumed land or project acquisition after the sale of the parcel of land at the Bund, Shanghai was completed. Since these new projects were still in the planning or development stages in the year under review, they could not be launched into the market for sale and delivery in time. During the year under review, the Group's contracted sales and properties delivered were mainly from pre-existing projects, resulting in a substantial decrease in turnover as compared with the last corresponding period.

Turnover of the Group amounted to approximately HK$1,579,612,000, representing a decrease of 29% against approximately HK$2,227,663,000 for the year of 2013. The turnover was mainly attributed to:

- Delivery of residential properties in Qingdao Zendai Thumb Plaza
- Delivery of residential properties in Shanghai Mandarin Palace, Xizhen, Jilin and Haimen
- Delivery of commercial space at Zendai Xizhen Thumb Plaza

Loss attributable to shareholders of the Company (the "Shareholders") was approximately HK$438,468,000, as compared with a profit of approximately HK$79,347,000 for the same period of last year. Basic loss per share of the Company (the "Share") was HK2.95 cents (earnings in 2013: HK0.59 cents). Such loss in the year was mainly due to:

- Special provision of approximately HK$320,656,000 for the diminution in value of the property project under development in Ordos City, Inner Mongolia Autonomous Region, the PRC has been made;
- Substantial increase in finance costs due to the increase of borrowings;
- Increase in share of net losses of associates and joint ventures; and
- Substantial decrease in turnover due to decrease in properties delivered.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

In 2014, the restrictions on home purchase and borrowing were gradually relaxed or lifted in some cities, driving the market to gradually recover and causing the industry to enter into a mild adjustment period. In general, although the overall performance of the property market in 2014 was less impressive than the previous year, with the policy guideline of realising a long-term health development of the property market, the market adjustment will ultimately head into a direction conducive to the sustainable development of the market. Entering into 2015, interest rate cuts and lowering of deposit-reserve ratio by the People's Bank of China are conducive to the real estate industry, and will drive the property market, which is already in a recovery trend, to continue to develop.

During the year under review, the Group continued to strengthen its position as an integrated real estate group for residential and commercial properties, progressively promote project development both domestically and abroad, and strategically develop a property portfolio which can cater for market needs. While broadening its sources of income, the Group also balanced various market risks effectively. Adhering to a prudent and aggressive strategy, the Group endeavoured to identify quality projects with high potential both domestically and abroad, with a view to expanding its land bank and continuously improving its diversified development.

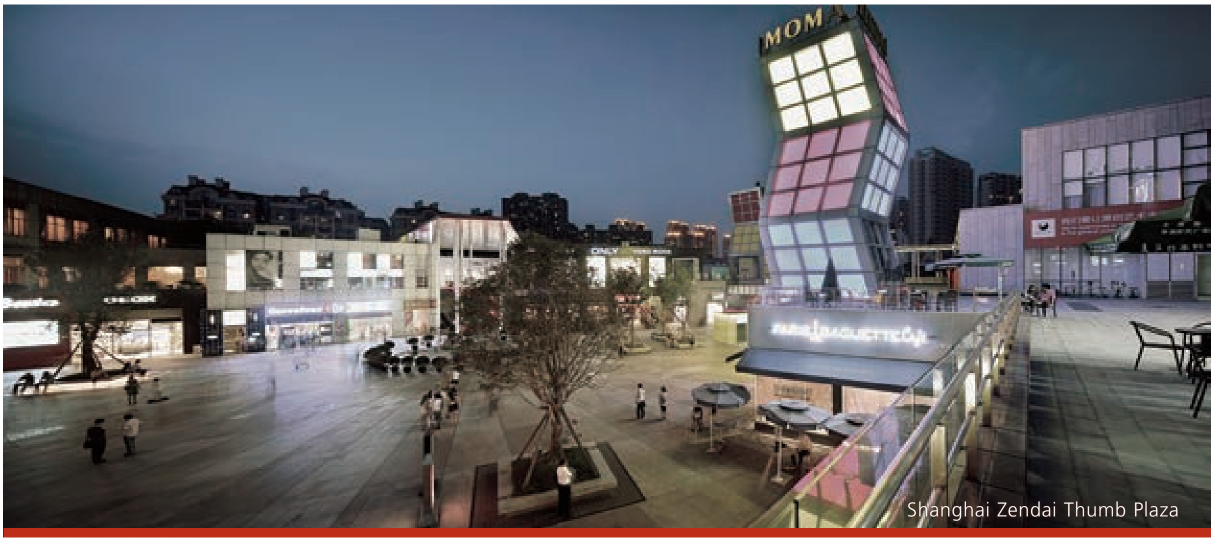
"Himalayas Center" and "Thumb Plaza", projects in Nanjing named by Shanghai Zendai's boutique brand series, were both under construction in the year as scheduled. The transaction of the acquisition of Modderfontein project in South Africa, which the Group acquired in November 2013, was completed in March 2014, and the Group held a project introduction conference in South Africa in April 2014 announcing the official launch of the project, which is now progressing well.

CHAIRMAN'S STATEMENT

COMMERCIAL PROPERTY PROJECTS IN CHINA

Shanghai

Shanghai Zendai Thumb Plaza



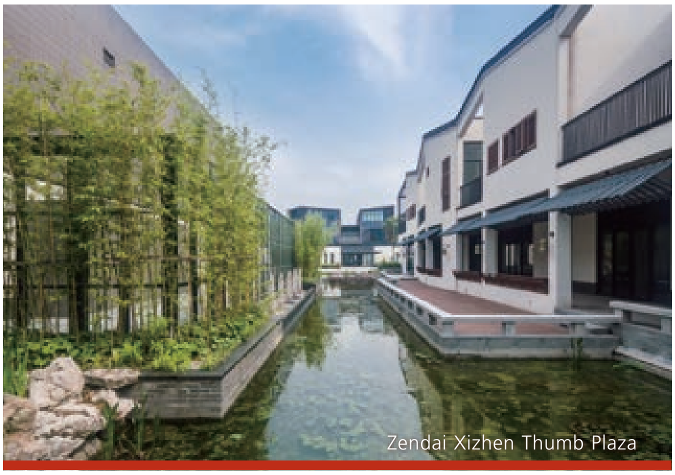
Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza is an integrated commercial complex in a prime location near Shanghai's Century Park and the Lujiazui financial district. As at 31 December 2014, the area of retail shops in the Plaza owned by the Group covered a total gross floor area of 40,333 square metres with 430 underground car-parking spaces. As at 31 December 2014, more than 98% of the commercial space in the Plaza had been leased. Rental income recognised during the year was approximately RMB50,609,000 (equivalent to approximately HK$63,828,000).

Radisson Blu Hotel Pudong Century Park

The Group's five-star Radisson Blu Hotel is located in Zendai Thumb Plaza. The 18-storey hotel boasts a gross floor area of 31,529 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. It is managed under the "Radisson Blu" brand by Carlson Companies. The average occupancy rate of the hotel was 63% in the full year of 2014. Total income of the hotel for the year reached approximately RMB111,755,000 (equivalent to approximately HK$140,945,000), approximating to the income for the same period last year.

Zendai Xizhen Thumb Plaza


Zendai Xizhen Thumb Plaza

The Group owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end apartments, retail shops, hotels and a clubhouse in two phases, with a total gross floor area of approximately 151,066 square metres.

Phase I with a gross floor area of approximately 86,911 square metres will be developed into residential properties (41,976 square metres) and commercial areas (44,935 square metres). The Group intends to recruit tenants for commercial space including large international cinemas, mid-range to high-end restaurants and supermarkets. During the year under review, total residential and commercial saleable areas of 3,871 square metres and 2,723 square meters were sold respectively, generating a total contract value of RMB65,822,000 (equivalent to approximately HK$83,014,000) and RMB48,907,000 (equivalent to approximately HK$61,681,000) respectively. Residential and commercial areas of 5,352 square metres and 3,169 square metres were delivered respectively during the year, and a total contract value of RMB100,896,000 (equivalent to approximately HK$127,249,000) and RMB98,433,000 (equivalent to approximately HK$124,143,000) was recognised as turnover respectively. As at 31 December 2014, total residential and commercial saleable areas of 17,596 square metres and 12,080 square metres had been sold respectively, generating a total contract value of RMB332,205,000 (equivalent to approximately HK$418,975,000) and RMB321,499,000 (equivalent to approximately HK$405,472,000) respectively.

Construction of Phase II with a gross floor area of approximately 64,155 square metres commenced in the fourth quarter of 2013, with resort villas (39,455 square metres) and a resort hotel (24,700 square metres) to be erected and expected to be completed in 2015. The resort villas already started pre-sale in November 2014, and total saleable areas of 5,913 square metres were sold in the year under review, generating a total contract value of RMB116,931,000 (equivalent to approximately HK$147,473,000).

Himalayas Center

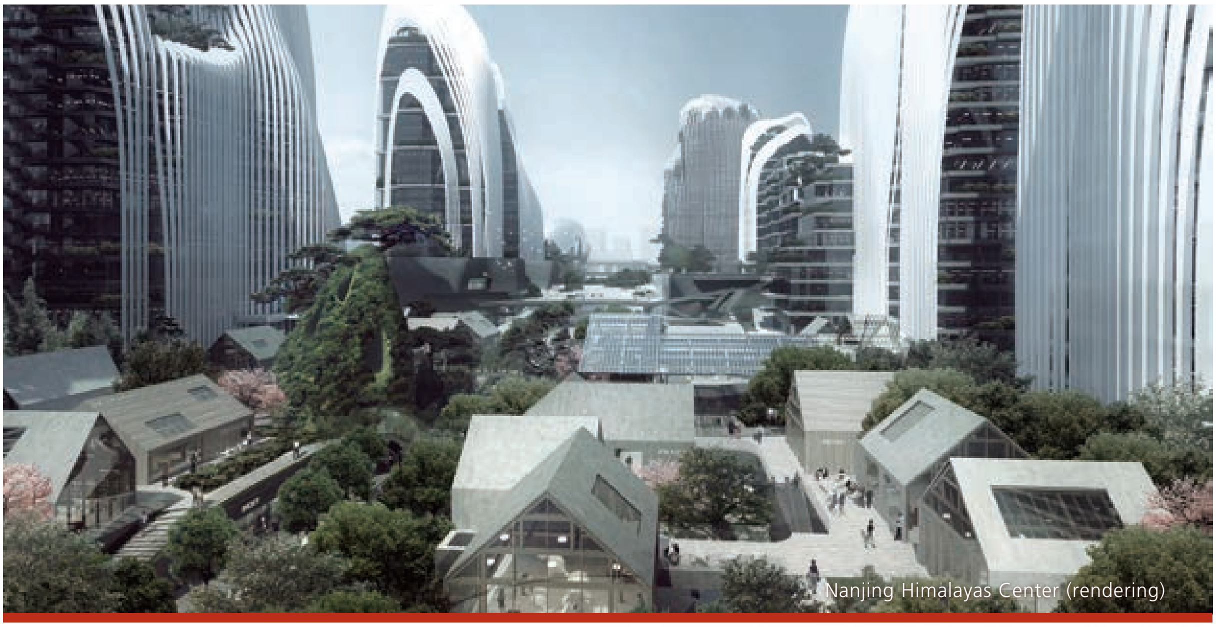
The Group's 45%-owned Zendai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, shopping centre and other auxiliary facilities (comprising the DaGuan Theatre and the Himalayas Art Museum). The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 162,207 square metres (including underground parking space of 26,287 square metres).

The Jumeirah Himalayas Hotel Shanghai, a luxury five-star hotel managed by the Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a total gross floor area of 60,452 square metres, providing 401 guest rooms. Enjoying a favourable location, the hotel is adjacent to the Shanghai New International Expo Center which connects with No. 7 metro line and is within walking distance to the maglev station. The average occupancy rate of the hotel during the year under review was 67%, generating a total income of approximately RMB180,311,000 (equivalent to approximately HK$227,407,000), representing an increase of 7% as compared with the same period last year. The high-quality environment and service of the Jumeirah Himalayas Hotel Shanghai won acclaims across the industry. In recent years, the Jumeirah Himalayas Hotel Shanghai was named as the International Hotel of the Year in the European Hospitality Awards 2012, listed as one of the Top 100 Hotels in China by "Travel & Leisure" magazine, voted the 2012 Best in Design Hotel by "City Traveler" magazine, named as the Best Conference Hotel in Shanghai in the Extraordinary Journey Awards of "Oriental Morning Post", named as the best MICE hotel in 2013 by "City Tour" magazine and "Shanghai Talk" magazine, and its various dining outlets have been named as the Best Buffet Restaurant in 2013 by "TimeOut" magazine, Best Chinese Restaurant in 2014 by "City Weekend" magazine, Best Hotel Restaurant in 2014 by "DiningCity. CN", and Best Hotel by "Elite Travellers" and the hotel was listed in the 100 Best Hotels in 2014.

During the year under review, around 54% of the commercial space of the shopping centre with a leasable area of 23,200 square metres was leased, generating a rental income of approximately RMB28,649,000 (equivalent to approximately HK$36,132,000).

Nanjing

Nanjing Himalayas Center



Nanjing Himalayas Center (rendering)

The Group is planning to develop the G15 land parcel in a prime location around Nanjing South Train Station into Himalayas Center with a gross floor area of approximately 636,000 square metres. The project will be developed in three phases.

The first phase of the project has a total gross floor area of approximately 190,554 square metres, including 35,040 square metres of office building, 3,437 square metres of commercial space, 19,681 square metres of hotel, 55,516 square metres of service apartments and 76,880 square metres of underground car-park. The pre-sale of the first phase is expected to begin in the first half of 2015.

The second phase of the project, covering a total gross floor area of approximately 216,000 square metres, is intended to be developed into service apartments, a commercial complex, commercial streets and office buildings, including 52,000 square metres of service apartments, 22,000 square metres of commercial space, 52,000 square metres of office building and 90,000 square metres of underground car-park. Construction of the second phase already commenced in the third quarter of 2014.

The third phase of the project, covering a total gross floor area of approximately 229,000 square metres, is intended to be developed into service apartments, a commercial complex and office buildings, including 13,000 square metres of service apartments, 64,000 square metres of commercial space, 57,000 square metres of office building and 95,000 square metres of underground car-park. Construction of the third phase is expected to commence in the third quarter of 2015.

"Riverside Thumb Plaza" in Nanjing

"Riverside Thumb Plaza" in Nanjing (rendering)

In March 2014, the Group won the bid for a land parcel in Xiaguan District, Nanjing, Jiangsu Province, located at the west of Rehe Road and the north of Shiqiao Road, at a consideration of RMB902,300,000 (equivalent to approximately HK$1,127,900,000). The land parcel with a site area of approximately 13,220 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 83,610 square metres, including 75,932 square metres of apartments and 7,678 square metres of commercial space. Construction of the project already commenced in June 2014 and pre-sale is expected to begin in the second quarter of 2015.

Other cities

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central business area, Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres with a total gross floor area occupying approximately 213,059 square metres. It includes retail shops (68,129 square metres), a hotel (29,593 square metres), service apartments (70,066 square metres) and a car-park (45,271 square metres).

During the year under review, a total saleable area of service apartments of 4,848 square metres was sold, generating a total contract value of RMB59,136,000 (equivalent to approximately HK$74,582,000). During the year, 12,754 square metres were delivered and a total contract value of RMB177,929,000 (equivalent to approximately HK$224,403,000) was recognised as turnover. As at 31 December 2014, a total saleable area of 45,772 square metres had been sold, generating a contract value of RMB686,968,000 (equivalent to approximately HK$866,399,000).

As at 31 December 2014, more than 94% of the commercial space (leasable area of which was 49,968 square metres) was leased, generating a rental income of RMB27,187,000 (equivalent to approximately HK$34,288,000) during the year.

Construction of the Himalayas Qingdao hotel was completed in February 2014 and soft operation commenced in March 2014. The hotel is managed by the Group's own hotel management company with the Group's own Himalayas hotel brand. The average occupancy rate of the hotel during the year was 49%, generating a total income of RMB22,255,000 (equivalent to approximately HK$28,068,000).

Zendai Nantong Yicheng Thumb Plaza


Detached house in Zendai Nantong Yicheng Thumb Plaza (rendering)

Zendai Nantong Yicheng Thumb Plaza occupies a total gross floor area of 281,912 square metres. Shanghai Zendai for its part owns 50% equity of the land parcel and is to assume a leading role in the management of the project. Due to its prime location, the project has been included among the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 264,974 square metres (including car-parking space and ancillary facilities of 43,516 square metres).

Construction is divided into three phases. The first phase comprises a leasable commercial area of approximately 38,816 square metres, of which 90% had been leased as at 31 December 2014. The second phase is an ancillary residential project with a total gross floor area of approximately 103,653 square metres (with an underground area of 31,741 square metres). As at 31 December 2014, a total saleable area of 65,121 square metres (including 37,203 square metres of multi-storey apartments, 26,154 square metres of town houses and 1,764 square metres of detached houses) of the residential project had been sold, generating a total contract value of RMB748,975,000 (equivalent to approximately HK$944,602,000), of which areas of 20,004 square metres (all were multi-storey apartments) were sold during the year, generating a total contract value of RMB134,717,000 (equivalent to approximately HK$169,904,000). During the year under review, 17,443 squares metres of residential properties (including 11,592 square metres of multi-storey apartments and 5,851 square metres of town houses) were delivered, generating a total contract value of

RMB191,098,000 (equivalent to approximately HK$241,011,000). The third phase is to cover a total area of approximately 122,505 square metres (with an underground area of 11,775 square metres), comprising a commercial area of 60,979 square metres in Phase 2 of Old Town, and a commercial area of 14,747 square metres and residential area of approximately 35,004 square metres in Old Town, New Port. The construction of Old Town, New Port already commenced in May 2014, while the construction of Phase 2 of Old Town also commenced at the end of 2014.

Yangzhou Commercial Project

The Group is developing an integrated property project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, Jiangsu Province, including a cultural sightseeing area and a commercial district. The project, to be developed in two phases, is to have a total saleable area of approximately 81,200 square metres. The construction of Phase I was already completed, including 12 blocks and 243 units with a gross floor area of approximately 20,089 square metres. As at 31 December 2014, the remaining area of 18,818 square metres was used for rental purposes.

In view of the market and operating conditions, the Group sold commercial space with an area of 4,296 square metres during the year, of which commercial space with an area of 878 square metres was delivered, generating a total contract value and delivered amount of RMB90,038,000 (equivalent to approximately HK$113,555,000) and RMB19,790,000 (equivalent to approximately HK$24,959,000), respectively. Planning of Phase II is still underway.

Project in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities. Related layouts and concrete design are currently on the drawing board.

A Parcel of Land in Jingyue Economic Development Zone, Changchun City, Jilin Province

The Group is planning to develop a parcel of land in Changchun City, Jilin Province into a commercial property comprising retail shops, offices and service apartments. The project, with a site area of approximately 17,354 square metres, will comprise a total gross floor area of approximately 119,351 square metres, including 8,467 square metres of commercial space, 87,679 square metres of office space and 23,205 square metres of an underground car-park. Construction of the project started in May 2013 and pre-sale began in June 2014.

RESIDENTIAL PROJECTS IN CHINA

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, comprises 54 villas with a total saleable area of approximately 39,347 square metres. The project is to be developed in two phases. The first phase comprises 47 villas with a total saleable area of 33,636 square metres, the construction of which was completed in 2011 and were all delivered. The second phase comprises seven villas with a total saleable area of 5,711 square metres, and were all sold out as at 31 December 2014. During the year under review, a villa with an area of 682 square metres was delivered, generating a contract value of RMB47,000,000 (equivalent to approximately HK$59,276,000).

Other Cities

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,389,021 square metres.

The first parcel is to be developed in two parts.

"Dong Zhou Mansion", the first part of the parcel, is being developed in two phases with Phase I offering 52 villas which were all sold out. Phase II of the "Dong Zhou Mansion" is to be developed into 94 villas with a total gross floor area of approximately 71,061 square metres, the construction of which already commenced in February 2014 and presale permit is expected to be obtained in 2015.

"Multiflora Garden", the second part of the project, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,232 square metres which were all sold out. As at 31 December 2014, an area of 5,726 square metres remained undelivered. Phase III has a total gross floor area of approximately 92,584 square metres and a saleable area of approximately 91,817 square metres. As at 31 December 2014, a total saleable area of 57,741 square metres had been sold, generating a total contract value of RMB359,218,000 (equivalent to approximately HK$453,043,000). During the year, a total saleable area of approximately 4,223 square metres was sold, generating a total contract value of RMB22,530,000 (equivalent to approximately HK$28,415,000). During the year, an area of 5,333 square metres was delivered and a total contract value of RMB29,352,000 (equivalent to approximately HK$37,019,000) was recognised as turnover in the year.

The second parcel of land is being developed into residential properties and ancillary commercial space in phases.

The first phase, Qinghua Garden Ecological Houses, occupies a site area of approximately 42,070 square metres with a saleable area of approximately 56,169 square metres. As at 31 December 2014, a cumulative area of 48,711 square metres had been sold, generating a total contract value of RMB219,094,000 (equivalent to approximately HK$276,320,000). An area of 810 square metres was sold during the year, generating a total contract value of RMB3,771,000 (equivalent to approximately HK$4,756,000). During the year under review, an area of 1,709 square metres was delivered and a total contract value of RMB7,962,000 (equivalent to approximately HK$10,042,000) was recognised as turnover.

The Phase II, Shui Qing Mu Hua Garden, with a site area of 157,717 square metres, is to be developed into small high-rise residential properties with ancillary commercial space in two sections with a saleable area of 194,088 square metres. The first section offers a saleable area of 81,394 square metres. As at 31 December 2014, an area of 52,887 square metres had been sold, generating a total contract value of RMB245,423,000 (equivalent to approximately HK$309,526,000). During the year, an area of 20,667 square metres was sold, generating a total contract value of RMB97,736,000 (equivalent to approximately HK$123,264,000). An area of 14,795 square metres involving a contract value of RMB67,174,000 (equivalent to approximately HK$84,719,000) was delivered. The second section offers a saleable area of approximately 112,694 square metres, the construction of which already commenced in February 2014 and pre-sale permit is expected to be obtained in the first half of 2015.

The Phase III, named as Spanish Exotic Street with a site area of 5,319 square metres, is to be developed into a commercial plaza with a saleable area of 7,497 square metres.

The Phase IV, named as "Thumb Plaza" with a site area of 18,919 square metres, is to be developed into a commercial plaza with a total gross floor area of 45,514 square metres, the construction of which commenced in April 2012 and is expected to be completed in the first half of 2015.

Parcel of land at Changpu Road, Langfang, Hebei Province


residential development , Parcel of Land (Langfang Zendai Thumb Plaza) at Changpu Road, Langfang, Hebei Province

The Group owns a parcel of land with an area of 105,534 square metres at Longhe Industrial Zone, Langfang, Hebei Province, which will be developed into an integrated complex with high-end residential properties, commercial space and offices, with an estimated total saleable area of approximately 258,199 square metres. The project is to be developed in three phases and already commenced construction in May 2013.

The first phase will be developed into high-rise and multi-storey residential properties with a total saleable area of approximately 91,273 square metres, and pre-sale already started in March 2014. During the year under review, a total saleable area of 66,386 square metres was sold, generating a total contract value of RMB447,550,000 (equivalent to approximately HK$564,447,000).

The superstructure work of the commercial area of the second phase with a saleable area of 79,674 square metres was completed, and the construction is expected to be finished in the second half of 2015.

The residential properties of the third phase, with a saleable area of 87,252 square metres, commenced pre-sale in September 2014. During the year under review, a total saleable area of 22,513 square metres was sold, generating a total contract value of RMB153,490,000 (equivalent to approximately HK$193,581,000).

Parcel of Land at Longhe Industrial Zone in Langfang, Hebei Province

The Group also owns another parcel of land with a site area of 45,492 square metres at Longhe Industrial Zone in Langfang, Hebei. As the relatively high industrial output and high population density of the industrial zone will have a positive impact on the demand of housing, the Group is planning to develop the parcel of land into a residential property with a gross floor area of 121,484 square metres in order to cater for the local demand. Construction is expected to commence in early 2015.

Parcel of Land in Yantai Development Zone

The Group and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited) entered into a cooperation agreement to develop "Yantai Thumb Project" located at E-9 District, Yantai Development Zone, Yantai, Shandong Province, in which Shanghai Zendai holds 70% equity interests. The project occupies an area of 26,476 square metres and is still under planning stage.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres. The two land parcels are intended to be developed into villas in phases with a planned saleable area of 122,890 square metres. The project was suspended in the second half of 2014 due to current weak demand and the Group was uncertain as to the future market conditions. The Group will assess the market conditions from time and time and consider the appropriate strategy to handle the project.

OVERSEAS PROJECT

Residential project in New Zealand

Top Harbour Limited, a company incorporated in New Zealand and in which the Group holds 45% equity interests, owns a parcel of land in Whangaparaoa Peninsula, Auckland, New Zealand with an area of approximately 320,000 square metres. The site is about 25 kilometres away from downtown Auckland and is intended to be developed as high-end residential development. The project, with a total gross floor area of approximately 170,000 square metres, can be developed into about 1,000 residential properties with a gross floor area of approximately 147,000 square metres, a 200-room hotel with a gross floor area of approximately 20,000 square metres, commercial space of 2,000 square metres and an office tower of 1,000 square metres. After considering factors such as progress of sales of the project, market demand, funding requirements of the whole project and the time needed for development, the Group entered into an agreement in November 2014 to sell all equity interests in the project company. Completion of the transaction is subject to the approval and consent by the Investment Office of the Government of New Zealand and is expected to take place in the second quarter of 2015.

Modderfontein New City Smart City Project in Johannesburg, South Africa

In November 2013, the Group acquired a real estate development project located in Johannesburg, South Africa at a total consideration of approximately ZAR1,060,980,000 (equivalent to approximately HK$838,170,000). The project is favourably located in Modderfontein, which is situated between Sandton and OR Tambo International Airport in Johannesburg, comprising certain land parcels and buildings with an area of approximately 1,600 hectares. The Modderfontein project will be developed into a new central city in Johannesburg, comprising nine major function areas, namely central business district, international convention and exhibition centre, international residential community, trade logistics parks, light industrial parks, recreation centre, pension and retirement community, integrated education area and sports centre. The transaction was completed in the first quarter of 2014. Based on the original development plan of the vendor, the Group is now establishing a planning framework for the project, which is expected to develop in phases and will take more than 15 years to complete.

CHAIRMAN'S STATEMENT

During the year under review, the Group sold a parcel of land for residential use with a site area for development of 11 hectares at a selling price of ZAR85,000,000 (equivalent to approximately HK$60,736,000), which was already recognised as turnover.

CHANGE IN CONTROLLING INTEREST

As stated in the Company's announcements dated 12 February and 13 February 2015, Smart Success Capital Limited signed agreements on 26 January 2015 and 7 February 2015 to purchase in aggregate 7,443,635,000 shares of the Company at the price of HK$0.2 per share. Completion of the agreements took place on 13 February 2015 and Smart Success Capital Limited became the controlling shareholder of the Company on 13 February 2015.

PROSPECTS

Boosted by a series of favourable news such as removal of restrictions on home purchase and the lowering of mortgage interest rates, property markets in various cities in China recovered significantly in late 2014 and showed potential for growth. The recovery trend of the property market is expected to continue in 2015. In the long term, there is still strong demand for real estate development in the first and second tier cities. Coupled with the central government's continuous efforts to promote long-term mechanism for the healthy development of the property market, we remain cautiously optimistic with the long term prospect of the real estate industry. Leveraging on the Group's extensive experience, we will keep pace with market changes, take advantage of the gradual recovery trend of the industry and deploy the sales of our projects flexibly, in order to maximise our returns.

Since "Himalayas Center" and "Riverside Thumb Plaza", key development projects in Nanjing, will commence pre-sale in 2015, it is expected that the Group's contracted sales value in 2015 will be substantially higher as compared with the previous year. However, the Modderfontein project in South Africa, which was acquired in March 2014, will still be in infrastructure investment stage and will not have much contribution in the next few years.

Besides, the Group will also continue to consolidate its position as a diversified property developer and further adjust the proportion of residential and commercial projects. Apart from development of domestic projects, the Group will also keep an eye on the international markets, so as to balance various risks and increase its recurring income, with a view to maximising returns for shareholders.

Himalayas Nantong Hotel

REVIEW OF OPERATIONS

As the land and property projects acquired in the past 2 years were still in the planning and development stages and could not be launched into the market for sales and delivery, the turnover for the year were mainly attributable to sales and delivery of pre-existing residential and commercial projects in Qingdao Thumb Plaza, Xizhen, Jilin and Haimen.

The results of the Group for the year under review were unsatisfactory. Despite there was a tax credit of approximately HK$525 million due to the reverse of over provision of LAT in previous years, the Group still sustained substantial loss due to the reason as stated on page 16 of this report under the heading "Land Parcels in Inner Mongolia Autonomous Region" a specific provision for diminution in value of the property project under development in Ordos of approximately HK$321 million, substantial increase in finance cost, increase in the share of net loss of associates and joint venture companies and a significant decrease in turnover due to less properties were delivered during the year.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

As at 31 December 2014, the Group had a healthy financial position with net assets value of HK$6,277 million (2013: approximately HK$6,631 million). Net current assets amounted to approximately HK$7,595 million (2013: approximately HK$4,415 million) with current ratio increased from 1.57 times in 2013 to approximately 1.97 times in 2014. The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2014, the Group had consolidated bank loans of approximately HK$7,888 million in which HK$3,338 million was repayable within one year and HK$4,550 million was repayable more than one year. As at 31 December 2014, the Group's bank balances and cash were approximately HK$1,873 million. The gearing ratio of the Group increased from 0.81 times in 2013 to 1.38 times in 2014 (basis: total of amounts due to related companies, bank loans, notes payable and other borrowings dividend by Shareholders' funds).

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Sales of properties

The turnover of this segment for the year amounted to HK$990,358,000 (2013: HK$1,710,340,000) decreased substantially due to less properties were delivered.

Travel and related business

The turnover of this segment for the year reached approximately HK$8,950,000 (2013: HK$11,639,000).

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$406,452,000 (2013: HK$360,701,000). The increase was due to more properties were available for leasing and managed by the Group.

Hotel Operations

The turnover of this segment for the year was HK$173,852,000 (2013: HK$144,983,000) increased by 20% due to the commencement of soft operation of Qingdao Himalayas hotel in March 2014.

FOREIGN CURRENCY EXPOSURES

The operations of the Group are mainly carried out in the PRC with most transactions settled in RMB. The Group undertakes certain transactions denominated in currencies other than RMB, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES

As at 31 December 2014, the Group employed approximately 2,106 employees (2013: 1,610 employees) in Hong Kong, South Africa and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

MAJOR ACQUISITION OF ASSETS

(a) In November 2013, the Group acquired a real estate project located in Johannesburg, South Africa, with an area of approximately 1,600 hectares, at a total consideration of approximately ZAR1,060,980,000 (equivalent to approximately HK$838,170,000). The project is favourably located in Modderfontein, which is situated between Sandton and OR Tambo International Airport in Johannesburg, posing tremendous potential for development. Details of the transaction was announced in the Company's announcement dated 5 November 2013 and the transaction was completed in March 2014.

(b) On 6 March 2014, the Group succeeded in a bid and signed the share transfer agreement for the purchase of the entire share capital of 南京立方置業有限公司 which owns a parcel of land located in Nanjing, Jiangsu Province, the PRC with site area of approximately 13,220.1 square metres which is designated for commercial and office mixed use. The purchase consideration is RMB902,300,000 (equivalent to approximately HK$1,127,900,000).

(c) On 20 November 2014, the Group won the tender and entered into an agreement as the purchaser to acquire all the share capital of a company incorporated in PRC and the shareholder's loan of RMB685.51 million for a total consideration of RMB1,043.21 million. The principal asset owned by the PRC company is a parcel of land located in Jiangsu Province, Nanjing, the PRC with site areas of approximately 26,901.54 square metres, which is designated for commercial and office mixed use.

MAJOR DISPOSAL OF ASSETS

On 24 March 2014, the Group entered into a sale and purchase agreement as vendor to dispose 20% of an indirectly wholly-owned subsidiary, Richtex Holdings Limited, for RMB200,000,000 (equivalent to approximately HK$256,410,000). The principal asset owned by Richtex Holdings Limited is a parcel of land located in Nanjing, Jiangsu Province, the PRC with site area of approximately 93,526.4 square metres, which is designated for integrated office, commercial, financial, hotel and cultural use.

CHARGE OF ASSETS

At the end of reporting period, the carrying amounts of following assets of the Group were pledged to secure certain bank loans and payment guarantees granted to the Group, the carrying amount of the assets were analysed below:

	2014	2013
	HK$'000	HK$'000
Property, plant and equipment	**605,191**	341,852
Payment for leasehold land held for own use under operating leases	**625,700**	617,316
Investment properties	**2,576,904**	2,473,761
Properties under development and for sales	**1,716,890**	1,118,894
Pledged bank deposits	**775,425**	1,571,342
	6,300,110	6,123,165

CONTINGENT LIABILITIES

As at 31 December 2014, the Group provided guarantees to the extent of approximately HK$165,447,000 (2013: HK$346,715,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also shared contingent liabilities of a joint venture arising from guarantees provided by the joint venture to banks to the extent of approximately HK$36,272,000 (2013: HK$23,272,000) in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the joint venture. These guarantees provided by the Group and the joint venture, to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition.

CORPORATE SOCIAL RESPONSIBILITY

SOCIAL AND PUBLIC WELFARE:

Giving back to the community is an obligation that we must fulfill as a responsible corporate citizen, being a property developer specialised in urban development and promoting the mutual development of corporation and our community. Over the years, amidst the steady advancement of business growth and industry expansion, Zendai has actively participated in various social and public welfare activities and has been involved in the construction of cultural and arts facilities. We have also put public welfare into corporate action for long periods to fulfill our corporate social responsibility

Radisson Blu Hotel Pudong Century Park in Shanghai showed strong support and actively participated in various charitable activities. Radisson Blu Hotel Pudong Century Park successfully received more than 200 doll donations in the charity project, "Gift from Santa". On 19 December 2014, the dolls attached with the greeting cards from hotel staff were presented to children before and after the liver transplant surgery and in rehabilitation at the Division of Hepatology for Children in Renji East Hospital in Pudong. Later on 23 December 2014, the hotel delivered rice, milk, juice and other daily supplies for the disabled orphans at the Hong Kou Children's Hospice in Shanghai. Finally, on 24 December 2014, the hotel staff visited Puguang Elementary School in Pudong and shared the homemade Christmas gingerbread with the children of the migrant workers.

CORPORATE SOCIAL RESPONSIBILITY

On 21 July 2014, Shanghai Zendai Property Limited donated RMB1.2 million to Southeast University ("SEU") in Nanjing for a series of academic activities in the "SEU-Zendai International Architectural Research Forum", as well as the long-term academic exchanges by the School of Architecture, SEU in the future.

ENVIRONMENTAL PROTECTION:

The Group places environmental protection as one of our major considerations in project construction and property operation. While being committed to building quality real estate, we integrate the concept of sustainable development into all aspects of business and are actively involved in various environmental protection activities. The Group, playing an active role in environmental protection, participates in the "Earth Hour" global light-out event. The Group will also regard low carbon emission as our major consideration in the construction process and actively explore eco-friendly design solutions such as vertical planting, as well as actively participate in the establishment of Carbon Footprint Repository.

BIOGRAPHICAL DETAILS OF DIRECTORS

A. EXECUTIVE DIRECTORS

Mr. Dai Zhikang ("Mr. Dai"), aged 50, who joined the Group in March 2002, is an executive Director and chairman of the Company. He is also the founder and chairman of Shanghai Zendai Investment Group (上海証大投資集團) ("Zendai Group"). He graduated from Renmin University of China with a bachelor's degree in economics (finance). He is also a postgraduate of the Graduate School of the People's Bank of China. He founded Zendai Group in 1994, and subsequently restructured the group and became its founder and chairman in 1998. Mr. Dai is a director of Giant Glory Assets Limited, which was interested in 2,326,560,000 Shares as at 31 December 2014, representing approximately 15.64% of the issued share capital of the Company as at 31 December 2014. Giant Glory Assets Limited was also interested in 85% of the issued share capital of Jointex Investment Holdings Limited which Mr. Dai is a director. Jointex Investment Holdings Limited is a substantial Shareholder which was interested in 2,932,000,000 Shares as at 31 December 2014, representing approximately 19.70% of the issued share capital of the Company as at 31 December 2014.

Ms. Li Li Hua ("Ms. Li"), aged 52, was appointed as an executive Director and chief executive officer of the Company on 18 August 2014. She joined the Company as manager of the finance department in March 2008. She was appointed as general manager of the Hong Kong region in April 2011 and appointed as vice president of the Company in March 2012. During her tenure of office, Ms. Li's principal duties within the Group were corporate governance; expansion of overseas business; financial management, financing arrangement and public relations management. Apart from serving as chief executive officer and executive Director of the Company, Ms. Li also serves as director of various subsidiaries of the Company, including Myway Developments Limited, Ample Century Limited, Best East Developments Limited, Good Surplus Holdings Limited, Long Profit Group Limited and Richtex Holdings Limited. Ms. Li was an on-the-job postgraduate majoring in money and banking in the finance division of the Graduate School of Renmin University of China. Before joining the Company, Ms. Li had accumulated over 20 years of experience in the investment and management of securities investment and capital markets. She served as chief economist and general manager of the southern headquarters of Xiangcai Securities, as well as deputy chief economist and general manager of the finance department of Hainan Securities Company Limited.

Mr. Zuo Xingping ("Mr. Zuo"), aged 49 was appointed as an executive Director in November 2010. Mr. Zuo graduated from 中國人民大學 (Renmin University of China) with a bachelor's degree, and obtained a master degree from 中國人民銀行研究生部 (The People's Bank of China Graduate Research Department). Mr. Zuo has over 17 years of experience in securities investment and the capital markets. He is also the supervisor of Shanghai Zendai Real Estate Company Limited (上海証大置業有限公司), a wholly-owned subsidiary of the Company.

Mr. Tang Jian ("Mr. Tang"), aged 38, who joined the Board in May 2003 and is an executive Director, he was appointed as the authorised representative of the Company in June 2003. He is also the director of Shanghai Zendai Delta Land Company Limited (上海証大三角洲置業有限公司), which is a wholly-owned subsidiary of the Company. Mr. Tang obtained a bachelor's degree from the Shanghai University of Finance and Economics specialising in finance and once worked for the Bank of Shanghai.

B. NON-EXECUTIVE DIRECTORS

Mr. Xu Xiaoliang ("Mr. Xu"), aged 42, was appointed as a non-executive Director in January 2013. Mr. Xu graduated from the Innova Education School of Singapore in 1995 with a diploma and obtained his master's degree in business administration from the East China Normal University, the People's Republic of China (the "PRC") in July 2002. Mr. Xu served as assistant general manager of Shanghai Forte Land Co., Ltd. ("Forte Group") from April 1998 to October 1999 and chairman of Shanghai Resource Property Consultancy Co., Ltd. (an indirect subsidiary of Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group")) from November 1999 to October 2012. Mr. Xu concurrently served as senior assistant to the president of Fosun Group and the president of the property holdings department of Fosun Group from October 2012 to December 2014. Mr. Xu served as vice president of Fosun Group and the president of the property holdings department of Fosun Group since December 2014. Fosun Group and Fosun International Limited (the parent company of Fosun Group) together have a 99.08% control of Forte Group, which has 100% control of China Alliance Properties Limited. As at 31 December 2014, China Alliance Properties Limited holds 16.34% of issued shares of the Company.

Mr. Gong Ping ("Mr. Gong"), aged 40, was appointed as a non-executive Director in January 2013. Mr. Gong graduated from Fudan University, the PRC in 1998 with a bachelor's degree in international finance and obtained his master's degree in finance from the Fudan University Global Economic Research Institute, the PRC in 2005. He also received his master's degree in business administration from the International Institute for Management Development located in Lausanne, Switzerland in 2008. Mr. Gong joined Fosun Group in July 2011. He now serves as general manager of corporate development department of Fosun Group and executive president of the property holdings department of Fosun Group. Before that, Mr. Gong served as real estate credit manager and product manager at Pudong branch and the headquarter of Bank of Shanghai from July 1998 to December 2004. He worked at the PRC headquarter of Standard Chartered as business development manager and assistant vice president from December 2004 to August 2007. He worked at global strategy department of Korea Samsung Group as global strategic consultant from March 2009 to July 2011. Fosun Group and Fosun International Limited (the parent company of Fosun Group) together have a 99.08% control of Forte Group, which has 100% control of China Alliance Properties Limited. As at 31 December 2013, China Alliance Properties Limited holds 16.34% of issued shares of the Company.

C. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Mun Lam, Raymond ("Mr. Lo"), aged 62, has been an independent non-executive Director since 2002. Trained as a Chartered Accountant in England & Wales, he also qualified as a Canadian Chartered Professional Accountant. He studied Juris Doctor in California and is member of the International Bar Association.

Mr. Lo is licensed as a Responsible Officer by the Securities & Futures Commission of Hong Kong for providing Type 6 (corporate finance) advisory. He held directorate level or strategist positions with multinational financial and emerging companies internationally. He was formally the chairman and an independent non-executive director of Luk Fook Holdings (International) Limited (stock code: 00590) and also formally, The Asian Capital Resources (Holdings) Limited (stock code: 08025) and as an independent non-executive director and the chairman of audit committee of Guangshen Railway Co., Ltd. (stock code: 00525). He now serves as an independent non-executive director of China Datang Corporation Renewable Power Co., Limited (stock code 1798). Mr. Lo graduated from the University of Wisconsin – Madison in business administration and holds the Master of Laws degree from the University of Hong Kong. He received his Postgraduate Certificate in Sustainable Business from the University of Cambridge and achieved a certification of independent non-executive director issued by the SSE (Shanghai Stock Exchange).

Mr. Lai Chik Fan ("Mr. Lai"), aged 66, who joined the Board in 2004, was born in China and was educated in Hong Kong and the US. As an investment banker with over 30 years of experience in the industry, he is known for his knowledge, integrity and vast experience in the areas of investment banking and international equity sales and distribution. Mr. Lai is currently a managing director of AR Evans Capital Limited. In the past, he has worked for a number of investment banks, including Koffman Financial Holdings Limited, Paine Webber Hong Kong Limited, Merrill Lynch Asia Ltd, Smith Barney (Hong Kong) Ltd, and Chin Tung Securities Ltd. Mr. Lai serves as a director for a number of listed companies in Hong Kong. He was a non-executive director of China Medical and Bio Science Limited (now known as Oriental Unicorn Agricultural Group Limited) (stock code: 8120) but resigned in July 2007. On 10 August 2007, he was appointed as an executive director of China Golden Development Holdings Limited (now known as Century Ginwa Retail Holdings Limited) (stock code: 162), and subsequently resigned in October 2008.

Mr. Li Man Wai ("Mr. Li"), aged 58, was appointed as an independent non-executive Director on 20 April 2012. Mr. Li graduated with diploma in business administration, major in Accounting from Lingnan College (now known as Lingnan University), Hong Kong in 1981. He is a member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants in the United Kingdom from 1988 and obtained a membership of Certified Management Accountants of Canada in 1990 after taking the accountancy courses in York University, Canada. He was qualified as a certified practising accountant in Hong Kong since 1992 and founded Raymond Li & Co., C.P.A. in 1993 and currently is the sole proprietor of the firm. The firm is principally engaged in providing auditing and taxation services and ever implemented the winding up, investigation and liquidation process for the companies against which a winding-up order was made by the High Court of Hong Kong. Mr. Li chaired Lingnan University Alumni Association (Hong Kong) Limited from 2006 to 2008, and was elected as chairman of Chinese Christian Universities Alumni Association (Hong Kong) Limited from 2007 to 2008. Mr. Li was nominated to act as the Director of Lingnan University Hong Kong Alumni D.S.S. Primary School Limited from 2005 to 2011. Mr. Li has been appointed as the trustee of Lingnan (University) College, Dr. Sun Yat-Sen University, Guangzhou, PRC since 2009. In 2011, Mr. Li was appointed by Mr. Donald TSANG Yam-kuen, ex-Chief Executive of the Hong Kong Special Administrative Region, as a court member of Lingnan University of Hong Kong in 2011.

Mr. Cai Gaosheng ("Mr. Cai"), aged 63, was appointed as an independent non-executive Director on 20 April 2012. Since June 2007, Mr. Cai has been appointed independent director of 浙江嘉欣絲綢股份有限公司 (Zhejiang Jiaxin Silk Corporation Limited), a company listed on the Shenzhen Stock Exchange (stock code: 2404). Mr. Cai studied courses of economic management in South China Normal University and Guangdong Radio & TV University, and was an on-the-job postgraduate majoring in economic management in Guangdong Academy of Social Sciences during the period from 2000 to 2002. He has the qualifications as a senior economist and a senior political officer. Mr. Cai has worked in Guangdong Silk-Tex Group Co., Ltd since May 1995 and successively acted as the deputy general manager and general manager. He was chairman of the company between June 2007 and February 2013. He is currently a counselor at 廣東省人民政府參事室 (Counselors' Office, the People's Government of Guangdong Province). Before joining Guangdong Silk-Tex Group Co., Ltd, Mr. Cai served as deputy mayor of Huazhou city, Guangdong. Mr. Cai held positions as a entrepreneur member of Decision Consulting Committee of The People's Government of Guangdong Province, a board director of Guangdong University of Foreign Studies, deputy president of China Foreign Economic and Trade Enterprises Association and China Silk Association and president of Guangdong Foreign Economic and Trade Enterprises Association and so on. He was honoured Guangdong Province's Excellent Entrepreneurs and 10 Heroic Figure of Economy of Guangdong as well as 10 Heroic Figure of Enterprise Culture of Guangdong.

D. COMPANY SECRETARY

Mr. Wong Ngan Hung ("Mr. Wong"), aged 54, is a member of the Hong Kong Institute of Certified Public Accountants since 1986. He also obtained a master's degree in business administration from University of San Francisco in the United States of America. Mr. Wong has been working with the Company since 2006 and was appointed Company Secretary in January 2012.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are principally engaging in property development business, property investments, management and agency services, hotel operations and provision of travel and related services.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 48 to 159. The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2014.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 160.

SHARE CAPITAL

Details of movement in the share capital on the Company are set out in note 42(a) to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year 2014 are set out in the consolidated statement of changes in equity and note 43 to the financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company does not have reserves available for distribution to shareholders as at 31 December 2014.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year 2014 are set out in note 17 to the financial statements.

PROPERTIES UNDER DEVELOPMENT AND FOR SALES

Details of properties under development and for sales of the Group for the year are set out on pages 6 to 17 of the annual report.

DIRECTORS

The Directors during the year 2014 and up to the date of this report were as follows:

Executive Directors

Mr. Dai Zhikang *(Chairman)*
Ms. Li Li Hua (appointed on 18 August 2014)
Mr. Zuo Xingping
Mr. Tang Jian
Mr. Wang Fujie (resigned on 17 December 2014)

Non-executive Directors

Mr. Xu Xiaoliang
Mr. Gong Ping
Mr. Zhu Nansong (retired on 10 June 2014)
Mr. Wu Yang (retired on 10 June 2014)

Independent non-executive Directors

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Cai Gaosheng

According to the bye-laws of the Company, Mr. Gong Ping, Mr. Xu Xiaoling, Mr. Lo Mun Lam, Raymond and Mr. Cai Gaosheng shall retire from office by rotation and then be eligible for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

As at 31 December 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 Companies, are set out below:

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital as at 31 December 2014
Mr. Dai Zhikang ("Mr. Dai") *(Note 1)*	5,753,635,000 (L)	Interests of controlled corporations	38.67%
Mr. Tang Jian	10,000,000 (L)	Beneficial owner	0.07%

(L) denotes long position

Note:

1. Mr. Dai was deemed to be interested in an aggregate of 5,753,635,000 Shares held by Giant Glory Assets Limited, Jointex Investment Holdings Limited, Shanghai Zendai Investment Development (Hong Kong) Company Limited and Gold Lucky Investment Holdings Limited, respectively, as follows:

   (a) 2,326,560,000 Shares were held by Giant Glory Assets Limited which is wholly-owned by Mr. Dai;

   (b) 2,932,000,000 Shares were held by Jointex Investment Holdings Limited which is owned as to 85% by Giant Glory Assets Limited and as to 15% by Mr. Zhu Nansong, a non-executive Director;

   (c) 455,175,000 Shares are held by Shanghai Zendai Investment Development (Hong Kong) Company Limited which is indirectly owned as to 60% by Mr. Dai; and

   (d) 39,900,000 Shares are held by Gold Lucky Investment Holdings Limited which is wholly-owned by Mr. Dai.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest or short position 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) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO on or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 31 December 2014.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

No Director retiring and eligible for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Details of the Directors', supervisors' and senior management's emoluments are set out in notes 11 and 50 to the financial statements. The Group's general policy on remuneration is to maintain fair and competitive packages based on industry practice and market conditions. The following factors are considered when determining the remuneration packages of executive Directors:

- Business needs;
- The Group's results and performance;
- Appraisal of individual contributions to results of the Group;
- Changes in market conditions such as demand and supply.

Furthermore, the Company has adopted a share option scheme as a long term incentive scheme to all eligible staff of the Group.

SHARE OPTIONS

Details of the share option scheme adopted by the Company are set out in note 42(c) to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Number of Options					
	Outstanding at beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of year	Exercisable period
Directors						
Mr. Dai	5,000,000	–	–	(5,000,000)	–	30 March 2011 – 29 March 2014
	5,000,000	–	–	(5,000,000)	–	30 March 2012 – 29 March 2014
	10,000,000	–	–	(10,000,000)	–	
Mr. Wang Fujie	5,000,000	–	–	(5,000,000)	–	30 March 2011 – 29 March 2014
	5,000,000	–	–	(5,000,000)	–	30 March 2012 – 29 March 2014
	10,000,000	–	–	(10,000,000)	–	
Mr. Lo Mun Lam, Raymond	5,000,000	–	–	(5,000,000)	–	30 March 2011 – 29 March 2014
Mr. Lai Chik Fan	5,000,000	–	–	(5,000,000)	–	30 March 2011 – 29 March 2014
Total	**30,000,000**	**–**	**–**	**(30,000,000)**	**–**	
Former Director						
Mr. Liu Zhiwei	48,000,000	–	–	(48,000,000)	–	30 March 2011 – 29 March 2014
	36,000,000	–	–	(36,000,000)	–	30 March 2012 – 29 March 2014
	36,000,000	–	–	(36,000,000)	–	30 March 2013 – 29 March 2014
Total	**120,000,000**	**–**	**–**	**(120,000,000)**	**–**	

	Number of Options					
	Outstanding at beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at end of year	Exercisable period
Employees	15,000,000	–	–	(15,000,000)	–	30 March 2011 – 29 March 2014
	11,000,000	–	–	(11,000,000)	–	30 March 2012 – 29 March 2014
	6,000,000	–	–	(6,000,000)	–	30 March 2013 – 29 March 2014
Total	**32,000,000**	**–**	**–**	**(32,000,000)**	–	
Total	**182,000,000**	**–**	**–**	**(182,000,000)**	–	

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme set out in note 42(c) to the financial statements, at no time during the year 2014 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the related party transactions set out in note 50 to the financial statements, no contracts of significance to which the Company, its holding company or any of its subsidiaries, was a party and in which a Director had a material interest or to which a controlling shareholder of the Company or any of its subsidiaries is a party, whether directly or indirectly, subsisted at the end of the year 2014 or any time during the year 2014.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the year 2014, the Group entered into certain related party transactions which also constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Details of these transactions are set out in note 50 to the financial statements.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that during the year 2014 and up to the date of this report, Mr. Dai Zhikang held directorships in Shanghai Zendai Investment Development Company Limited, and/or its subsidiaries (collectively referred to as the "Zendai Group"), which are also engaged in property development and related business. As the board of directors of the Group operates independently from the boards of Zendai Group, the Group operates its business independently or, and at arm's length from, the business of Zendai Group.

PERSONS HAVING 5% OR MORE INTERESTS

As at 31 December 2014, the interests or short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Giant Glory Assets Limited *(Note 1)*	The Company	Beneficial owner	2,326,560,000 Shares (L)	15.64%
Giant Glory Assets Limited	The Company	Interests of controlled corporation	2,932,000,000 Shares (L)	19.70%
Jointex Investment Holdings Limited *(Note 1)*	The Company	Beneficial owner	2,932,000,000 Shares (L)	19.70%
China Alliance Properties Limited *(Note 2)*	The Company	Beneficial owner	2,431,815,000 Shares (L)	16.34%
Shanghai Forte Land Co., Ltd. *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	16.34%

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Shanghai Fosun High Technology (Group) Co., Ltd. *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	16.34%
Fosun International Limited *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	16.34%
Fosun Holdings Limited *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	16.34%
Fosun International Holdings Ltd. *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	16.34%
Guo Guangchang *(Note 2)*	The Company	Interests of controlled corporation	2,431,815,000 Shares (L)	16.34%
Concord Emperor Investment Limited	The Company	Interests of controlled corporation	1,571,000,000 Shares (L)	10.56%
Greenwoods Asset Management Limited	The Company	Interests of controlled corporation	909,350,000 Shares (L)	6.11%

(L) *denotes long position*

Notes:

1. These Shares constitutes part of the deemed interest of Mr. Dai as referred to in note 1 under the section headed "Directors' interests in shares or debentures" above.

2. Mr. Guo Guangchang has 58% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 79.6% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Co., Ltd, which together with Fosun International Limited have a 99.08% control of Shanghai Forte Land Co., Limited, which has 100% control of China Alliance Properties Limited.

Save as disclosed above, as at 31 December 2014, no persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year 2014, the Group's sales to the five largest customers accounted for 8.7% of the Group's turnover for the year, of which the largest customer accounted for 3.8% of the Group's turnover for the year. During the year 2014, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 19.1% and 60.4% respectively, of the Group's total purchases for the year. None of the Directors, their associates or any shareholders of the Company which to the knowledge of the Directors, own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considered that the independent non-executive Directors to be independent.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

PUBLIC FLOAT

Based on information that in publicly available to the Company and within the knowledge of the Directors as at 31 March 2015, being the latest practicable date prior to the issue of this report, there was sufficient public float for the Shares.

On behalf of the Board
Dai Zhikang
Director
31 March 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The board of Directors (the "Board") will review and improve the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective board to optimise return for shareholders.

The Company has applied the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as amended and revised from time to time (the "CG Code"). For the year under review, the Company has complied with the CG Code, except for the deviation as disclosed in this report.

DEVIATION FROM CG CODE

Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings of the Company. Due to personal commitments, the following directors did not attend the following general meetings:

Mr. Zhu Nansong, Mr. Wu Yang, Mr. Xu Xiaoliang, Mr. Gong Ping and Mr. Cai Gaosheng did not attend the special general meeting of the Company held on 14 January 2014;

Mr. Zhu Nansong, Mr. Wu Yang, Mr. Xu Xiaoliang, Mr. Gong Ping, Mr. Cai Gaosheng and Mr. Lo Mun Lam, Raymond did not attend the special general meeting of the Company held on 5 March 2014;

Mr. Zhu Nansong, Mr. Wu Yang, Mr. Xu Xiaoliang, Mr. Gong Ping and Mr. Lo Mun Lam, Raymond did not attend the annual general meeting of the Company held on 10 June 2014.

Mr. Xu Xiaoliang, Mr. Gong Ping and Mr. Cai Gaosheng did not attend the special general meeting of the Company held on 23 July 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, the Directors had complied with the required standard set out in the Model Code during the year ended 31 December 2014.

The composition of the Board for the year ended 31 December 2014 was as follows:

Executive Directors

Mr. Dai Zhikang *(Chairman)*
Ms. Li Li Hua (appointed on 18 August 2014)
Mr. Zuo Xingping
Mr. Tang Jian
Mr. Wang Fujie (resigned on 17 December 2014)

Non-executive Directors

Mr. Xu Xiaoliang
Mr. Gong Ping
Mr. Wu Yang (retired on 10 June 2014)
Mr. Zhu Nansong (retired on 10 June 2014)

Independent non-executive Directors

Mr. Lo Mun Lam, Raymond
Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Cai Gaosheng

The term of appointment of non-executive Directors are 2 years.

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Board is responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and

- to review the Group's compliance with the CG Code and disclosure requirements in the Corporate Governance Report.

ATTENDANCE AT BOARD MEETINGS AND GENERAL MEETINGS

	Number of meetings attended/ total number of meetings		
Name of director	**Board meeting**	**Annual General Meeting**	**Special General Meeting**
Mr. Dai Zhikang	10/12	1/1	0/3
Ms. Li Li Hua *(Note 1)*	5/12	0/1	0/3
Mr. Wang Fujie *(Note 2)*	6/12	0/1	0/3
Mr. Zuo Xingping	9/12	0/1	0/3
Mr. Tang Jian	9/12	1/1	3/3
Mr. Zhu Nansong *(Note 3)*	0/12	0/1	0/3
Mr. Wu Yang *(Note 4)*	1/12	0/1	0/3
Mr. Xu Xiaoliang	2/12	0/1	0/3
Mr. Gong Ping	2/12	0/1	0/3
Mr. Lo Mun Lam, Raymond	4/12	0/1	2/3
Mr. Lai Chik Fan	4/12	1/1	3/3
Mr. Li Man Wai	4/12	1/1	3/3
Mr. Cai Gaosheng	4/12	1/1	0/3

Note 1: appointed on 18 August 2014
Note 2: resigned on 17 December 2014
Note 3: retired on 10 June 2014
Note 4: retired on 10 June 2014

The Board was responsible for making overall strategic decisions, financial matters and equity related transactions such as acquisitions. The management will handle and execute the decisions made by the Board and oversee the day-to-day management of the Group under the supervision of Ms. Li Li Hua, the Company's chief executive officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman of the Company is Mr. Dai Zhikang and the chief executive officer of the Company is Ms. Li Li Hua. The roles of the chairman and chief executive officer are segregated and are not exercised by the same individual. The chairman was responsible for overseeing the management of the Board whereas the chief executive officer was responsible for overseeing the day-to-day management of the Group's business and the implementation of the policies decided by the Board.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year the Company has arranged in-house trainings for Directors and senior management staff in the form of seminar and reading materials. According to the records provided by the Directors, they received relevant training in 2014.

REMUNERATION COMMITTEE

Members of the Remuneration Committee are as follows:

Independent non-executive directors:	Mr. Lo Mun Lam, Raymond *(Chairman)*
	Mr. Lai Chik Fan
	Mr. Cai Gaosheng
Executive directors:	Mr. Dai Zhikang

The Remuneration Committee is responsible for making recommendations on the Company's policy and structure on the remuneration of all Directors and senior management of the Company for approval by the Board. During the year, the Remuneration Committee met three times to review the remuneration policy for Directors and senior management of the Company, to make the recommendations for the directors and senior management's remuneration. Mr. Lo Mun Lam, Raymond, Mr. Lai Chik Fan, Mr. Cai Gaosheng and Mr. Dai Zhikang attended the meetings.

NOMINATION COMMITTEE

Members of the Nomination Committee are as follows:

Independent non-executive directors:	Mr. Lo Mun Lam, Raymond Mr. Lai Chik Fan
Executive Director:	Mr. Dai Zhikang *(Chairman)*

The Nomination Committee was established in March 2012 with specific terms of reference in accordance with the CG Code. The Nomination Committee is responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to act as a Director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and assess the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules. During the year under review, one meeting was held to make recommendation to the board of directors of the Company on the appointment of Ms Li Li Hua as the chief executive officer and an executive director of the Company, and Mr. Dai Zhikang, Mr. Lo Mun Lam, Raymond and Mr. Lai Chik Fan attended the meeting.

AUDIT COMMITTEE

Members of the Audit Committee are as follows:

Independent non-executive directors:	Mr. Li Man Wai *(Chairman)* Mr. Lo Mun Lam, Raymond Mr. Lai Chik Fan

The Audit Committee's duties were, among others, to review adequacy of the Company's policies and procedures regarding internal controls, to review the relationship between the Company and its auditors and to review the Group's financial statements. During the year ended 31 December 2014, the Audit Committee held two meetings, and Mr. Li Man Wai, Mr. Lo Mun Lam, Raymond and Mr. Lai Chik Fan attended the meetings. During the aforesaid meetings, members of the Audit Committee reviewed the financial results and reports, financial and internal controls of the Company and had thorough discussions with the auditor regarding the work performed. The Company's annual results for the year ended 31 December 2014 has been reviewed by the Audit Committee.

AUDITOR'S REMUNERATION

As regards audit services provided to the Company, the remuneration made to the auditors was assessed according to the complexity, time required and prevailing market conditions. During the year ended 31 December 2014, the Group had engaged its auditor to provide non-audit services to the Company in respect of the interim review of the Company's results for the 6 months ended 30 June 2014. The fee paid for such service was HK$550,000. The auditor also provided other non-audit services mainly acted as reporting accountant in relation to the Company's circulars on the acquisition of land in the Jiangsu Province. The fees for these services were HK$380,000.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman of the Company and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company shall, for the purpose to keep its shareholders duly informed of their rights, publish from time to time the updated bye-laws of the Company in a consolidated form on the Company's website and the Stock Exchange's website.

The Group establishes communications with shareholders through the publication of announcements, notices, and circulars, interim and annual reports and in the Company's website.

According to the bye-laws of the Company, shareholders, holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, can by written requisition to the Board or the Company Secretary to request to convene a special general meeting for the transaction of any business specified in such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice, whilst others may be called by not less than 14 clear days' notice. The chairman of any general meetings ensures that the shareholders are informed of the procedure for demanding a poll by way of explaining the same during the general meetings. The chairman of general meetings also ensures compliance with the requirements about voting by poll contained in the Listing Rules and the bye-laws of the Company.

In order to maintain an on-going dialogue with shareholders, shareholders are encouraged to attend annual general meeting of the Company at which Board members and Board committees are available to answer questions related to the Group's business.

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

Telephone number:	+86-21-33927888/+852-21693339
By post:	Unit 6108, 61/F, The Center, 99 Queen's Road Central, Hong Kong
Attention:	Company Secretary
By email:	nhwong@zendai.com.hk

GENERAL

The Directors acknowledge their responsibility for preparing the accounts contained herein. The reporting responsibilities of BDO Limited, the auditor of the Company, are stated in the auditor's report on pages 46 to 47 of this report. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Board has conducted a review of the effectiveness of the system of internal control of the Group. There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of the external auditor.

INDEPENDENT AUDITOR'S REPORT

BDO

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TO THE SHAREHOLDERS OF SHANGHAI ZENDAI PROPERTY LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shanghai Zendai Property Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 48 to 159. which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, Cap. 32 by operation of the transitional and saving provisions in Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss 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, Cap. 32.

EMPHASIS OF MATTER

Without modifying our opinion, we draw attention to note 52 to the consolidated financial statements which describes the significant uncertainty related to the outcome of the lawsuit filed against the Company by Zhejiang Fosun Commerce Development Limited.

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate No. P05443

Hong Kong, 31 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	7	**1,579,612**	2,227,663
Cost of sales		**(1,097,960)**	(1,585,956)
Gross profit		**481,652**	641,707
Other income and gains	8	**86,781**	124,541
Distribution costs		**(136,879)**	(102,332)
Administrative expenses		**(445,057)**	(400,697)
Change in fair value of investment properties	18	**70,128**	140,962
Write-down of property under development	26	**(320,656)**	–
Impairment loss on goodwill	21	**–**	(65,417)
Share of results of associates	23	**(152,510)**	(103,264)
Share of results of joint ventures	24	**(62,826)**	(28,189)
Finance costs	12	**(436,723)**	(278,557)
Loss before tax credit	9	**(916,090)**	(71,246)
Tax credit	13	**422,622**	151,153
(Loss)/profit for the year		**(493,468)**	79,907
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(145,192)**	220,205
Release of other revaluation reserve on disposal of properties for sales held by associates		**(544)**	(10,100)
Tax expenses related to release of other revaluation reserve		**82**	1,515
Other comprehensive income for the year, net of tax		**(145,654)**	211,620
Total comprehensive income for the year		**(639,122)**	291,527

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
(Loss)/profit for the year attributable to:			
– Owners of the Company		(438,468)	79,347
– Non-controlling interests		(55,000)	560
		(493,468)	79,907
Total comprehensive income attributable to:			
– Owners of the Company		(581,800)	282,899
– Non-controlling interests		(57,322)	8,628
		(639,122)	291,527
(Loss)/Earnings per share	16		
– Basic		HK (2.95) Cents	HK 0.59 Cents
– Diluted		HK (2.95) Cents	HK 0.59 Cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	689,491	393,259
Investment properties	18	2,886,730	2,723,188
Payment for leasehold land held for own use under operating leases	20	625,700	617,316
Goodwill	21	37,362	37,600
Interests in associates	23	182,808	410,983
Interests in joint ventures	24	1,341,952	1,386,006
Available-for-sale investments	25	67,259	67,712
Total non-current assets		5,831,302	5,636,064
Current assets			
Properties under development and for sales	26	8,502,063	6,794,008
Inventories	27	4,060	1,982
Trade and other receivables	28	556,517	470,523
Deposits for property under development	29	1,604,306	295,939
Amounts due from associates	23	1,296,084	1,075,479
Amounts due from joint ventures	24	1,303,617	685,509
Available-for-sale investments	25	2,648	2,665
Amounts due from related companies	30	11,571	16,256
Amounts due from minority owners of subsidiaries	31	31,770	36,379
Pledged bank deposits	32	775,425	1,571,342
Tax prepayments	38	110,526	135,328
Entrusted loan receivables	33	126,072	126,919
Cash and cash equivalents		1,098,074	942,721
Total current assets		15,422,733	12,155,050
Total assets		21,254,035	17,791,114
Current liabilities			
Trade, notes and other payables	34	1,362,617	1,319,155
Receipts in advance from customers		1,635,641	1,235,512
Amount due to a joint venture	35	929,777	635,867
Amounts due to related companies	36	34,646	41,752
Amounts due to minority owners of subsidiaries	31	115,730	56,319
Bank loans	37	3,337,768	3,459,042
Tax payables	38	411,642	992,203
Total current liabilities		7,827,821	7,739,850
Net current assets		7,594,912	4,415,200
Total assets less current liabilities		13,426,214	10,051,264

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Amounts due to minority owners of subsidiaries	*31*	1,868,381	–
Bank loans	*37*	4,550,096	2,685,637
Deferred tax liabilities	*39*	578,549	581,069
Other payables	*34*	152,246	153,598
Total non-current liabilities		7,149,272	3,420,304
Total liabilities		14,977,093	11,160,154
TOTAL NET ASSETS		6,276,942	6,630,960
Capital and reserves attributable to owners of the Company			
Share capital	*42(a)*	297,587	297,587
Reserves		5,619,121	5,928,562
Equity attributable to owners of the Company		5,916,708	6,226,149
Non-controlling interests		360,234	404,811
TOTAL EQUITY		6,276,942	6,630,960

On behalf of the Board

Li Li Hua
Director

Dai Zhikang
Director

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	139	274
Investments in subsidiaries	46	1,003,717	1,003,716
Total non-current assets		1,003,856	1,003,990
Current assets			
Other receivables	28	8,323	10,245
Amounts due from subsidiaries	46	4,477,012	3,566,806
Amount due from a related party	30	3	–
Amount due from a joint venture	24	–	17,319
Cash and cash equivalents		23,280	101,514
Total current assets		4,508,618	3,695,884
Total assets		5,512,474	4,699,874
Current liabilities			
Other payables	34	140,962	8,600
Amount due to a joint venture	35	121,154	–
Amounts due to subsidiaries	46	265,056	245,885
Bank loans	37	2,054,708	1,773,769
Total current liabilities		2,581,880	2,028,254
Net current assets		1,926,738	1,667,630
Total assets less current liabilities		2,930,594	2,671,620
Non-current liabilities			
Bank loans	37	425,100	279,240
Total liabilities		3,006,980	2,307,494
TOTAL NET ASSETS		2,505,494	2,392,380
Capital and reserves attributable to owners of the Company			
Share capital	42(a)	297,587	297,587
Reserves	43	2,207,907	2,094,793
TOTAL EQUITY		2,505,494	2,392,380

On behalf of the Board

Li Li Hua
Director

Dai Zhikang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2014

	Share capital (Note 42(a)) HK$'000	Share premium (Note 43(a)) HK$'000	Capital redemption reserve HK$'000	Contributed surplus (Note 43(b)) HK$'000	Special capital reserve (Note 43(c)) HK$'000	Statutory surplus reserve HK$'000	Share option reserve (Note 43(d)) HK$'000	Other reserve (Note a) HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve (Note b) HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	248,747	1,871,660	1,074	157,315	68,541	437,272	35,817	(4,987)	2,593,204	171,546	15,482	5,595,671	204,164	5,799,835
Profit for the year	–	–	–	–	–	–	–	–	79,347	–	–	79,347	560	79,907
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	212,137	–	212,137	8,068	220,205
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	(8,585)	(8,585)	–	(8,585)
Total comprehensive income	–	–	–	–	–	–	–	–	79,347	212,137	(8,585)	282,899	8,628	291,527
Issuance of ordinary shares	48,840	293,040	–	–	–	–	–	–	–	–	–	341,880	–	341,880
Transaction costs attributable to issuance of ordinary shares	–	(18)	–	–	–	–	–	–	–	–	–	(18)	–	(18)
Contribution by a minority owner	–	–	–	–	–	–	–	–	–	–	–	–	92,486	92,486
Partial disposal of interests in a subsidiary *(Note 49)*	–	–	–	–	–	–	–	5,717	–	–	–	5,717	99,533	105,250
Release upon lapsed of share options *(Note 42(c))*	–	–	–	–	–	–	(11,057)	–	11,057	–	–	–	–	–
Release of statutory surplus reserve upon deregistration of subsidiaries	–	–	–	–	–	(102,513)	–	–	102,513	–	–	–	–	–
Transfer to statutory surplus reserve	–	–	–	–	–	10,019	–	–	(10,019)	–	–	–	–	–
At 31 December 2013	297,587	2,164,682	1,074	157,315	68,541	344,778	24,760	730	2,776,102	383,683	6,897	6,226,149	404,811	6,630,960

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2014

	Share capital *(Note 42(a))* HK$'000	Share premium *(Note 43(a))* HK$'000	Capital redemption reserve HK$'000	Contributed surplus *(Note 43(b))* HK$'000	Special capital reserve *(Note 43(c))* HK$'000	Statutory surplus reserve HK$'000	Share option reserve *(Note 43(d))* HK$'000	Other reserve *(Note a)* HK$'000	Retained profits HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve *(Note b)* HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	297,587	2,164,682	1,074	157,315	68,541	344,778	24,760	730	2,776,102	383,683	6,897	6,226,149	404,811	6,630,960
Loss for the year	–	–	–	–	–	–	–	–	(438,468)	–	–	(438,468)	(55,000)	(493,468)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(142,870)	–	(142,870)	(2,322)	(145,192)
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	(462)	(462)	–	(462)
Total comprehensive income	–	–	–	–	–	–	–	–	(438,468)	(142,870)	(462)	(581,800)	(57,322)	(639,122)
Contribution by a minority owner	–	–	–	–	–	–	–	–	–	–	–	–	890	890
Dividend paid to non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(12,593)	(12,593)
Partial disposal of interests in subsidiaries *(Note 49)*	–	–	–	–	–	–	–	272,359	–	–	–	272,359	30,675	303,034
Release upon lapsed of share options *(Note 42(c))*	–	–	–	–	–	–	(24,760)	–	24,760	–	–	–	–	–
Deemed disposal of a subsidiary *(Note 24(c))*	–	–	–	–	–	–	–	–	–	–	–	–	(6,227)	(6,227)
Transfer to statutory surplus reserve	–	–	–	–	–	8,968	–	–	(8,968)	–	–	–	–	–
At 31 December 2014	297,587	2,164,682	1,074	157,315	68,541	353,746	–	273,089	2,353,426	240,813	6,435	5,916,708	360,234	6,276,942

Notes:

(a) The difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.

(b) Other revaluation reserve arises from the revaluation of properties for sales upon acquisition of additional interest in associates. The reserve will be released to profit or loss on the disposal of relevant properties.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Loss before tax credit		**(916,090)**	(71,246)
Adjustments for:			
Interest income		**(55,032)**	(65,166)
Dividend income		**(1,695)**	(1,761)
Finance costs	*12*	**436,723**	278,557
Depreciation of property, plant and equipment		**37,192**	23,556
Amortisation of payment for leasehold land held for own use under operating leases		**22,986**	21,896
Change in fair value of investment properties	*18*	**(70,128)**	(140,962)
Impairment loss on goodwill	*21*	**–**	65,417
Share of results of associates		**152,510**	103,264
Share of results of joint ventures		**62,826**	28,189
Write-down of property under development		**320,656**	–
Write off of property, plant and equipment	*17*	**1,016**	804
Release of other revaluation reserve on disposal of properties		**(462)**	(8,585)
Gain on disposal of investment properties		**(6,866)**	(11,563)
Gain on disposal of subsidiaries	*48*	**–**	(117)
Operating (loss)/profit before working capital changes		**(16,364)**	222,283
Increase in properties under development and for sales		**(1,282,819)**	(916,922)
(Increase)/decrease in inventories		**(2,091)**	18
(Increase)/decrease in trade and other receivables		**(89,138)**	154,143
(Increase)/decrease in deposits for property under development		**(1,027,585)**	145,899
Increase in trade, notes and other payables		**52,276**	41,018
Increase/(decrease) in receipts in advance from customers		**408,384**	(471,407)
Cash used in operations		**(1,957,337)**	(824,968)
Interest received		**55,032**	65,166
Interest paid		**(682,194)**	(431,185)
Income taxes paid		**(181,365)**	(969,906)
Net cash used in operating activities		**(2,765,864)**	(2,160,893)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 HK$'000	2013 HK$'000
Investing activities			
Capital injection in a joint venture		(32,148)	–
Increase in amounts due from associates		(227,791)	(276,697)
(Increase)/decrease in amounts due from joint ventures		(623,653)	128,090
Decrease/(increase) in amounts due from related companies		5,541	(1,176)
Decrease/(increase) in amount due from minority owners of subsidiaries		4,366	(36,379)
Decrease/(increase) in pledged bank deposits		785,418	(253,921)
Increase in entrusted loan receivables		–	(14,606)
Purchase of available-for-sale investments		–	(36,887)
Purchase of property, plant and equipment		(25,328)	(19,732)
Purchase of investment properties		(136,316)	–
Proceeds from disposal of investment properties		23,542	78,974
Acquisition of subsidiaries, net of cash paid	*47*	(1,127,900)	–
Net cash (outflow)/inflow on disposal of subsidiaries	*48*	–	(791,005)
Net cash outflow in deemed disposal of a subsidiary	*24(c)*	(6,227)	–
Net cash inflow on deregistration of an associate		15,859	–
Dividends received from an associate		52,889	38,942
Dividends received from available-for-sale investments		1,695	1,761
Net cash used in investing activities		(1,290,053)	(1,182,636)

	Notes	2014 HK$'000	2013 HK$'000
Financing activities			
Increase in amount due to a joint venture		330,307	635,867
(Decrease)/increase in amounts due to related companies		(38,975)	41,752
Increase in amounts due to minority owners of subsidiaries		1,928,168	13,605
Increase in bank loans		3,180,757	3,190,575
Repayment of bank loans		(1,396,514)	(2,001,918)
Proceeds from issue of ordinary shares		–	341,880
Expenses paid for subscription of shares		–	(18)
Proceed from partial disposal of subsidiaries	*49*	303,034	74,629
Capital injection from non-controlling interest		890	416,014
Dividend paid to non-controlling interest of a subsidiary		(12,593)	–
Net cash generated from financing activities		4,295,074	2,712,386
Net increase/(decrease)in cash and cash equivalents		239,157	(631,143)
Cash and cash equivalents at beginning of year		942,721	1,508,600
Effect of foreign exchange rate changes		(83,804)	65,264
Cash and cash equivalents at end of year		1,098,074	942,721

1. GENERAL

Shanghai Zendai Property Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is at Unit 6108, 61/F, The Centre, 99 Queen's Road Central, Hong Kong.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 46. The Group comprises the Company and all its subsidiaries.

Its parent and the ultimate holding company is Giant Glory Assets Limited, a private limited company incorporated in the British Virgin Islands.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs – first effective on 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) 21	Levies

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(a) Adoption of amendments to HKFRSs – first effective on 1 January 2014 *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2012) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 1	Presentation of Financial Statements[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]

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

2 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

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

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

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

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 11- Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3 March 2014 (i.e. the financial year ending 31 December 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The Statement of Financial Position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited of The Stock Exchange of Hong Kong Limited.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values as explained in the accounting policies set out in note 4 below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Each entity in the Group maintains its books and records in its own functional currency. The functional currency of the Company is HK$.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying values are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test by comparing its carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(d) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or

- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Joint arrangements *(Continued)*

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 4(c)).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(e) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of a consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill *(Continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Hotel buildings	Lower of underlying land lease term or 50 years
Motor vehicles	5 years
Leasehold improvements	5 years
Furniture and equipment	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value unless they are still in the course of construction or development at the reporting period end and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal is recognised in profit or loss.

(h) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost less impairment and are amortised over the period of the lease on a straight-line basis as an expense.

(i) Properties under development and for sale

Completed properties and properties under development held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Net realisable value is determined by prevailing market conditions.

(j) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Leasing *(Continued)*

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expenses, over the terms of the leases.

The land and building elements of property leases are considered separately for the purpose of lease classification.

(k) Financial instrument

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers, and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets: These assets are non-derivative financial assets that are designated as available for sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instrument *(Continued)*

(i) Financial assets (Continued)

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty;
- a significant or prolonged decline in the fair value of an investment in equity instrument below its cost; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

(iii) Financial liabilities at amortised cost

The Group's financial liabilities including trade, notes and other payables, amounts due to associates, amounts due to related companies, amounts due to minority owners of subsidiaries and bank loans, are initially measured at fair value, net of directly attributable costs incurred for the acquisition or issue of the financial liabilities and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(l) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Revenue recognition

Income from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreements. Deposits and instalments received from forward sales of properties are carried in the statement of financial position under current liabilities.

Hotel revenue from rooms rental, food and beverage sales and other ancillary services is recognised when services are rendered.

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

Income from building management services is recognised when the services are rendered.

Income from travel and related services is recognised when the services are rendered.

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

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

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income taxes *(Continued)*

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Income taxes are recognised in profit or loss except when they relate to items directly recognised to other comprehensive income in which case the taxes are also directly recognised in other comprehensive income.

(o) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Foreign currency *(Continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to profit or loss as part of the profit or loss on disposal.

(p) Employee benefit

(i) Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash-settled share based payments, a liability is recognised at the fair value of the goods or services received.

The attributable equity amount recognised in the share option reserve is transferred to share premium account and retained profits when the options are exercised and expire respectively.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- payment for leasehold land held for own use under operating leases; and
- investments in subsidiaries, associates and joint ventures

If the recoverable amount (i.e. the greater of fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(s) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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

(v) Related Parties

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

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

(ii) has significant influence over the Group; or

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related Parties *(Continued)*

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

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

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

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

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

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

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

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

(a) Critical judgments in applying accounting policies

(i) Classification of investment properties

The Group has temporarily rent out certain office units which are not classified as investment properties because it is not the Group's intention to hold them in the long-term for capital appreciation or rental income. Accordingly, they are continuously accounted for as properties for sales.

(b) Key sources of estimation uncertainty

(i) Valuation of investment properties

The investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rate and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(ii) Impairment of non-financial assets other than goodwill

The Group conducts impairment reviews of assets when events of changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is lower than the greater of its fair value less cost to sell or the value in use. In determining the value in use, management assess the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates are applied in determining these future cash flows and the discount rate.

(iii) Impairment loss on goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associates or joint ventures at the date of acquisition. Goodwill is recorded as a separate asset or, as applicable, included within investments in associates and joint ventures.

The Group tests annually whether goodwill has suffered any impairment in accordance with accounting policies stated in note 4(e) to the financial statements. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(iv) Impairment loss on loans and receivables

The policy for impairment of loans and receivables of the Group is based on the evaluation of collectability and ageing analysis of the loans and receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(v) Provision for properties under development and for sales

The Group assesses the recoverable amounts of properties under development and for sales according to their forecast net realisable value, taking into account costs to completion based on budget and past experience and net sales value based on prevailing and expected market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of estimation.

(vi) Land appreciation taxes ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on appreciation of land value, being the proceeds of sales of properties less deductible expenditure including sales charges, borrowing costs and all property development expenditure.

The Group is subject to LAT in the PRC which has been included in tax expenses of the Group. However, the implementation of these taxes varies amongst various PRC provinces and the Group has not finalised its LAT returns with various local tax bureaus. Accordingly, significant estimation is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports regularly reviewed by the chief operating decision maker that are used to assess performance and allocate resources. The chief operating decision maker considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently organised into four operating divisions which comprise (i) sales of properties; (ii) hotel operations; (iii) properties rental, management and agency services; and (iv) provision of travel and related services.

Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision maker for assessment of segment performance.

6. SEGMENT REPORTING *(Continued)*

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Travel and related services		Group	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Reportable segment revenue from external sales	990,358	1,710,340	173,852	144,983	406,452	360,701	8,950	11,639	1,579,612	2,227,663
Reportable segment profit/(loss) before tax credit/(expenses)	(503,224)	120,283	(113,396)	(155,468)	172,690	268,133	(359)	(113)	(444,289)	232,835
Other information										
Bank interest income	37,699	39,194	–	–	2,208	1,473	-	–	39,907	40,667
Interest income from other receivables	-	8,615	-	–	-	–	-	–	-	8,615
Interest income from entrusted loan receivables	10,972	12,091	–	–	-	–	-	–	10,972	12,091
Depreciation of property, plant and equipment	5,051	6,052	29,940	15,829	2,201	1,675	–	–	37,192	23,556
Amortisation of payment for leasehold land held for own use under operating leases	–	–	22,986	21,896	–	–	–	–	22,986	21,896
Change in fair value of investment properties	–	–	–	–	70,128	140,962	–	–	70,128	140,962
Written-down of property under development	320,656	–	–	–	–	–	–	–	320,656	–
Impairment loss on goodwill	–	65,417	–	–	–	–	–	–	–	65,417
Share of results of associates	(70,551)	30,320	(81,959)	(133,584)	–	–	–	–	(152,510	(103,264)
Share of results of joint ventures	(62,826)	(28,189)	–	–	-	–	–	–	(62,826)	(28,189)
Write off of property, plant and equipment	1,016	804	–	–	–	–	–	–	1,016	804
Gain on disposal of subsidiaries	-	117	–	–	–	–	–	–	-	117
Gain on disposal of investment properties	–	–	–	–	6,866	11,563	–	–	6,866	11,563
Reportable segment assets	15,654,268	11,722,836	1,488,335	1,259,063	3,259,945	3,137,031	1,403	1,397	20,403,951	16,120,327
Amounts included in the measure of segment assets:										
Additions to non-current assets *(note)*	182,530	12,070	303,356	8,204	3,738	–	-	–	489,624	20,274
Interests in associates	-	145,453	182,808	265,530	–	–	–	–	182,808	410,983
Interests in joint ventures	1,303,374	1,386,006	–	–	38,578	–	–	–	1,341,952	1,386,006
Reportable segment liabilities	12,694,265	8,767,824	28,753	32,597	465,812	447,518	1,462	1,096	13,190,292	9,249,035

Note:

Amounts comprise additions to investment properties, property, plant and equipment and prepayment in leasehold land held for own use.

6. SEGMENT REPORTING *(Continued)*

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

Loss before tax credit/(expenses)	Group 2014 HK$'000	Group 2013 HK$'000
Reportable segment loss before tax credit/(expenses)	(444,289)	232,835
Unallocated bank interest income	2,253	1,161
Unallocated interest income from other receivables	1,900	2,632
Other revenue	4,950	3,261
Dividend income from available-for-sale investments	1,695	1,761
Finance costs	(436,723)	(278,557)
Unallocated head office and corporate expenses	(45,876)	(34,339)
Loss before income tax credit	(916,090)	(71,246)

Assets	Group 2014 HK$'000	Group 2013 HK$'000
Reportable segment assets	20,403,951	16,120,327
Pledged bank deposits	775,425	1,571,342
Head office and corporate assets	74,659	99,445
Total assets	21,254,035	17,791,114

6. SEGMENT REPORTING *(Continued)*

(b) Reconciliation of reportable segment profit or loss, assets and liabilities *(Continued)*

	Group	
Liabilities	**2014**	2013
	HK$'000	HK$'000
Reportable segment liabilities	**13,190,292**	9,249,035
Bank loans	**1,769,427**	1,900,885
Unallocated head office and corporate liabilities	**17,374**	10,234
Total liabilities	**14,977,093**	11,160,154

(c) Geographical information

The Group's operations are principally located in the PRC, Hong Kong and South Africa.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("specified non-current assets").

	Revenue from external customers		Specified non-current assets	
Group	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**1,478,157**	2,216,024	**5,625,346**	5,568,352
Hong Kong	**8,950**	11,639	**–**	–
South Africa	**92,505**	–	**138,697**	–
	1,579,612	2,227,663	**5,764,043**	5,568,352

7. TURNOVER

Turnover representing the aggregate of proceeds from sales of properties, amounts received and receivable from the hotel operations, properties rental, management and agency income, and the provision of travel and related services is summarised as follows:

	Group	
Turnover	2014 HK$'000	2013 HK$'000
Sales of properties	990,358	1,710,340
Hotel operations:		
Room rentals	117,678	103,571
Food and beverage sales	42,637	32,853
Rendering of ancillary services	13,537	8,559
Properties rental, management and agency income	406,452	360,701
Travel and related services	8,950	11,639
	1,579,612	2,227,663

8. OTHER INCOME AND GAINS

	Group	
	2014 HK$'000	2013 HK$'000
Bank interest income	42,160	41,828
Interest income from other receivables	1,900	11,247
Interest income from entrusted loans receivables	10,972	12,091
Rental income *(note a)*	6,830	6,660
Gain on disposal of investment properties	6,866	11,563
Gain on disposal of subsidiaries *(Note 48)*	–	117
Dividend income from available-for-sale investments	1,695	1,761
Exchange gains, net	–	2,963
Government grants *(note b)*	4,597	14,070
Others	11,761	22,241
	86,781	124,541

8. OTHER INCOME AND GAINS *(Continued)*

Note:

(a) Rental income was derived from certain office units included in properties for sales, for which the Group intends to sell subject to the tenancy agreements.

(b) Government grants was received as the Group has set up its headquarters in Pudong, Shanghai, the PRC. Under the Economic Enhancement policy addressed by Pudong Finance Bureau, the Group is entitled to obtain the government grants. For the year ended 31 December 2014, there have no unfulfilled conditions or contingencies relating to the government grants

9. LOSS BEFORE TAX CREDIT

Loss before tax credit is arrived at after charging:

	Group	
	2014 HK$'000	2013 HK$'000
Cost of sales	1,097,960	1,585,956
Staff costs *(Note 10)*	173,347	152,595
Depreciation of property, plant and equipment	37,192	23,556
Amortisation of payment for leasehold land held for own use under operating leases	22,986	21,896
Auditor's remuneration	4,095	2,600
Write off of property, plant and equipment	1,016	804
Direct operating expenses from investment properties that generated rental income during the year	52,105	50,326

10. STAFF COSTS

	Group	
	2014 HK$'000	2013 HK$'000
Staff costs (including directors) comprise:		
Wages and salaries	144,390	125,266
Contributions to defined contribution retirement plans	28,957	27,329
	173,347	152,595

11. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' remuneration

Details of directors' remuneration are as follows:

2014	Fees HK$'000	Salaries and other benefits HK$'000	Contribution to retirement benefits schemes HK$'000	Total HK$'000
Executive directors:				
Mr. Dai Zhikang ("Mr. Dai")	–	3,000	107	3,107
Mr. Tang Jian	–	991	17	1,008
Mr. Zuo Xingping	–			
Mr. Wang Fujie (i)	–	3,579	–	3,579
Ms. Li Li Hua (ii)	–	1,946	75	2,021
Non-executive directors:				
Mr. Wu Yang (iii)	–	–	–	–
Mr. Gong Ping	–	–	–	–
Mr. Xu Xiaoliang	–	–	–	–
Mr. Zhu Nansong (iii)	–	–	–	–
Independent non-executive directors:				
Mr. Lai Chik Fan	195	–	–	195
Mr. Lo Mun Lam, Raymond	195	–	–	195
Mr. Li Man Wai	195	–	–	195
Mr. Cai Gaosheng	195	–	–	195
Total	780	9,516	199	10,495

11. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Directors' remuneration *(Continued)*

2013	Fees HK$'000	Salaries and other benefits HK$'000	Contribution to retirement benefits schemes HK$'000	Total HK$'000
Executive directors:				
Mr. Dai Zhikang ("Mr. Dai")	–	3,000	80	3,080
Mr. Tang Jian	–	1,060	15	1,075
Mr. Zuo Xingping	–	764	–	764
Mr. Wang Fujie (i)	–	3,825	–	3,825
Non-executive directors:				
Mr. Wu Yang	–	–	–	–
Mr. Gong Ping	–	–	–	–
Mr. Xu Xiaoliang	–	–	–	–
Mr. Zhu Nansong (iii)	–	–	–	–
Independent non-executive directors:				
Mr. Lai Chik Fan	180	–	–	180
Mr. Lo Mun Lam, Raymond	180	–	–	180
Mr. Li Man Wai	180	–	–	180
Mr. Cai Gaosheng	180	–	–	180
Total	720	8,649	95	9,464

(i) The director resigned with effect from 17 December 2014.

(ii) The director was appointed on 18 August 2014.

(iii) The directors retired on 10 June 2014.

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

During the year, no emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

11. DIRECTORS' AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(b) The five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2013: three) were directors of the Company whose emoluments are disclosed in note 11(a) above. The emoluments of the remaining three (2013: two) individual were as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	7,197	3,269
Contribution to retirement benefits schemes	–	89
	7,197	3,358

(c) The emoluments paid or payable to other members of the senior management were in the following band:

	2014 No. of individual	2013 No. of individual
Nil to HK$1,000,000	–	–
HK$1,000,000 to HK$2,000,000	1	1

12. FINANCE COSTS

	Group 2014 HK$'000	Group 2013 HK$'000
Interest on bank loans wholly repayable within five years	631,636	374,164
Interest on bank loans repayable after five years	50,558	47,514
Unwinding of discount on other payables due for settlement after one year	9,763	9,507
Less: amount capitalised in properties under development	(255,234)	(152,628)
	436,723	278,557

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 7.68% (2013: 8.0%) to expenditure on qualifying assets.

13. TAX (CREDIT)/EXPENSES

The amount of tax (credit)/expenses in the consolidated statement of comprehensive income represents:

	Group	
	2014 HK$'000	2013 HK$'000
Current tax – PRC Enterprise Income Tax		
- tax for the year	33,937	68,422
- under/(over) provision in respect of prior years	5,812	(50,443)
	39,749	17,979
Current tax – LAT		
- tax for the year	64,401	65,392
- over provision of tax attributable to sales of properties in prior years *(note)*	(524,977)	(160,068)
	(460,576)	(94,676)
Deferred tax *(Note 39)*		
- current year	(1,795)	6,194
- attributable to decrease in tax rate	–	(80,650)
	(1,795)	(74,456)
	(422,622)	(151,153)

13. TAX (CREDIT)/EXPENSES *(Continued)*

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2014 and 2013.

PRC Enterprise Income Tax

For subsidiaries which are located and operated in Shanghai and approved to be established before 16 March 2007 by the State Administration of Industrial and Commerce, the Enterprise Income Tax Law of the PRC provides a five-year transition period during which the transitional rates are 18%, 20%, 22%, 24% and 25% for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 respectively. These PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2013: 25%) during the year ended 31 December 2014.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures, with an exemption provided for property sales of ordinary residential properties (普通標準住房) if their appreciation values do not exceed 20% of the sum of total deductible items. Certain property development projects are subjected to LAT which is calculated based on deemed levying rates of their revenue under the approved taxation method if the specific circumstances as approved by the local tax authority are met and the companies have been de-registered or the approval has exceeded three years whichever is earlier.

Note:

The local tax authority in the PRC agreed and approved to use the deemed levying rates at 5.3% (2013: range from 5.3% to 5.5%) to calculate the PRC LAT for a property development project company (2013: 2 project companies) of the Group where the approval have exceeded three years (2013: the 2 project companies have been de-registered), for which LAT based on the progressive rates was provided for in previous years.

13. TAX (CREDIT)/EXPENSES *(Continued)*

LAT *(Continued)*

The tax expenses for the year can be reconciled to the loss before tax credit per the consolidated statement of comprehensive income as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Loss before tax credit	(916,090)	(71,246)
Tax calculated at the PRC profits tax rate of 25% (2013: 25%)	(229,023)	(17,812)
Tax effect of share of results of associates	38,128	25,816
Tax effect of share of result of joint ventures	15,707	7,047
Effect of different tax rates of subsidiaries operating in jurisdictions other than the PRC	8,020	2,956
Tax effect of expenses not deductible for tax purposes	22,736	63,543
Tax effect of revenue and gains not taxable for tax purposes	(64,814)	(41,964)
Tax effect of tax losses not recognised	236,973	84,858
Utilisation of tax losses previously not recognised	–	(53,840)
Provision/(reversal) of withholding tax on dividend	4,415	(76,638)
Under/(over) provision in respect of prior years	5,812	(50,443)
	37,954	(56,477)
LAT		
Tax for the year	85,868	87,189
(Over)/under provision in respect of prior years	(699,969)	(213,423)
Tax effect of LAT deductible for calculation of income tax purpose	153,525	31,558
	(460,576)	(94,676)
Tax credit	(422,622)	(151,153)

14. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit/(loss) attributable to owners of the Company includes a profit of HK$113,114,000 (2013: loss of HK$98,059,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

No dividend was proposed for the years ended 31 December 2014 and 2013.

16. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2014 HK$'000	2013 HK$'000
Earnings		
(Loss)/profit for the year attributable to owners of the Company	(438,468)	79,347
	(thousands)	(thousands)
Number of shares		
Weighted average number of ordinary shares in issue	14,879,352	13,527,266
	HK Cents	HK Cents
Basic (loss)/earnings per share	(2.95)	0.59

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of the share options is higher than the average market price of the Company's share during the years ended 31 December 2014 and 2013.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel buildings HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2014					
Cost					
At 1 January 2014	455,011	34,224	1,160	65,954	556,349
Exchange differences	(3,242)	(150)	(4)	(535)	(3,931)
Additions	1,316	4,725	–	19,287	25,328
Transfer from investment property	10,555	–	–	–	10,555
Transfer from property under development	274,878	–	–	26,352	301,230
Written off	–	(3,497)	(152)	(1,552)	(5,201)
At 31 December 2014	738,518	35,302	1,004	109,506	884,330
Accumulated depreciation and impairment					
At 1 January 2014	113,159	21,029	334	28,568	163,090
Exchange differences	(763)	(179)	(5)	(311)	(1,258)
Provided for the year	19,819	4,602	270	12,501	37,192
Eliminated on written off	–	(3,018)	–	(1,167)	(4,185)
At 31 December 2014	132,215	22,434	599	39,591	194,839

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group

	Hotel buildings HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2013					
Cost					
At 1 January 2013	441,072	31,398	350	54,782	527,602
Exchange differences	13,939	1,097	173	2,080	17,289
Additions	–	3,656	637	15,439	19,732
Disposal of a subsidiary	–	–	–	(307)	(307)
Written off	–	(1,927)	–	(6,040)	(7,967)
At 31 December 2013	455,011	34,224	1,160	65,954	556,349
Accumulated depreciation and impairment					
At 1 January 2013	97,786	17,401	199	26,306	141,692
Exchange differences	3,248	507	29	1,262	5,046
Provided for the year	12,125	4,690	106	6,635	23,556
Disposal of a subsidiary	–	(30)	–	(11)	(41)
Eliminated on written off	–	(1,539)	–	(5,624)	(7,163)
At 31 December 2013	113,159	21,029	334	28,568	163,090
Net book value					
At 31 December 2014	606,303	12,868	405	69,915	689,491
At 31 December 2013	341,852	13,195	826	37,386	393,259

Note:

Hotel buildings are pledged to a bank to secure certain bank loan granted to the Group (Note 37).

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2014			
Cost			
At 1 January 2014	152	465	617
Additions	–	40	40
At 31 December 2014	152	505	657
Accumulated depreciation			
At 1 January 2014	30	313	343
Provided for the year	122	53	175
At 31 December 2014	152	366	518
2013			
Cost			
At 1 January 2013	152	445	597
Additions	–	20	20
At 31 December 2013	152	465	617
Accumulated depreciation			
At 1 January 2013	–	262	262
Provided for the year	30	51	81
At 31 December 2013	30	313	343
Net book values			
At 31 December 2014	–	139	139
At 31 December 2013	122	152	274

18. INVESTMENT PROPERTIES

	Group	
	2014 HK$'000	2013 HK$'000
Fair value		
At beginning of year	2,723,188	2,575,421
Exchange differences	(15,671)	70,801
Additions	136,316	–
Disposals	(16,676)	(63,996)
Transfer to property, plant and equipment	(10,555)	–
Change in fair value	70,128	140,962
At end of the year	2,886,730	2,723,188

19. ANALYSIS OF INVESTMENT PROPERTIES

(a) The analysis of the carrying amount of investment properties is as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Lands and buildings held in the PRC:		
– Long lease	149,716	13,961
– Medium-term lease	2,377,710	2,332,783
– Short lease	359,304	376,444
	2,886,730	2,723,188

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) The fair value of investment properties is a level 2 and level 3 requiring fair value measurement. A reconciliation of the opening and closing fair value balance of level 3 investment properties is provided below:

	2014 HK$'000	2013 HK$'000
Opening balance	2,621,653	2,476,996
Additions	136,285	–
Disposals	(16,676)	(63,996)
Transfer to property, plant and equipment	(10,559)	–
Gains on revaluation of investment properties	70,128	140,962
Exchange differences	(14,957)	67,691
Closing balance	2,785,874	2,621,653
Change in unrealised gains or losses for the year included in profit or loss for assets held at 31 December	70,128	140,962

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) *(Continued)*

Fair value of the Group's investment properties situated in the PRC as at 31 December 2013 and 2014 had been arrived at based on a valuation carried out on that date by DTZ Debenham Tie Leung Limited ("DTZ") and Massel Property Services (PTY) Ltd, independent qualified professional valuers not connected with the Group. The fair value of investment properties are arrived at by considering the capitalised income to be derived from the existing tenancies and the reversionary potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 1 – Retail shops in Shanghai Zendai Thumb Plaza located in Pudong, Shanghai	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; (3) Level adjustment; and (4) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 6% (2013: 6%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB319/sq.m. (2013: RMB304/sq.m.).	The higher the monthly rent, the higher the fair value.
			3) Level adjustment on individual floors of the property range from 50% to 80% (2013:40%-80%) on specific level.	The higher the level adjustment, the lower the fair value.
			4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6.5% (2013:6.5%).	The higher the reversionary yield, the lower the fair value.

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) *(Continued)*

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 2 – Carpark spaces in Shanghai Zendai Thumb Plaza	**Level 2**	**Direct Comparison method based on market observable transactions of similar projects and adjust to reflect the conditions and locations of the subject property**	N/A	N/A
Property 3a – Retail shops in 揚州証大教場 located in Yangzhou City	**Level 3**	**Income Approach** The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; (3) Level adjustment; and (4) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5% (2013: 5%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB127/sq.m. (2013: RMB120/sq.m.).	The higher the monthly rent, the higher the fair value.
			3) Level adjustment on individual floors of the property at 70% (2013:70%) on specific level.	The higher the level adjustment, the lower the fair value.
			4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 5.5% (2013: 5.5%).	The higher the reversionary yield, the lower the fair value.

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) *(Continued)*

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 3b – Retail shops in 楊州証大教場 located in Yangzhou City	**Level 3**	**Direct Comparison**		
		The key input is: Price per square metre	Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc. of RMB19,100/sq.m. (2013: 17,500/sq.m.) for the base level.	The higher the price, the higher the fair value.
Property 4 – Retail shops of Qingdao Zendai Thumb Plaza located in Qingdao City	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; (3) Level adjustment; and (4) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, range from 6% to 7% (2013: 6% to 8%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of range from RMB60/sq.m. to 250/sq.m. (2013: RMB43/sq.m. to 232/sq.m.).	The higher the monthly rent, the higher the fair value.
			3) Level adjustment on individual floors of the property range from 30% to 65% (2013: 30%-60%)on specific level.	The higher the level adjustment, the lower the fair value.
			4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties range from 6.5% to 7.5% (2013: 6.5% to 8.5%).	The higher the reversionary yield, the lower the fair value.

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) *(Continued)*

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 5 – Clubhouse of 水清木華公寓 located in Pudong, Shanghai	**Level 3**	**Income Approach** The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; and (3) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5.5% (2013: 5.5%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB15/sq.m. (2013: RMB15/sq.m.) for the base level.	The higher the monthly rent, the higher the fair value.
			3) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6% (2013: 6%).	The higher the reversionary yield, the lower the fair value.
Property 6 – Building in Modderfontein, South Africa	**Level 3**	**Income Approach** The key inputs are: (1) Capitalisation rate; and (2) Monthly unit rent.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 12.5% – 13.5% (2013: nil).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of ZAR22/sq.m-104/sq.m. (2013: nil.) for the base level.	The higher the monthly rent, the higher the fair value.

19. ANALYSIS OF INVESTMENT PROPERTIES *(Continued)*

(b) *(Continued)*

There were no changes to the valuation techniques between the current year and prior year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

(c) Investment properties with carrying amount of HK$2,576,904,000 (2013: HK$2,473,761,000) are pledged to banks to secure certain bank loans granted to the Group (Note 54).

(d) Gross rental income from investment properties amounted to HK$129,514,000 (2013: HK$100,819,000).

20. PAYMENT FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

The Group's payment for leasehold land held for own use under operating leases is pledged to a bank to secure a bank loan granted to the Group (Note 54).

	Group	
	2014 HK$'000	2013 HK$'000
Land use right in the PRC - Medium-term lease	625,700	617,316

21. GOODWILL

	Group HK$'000
At 1 January 2013	101,975
Exchange differences	1,042
Impairment loss	(65,417)
At 31 December 2013	37,600
Exchange differences	(238)
Impairment loss	–
At 31 December 2014	**37,362**

22. IMPAIRMENT TESTING ON GOODWILL

Goodwill acquired through certain business combination has been allocated to one (2013: two) major cash generating unit for impairment testing.

The cash-generating unit is property development project of subsidiary and located in the city of Shanghai and is either currently available for sale or will be available for sale in the forthcoming five years.

The recoverable amount for the cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on forecasts covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 10% (2013: 10%) per annum.

22. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

The management has adopted the following key assumptions in preparation of the cash flow projections to undertake impairment testing of goodwill:

– Selling prices – The market prices of the comparable properties nearby

– Construction costs – The estimated costs including infrastructure costs to complete the property development projects

– Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units

The values assigned to key assumptions are based on historical experiences, current market condition, approved budgets and forecasts and consistent with external information sources.

The carrying values of goodwill were tested for impairment as at 31 December 2014 and 2013. For the year ended 31 December 2014, no impairment loss was recognised in profit or loss. The Group made a full provision of impairment loss of HK$65,417,000 in related to Landrich's CGU during the year 2013 because its underlying remaining undeveloped land parcel was disposed to an independent third party and the management is uncertain about the future profitability of the business.

23. INTERESTS IN ASSOCIATES

	Group	
	2014 HK$'000	2013 HK$'000
Share of net assets	182,808	410,983
Amounts due from associates *(note a)*	1,296,084	1,075,479
	1,478,892	1,486,462

23. INTERESTS IN ASSOCIATES *(Continued)*

Details of the Group's associate at 31 December 2014 are as follows:

Name	Form of business structure	Place of establishment and operations	Particulars of paid-up capital	Percentage of ownership interest	Principal activities
上海証大喜瑪拉雅置業有限公司（「証大喜瑪拉雅」）	Corporation	The PRC	Registered capital RMB633,630,000	45%	Hotel operation and properties rental in the PRC

Notes:

(a) The amounts are unsecured, interest-free and repayable on demand.

(b) 青島上實地產有限公司, which was held by the Group as an associate in 2008, was deregistered on 28 November 2014.

(c) The summarised financial information in respect of the Group's associate is set out below:

	2014 HK$'000	2013 HK$'000
Total assets	5,125,367	5,948,046
Total liabilities	(4,362,737)	(4,658,377)
Net assets	762,630	1,289,669
Group's share of net assets of associates	182,808	410,983
Total revenue	445,974	672,508
Total loss for the year	(338,910)	(229,475)
Group's share of results of the associates for the year	(152,510)	(103,264)

23. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of a Group's material associate, 証大喜瑪拉雅 is set out below. The summarised financial information below represents amounts shown in the associate's unaudited management amounts prepared in accordance with HKFRSs.

	2014 HK$'000	2013 HK$'000
As at 31 December		
Current assets	505,807	784,234
Non-current assets	4,619,560	4,747,455
Current liabilities	(1,682,463)	(1,996,469)
Non-current liabilities	(2,680,274)	(2,640,655)
Included in the above amounts are:		
Cash and cash equivalents	47,226	32,652
Current financial liabilities (excluding trade and other payable)	(1,406,200)	(1,347,005)
Non-current financial liabilities (excluding other payable and provision)	(2,680,246)	(2,640,637)
Year ended 31 December		
Revenues	445,974	303,127
Loss from continuing operations	(182,130)	(300,381)
Total comprehensive income	(188,416)	(263,328)
Included in the above amounts are:		
Depreciation and amortisation	(87,455)	(82,014)
Interest income	110	458
Interest expense	(185,301)	(144,321)

24. INTERESTS IN JOINT VENTURES

	Group	
	2014 HK$'000	2013 HK$'000
Share of net assets	1,341,952	1,386,006
Amounts due from joint ventures *(note a)*	1,303,617	685,509
	2,645,579	2,071,515

Details of the Group's joint ventures are as follows:

Name	Form of business structure	Place of establishment and operations	Particulars of issued and paid-up capital	Percentage of ownership interest	Principal activities
文廣証大南通文化投資發展有限公司 ("文廣証大")	Corporation	The PRC	Registered capital RMB100,000	50%	Property development in the PRC
Top Harbour Limited	Corporation	New Zealand	Issued capital NZD1,000	45%	Property development in New Zealand
南京証大大拇指商業發展有限公司 ("Nanjing Zendai") *(note b)*	Corporation	The PRC	Registered capital RMB1,199,682,000	90%	Property development in the PRC
上海証大歌騰投資管理有限公司 ("Zendai Geteng")	Corporation	The PRC	Registered Capital RMB60,000,000	51%	Property management in the PRC

24. INTERESTS IN JOINT VENTURES *(Continued)*

Note:

(a) The amounts are unsecured, interest-free and repayable on demand.

(b) Pursuant to the Agreement (as defined) as detailed in note 48(a), Nanjing Zendai became a joint venture of the Group. According to the Agreement, the Venturer is entitled to 23% of the profit of Nanjing Zendai since 5 January 2013, on which date the Group completed the disposal of 10% equity interest therein (the "Completion Date"). The Group is granted the right to request the venturer to sell its Sale Interest (as defined) to the Group and the Venturer is granted the right to request the Group to repurchase its Sale Interest on the earlier of 45 months from the Completion Date and the date on which sales rate of all properties (including the pre-sale and delivered properties) on the property development project reaches 90%. The consideration for the Sale Interest under such repurchase is the aggregate of the registered capital of Nanjing Zendai contributed by the Venturer and 23% of all the distributable profit of Nanjing Zendai assuming Nanjing Zendai being liquidated, minus the profit already distributed to Nanjing Zendai during the period from the Completion Date to the date of such repurchase.

(c) During the year, the minority owner of Zendai Geteng (the "Geteng Venturer"),which has 49% interest in Zendai Geteng, entered into a contractual arrangement (the "Agreement") that the Group and the Joint Venturer would jointly Controlled Zendai Geteng. The transaction did not changed the Group's interest in Zendai Geteng and no gain or loss on the deemed disposal was recognised in the consolidated statement of comprehensive income.

The Group has discontinued recognition of its share of losses of certain joint ventures. The amounts of unrecognised share of a joint venture, both for the year and cumulatively, are as follows:

	2014 HK$'000	2013 HK$'000
Unrecognised share of loss of joint ventures for the year	4,005	676
Accumulated unrecognised share of loss of joint ventures	4,681	676

24. INTERESTS IN JOINT VENTURES *(Continued)*

The summarised financial information in respect of the Group's joint ventures which are accounted for using the equity method is set out below:

	2014 HK$'000	2013 HK$'000
Non-current assets	527,134	6,718
Current assets	4,594,838	4,410,034
Current liabilities	(2,709,185)	(1,739,911)
Non-current liabilities	(910,804)	(1,106,041)
Net assets	1,501,983	1,570,800
Group's share of net assets of the joint ventures	1,341,952	1,386,006
Income	266,114	216,348
Expenses	(369,593)	(255,665)
Loss for the year	(103,479)	(39,317)
Group's share of results of the joint ventures	(62,826)	(28,189)

24. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information in respect of a Group's material joint venture, Nanjing Zendai is set out below. The summarised financial information below represents amounts shown in the joint venture's unaudited management amounts prepared in accordance with HKFRSs.

	2014 HK$'000	2013 HK$'000
As at 31 December		
Current assets	2,915,073	2,307,848
Non-current assets	1,590	1,656
Current liabilities	(1,002,850)	(84,224)
Non-current liabilities	(492,940)	(736,134)
Included in the above amounts are:		
Cash and cash equivalents	13,247	32,202
Current financial liabilities (excluding trade and other payable)	(916,793)	(77,409)
Non-current financial liabilities (excluding other payable and provision)	(492,940)	(736,134)
Year ended 31 December		
Revenues	611	1,607
Loss from continuing operations	(58,345)	(31,873)
Total comprehensive income	43,570	452
Included in the above amounts are:		
Depreciation and amortisation	(374)	(382)
Interest income	–	1,607

25. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2014 HK$'000	2013 HK$'000
Unlisted equity interests, at cost *(note a)*	67,259	67,712
Investment funds, at fair value *(note b)*	2,648	2,665
	69,907	70,377

	Group	
	2014 HK$'000	2013 HK$'000
Analysed for reporting purpose as:		
Non-current assets	67,259	67,712
Current assets	2,648	2,665
	69,907	70,377

Notes:

(a) The balance represents investments cost of HK$67,259,000 (2013: HK$67,712,000) in two (2013: two) private entities established in the PRC and are classified under non-current assets. They are measured at cost less any impairment at the end of each reporting period because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) These funds are operated by the Agricultural Bank of China and Bank of Communication. According to the funds' prospectus, these funds invest in listed and unlisted securities in the PRC and other commodities contracts. The expected return on these funds ranged from 3% to 5% as estimated by the issuers.

26. PROPERTIES UNDER DEVELOPMENT AND FOR SALES

	Group	
	2014 HK$'000	2013 HK$'000
Properties		
– Under development	6,433,806	4,020,295
– For sales	2,068,257	2,773,713
	8,502,063	6,794,008

During the year 2014, the write down of HK$320,656,000 (2013: HK$Nil) has been recognised for properties under development mainly attributable to the decrease in estimated net realisable value located in Ordos, PRC due to current weak demand.

Properties under development and for sales with carrying amount of HK$1,716,890,000 (2013: HK$1,118,894,000) are pledged to banks to secure certain bank loans (Note 54) granted to the Group.

Properties under development and for sales which are expected to be recovered in more than twelve months after the end of reporting period are classified under current assets as they are expected to be realised in the Group's normal operating cycle. The amounts of properties under development and for sales that are expected by management to be realised after more than twelve months from the end of reporting period are HK$3,468,636,000 (2013: HK$2,558,174,000).

27. INVENTORIES

	Group	
	2014 HK$'000	2013 HK$'000
Food, beverage and low value consumables	4,060	1,982

28. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Trade receivables *(note a)*	77,656	38,258	–	–
Refundable deposits for potential acquisition of land use rights	16,868	57,589	–	–
Deposits	25,247	23,176	–	–
Prepayments	239,437	128,204	7,724	9,402
Consideration receivables on disposal of subsidiaries	126,072	138,342	–	–
Other receivables *(note b)*	71,237	84,954	599	843
	556,517	470,523	8,323	10,245

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis. A credit period ranging from 30 to 60 days is granted to customers in travel and related services.

28. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

(a) The ageing analysis of trade receivables at the end of reporting period is as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Current (i)	65,978	2,613
Less than 1 month past due	2,897	3,515
1 to 3 months past due	3,012	18,770
More than 3 months but less than 12 months past due	3,085	9,024
More than 12 months past due	2,684	4,336
Amount past due but not impaired (ii)	11,678	35,645
	77,656	38,258

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$11,678,000 (2013: HK$35,645,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on the accounting policy stated in note 4(k)(ii). The Directors consider the balance would be recoverable.

(b) Included in the amount was an other receivable in relation to an agreement signed between the Group and an independent third party for a property development project. The Group paid approximately HK$52,500,000 for the project pursuant to the terms of the agreement but the agreement was subsequently cancelled as agreed by both parties. The Group received HK$17,375,000 in prior years and the remaining balance amounted to approximately HK$35,125,000 was due to be refundable to the Group on 31 December 2014 and was fully repaid in February 2015.

29. DEPOSITS FOR PROPERTY UNDER DEVELOPMENT

	Group	
	2014 HK$'000	2013 HK$'000
Deposits for acquisition of land use rights in the PRC *(note)*	1,568,068	291,915
Prepayments to property construction contractors	36,238	4,024
	1,604,306	295,939

Note:

Included in the amount was a consideration of approximately RMB1,043,210,000 (equivalent to approximately HK$1,304,010,000) for acquiring the sale shares of an investment holding company, the major asset of which comprises a land parcel located in Jiangsu Province, the PRC (the "Tender").

Details of the Tender were more particularly set out in the announcements of the Company dated 23 June 2014 and 7 July 2014 and 22 December 2014.

30. AMOUNTS DUE FROM RELATED COMPANIES

Name of related companies	Related party relationship	Group 2014 HK$'000	2013 HK$'000	Maximum amount outstanding during the year HK$'000
Zendai Investment Development Limited	Mr. Dai *(note 1)*	**8,793**	14,204	14,204
北京証大資源有限公司	Mr. Dai	**630**	635	635
上海喜瑪拉雅美術館	Mr. Dai	**2**	2	2
上海証大投資發展有限公司	Mr. Dai	**20**	20	20
江蘇証大投資發展有限公司	Mr. Dai	**630**	635	635
南通傳人印務包裝有限公司	Mr. Dai	**528**	603	603
上海証盛建築裝飾工程有限公司	Mr. Dai's close member	**–**	157	157
深圳小額速貸公司	Mr. Dai	**3**	–	3
上海証大歌騰投資管理公司	Joint Venturer's of Zendai Geteng	**965**	–	965
		11,571	16,256	17,224

Notes:

1. The amounts are unsecured, interest-free and repayable on demand.

2. The amount was received in February 2015.

31. AMOUNTS DUE FROM/TO MINORITY OWNERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand, except for the amounts of HK$1,908,117,000 (31 December 2013: Nil) which borne interest at 12% to 16% per annum, repayable in 3 years (2013: Nil) and pledged with several Group subsidiaries' shares as disclosed in note 54.

32. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure certain bank loans (Note 37) granted to the Group. The pledged bank deposits carry interest ranging from 3.00% to 3.30% per annum (2013: 3.25% to 3.50% per annum).

33. ENTRUSTED LOAN RECEIVABLES

During the year, the Group entered into entrusted loans arrangements with a joint venture of the Group in the amounts of RMB100,000,000 (equivalent to HK$126,072,000) (2013: RMB100,000,000 (equivalent to HK$126,919,000)), with a bank, in which the Group acts as the entrusting party, the bank acts as the lender, and the joint venture acts as the borrower (the "Entrusted Loans"). The Entrusted Loans receivables and Entrusted Loans payables cannot be set off and bear interests at 9% per annum and are repayable within one year. The Entrusted Loans are used to finance the operation and working capitals needs of the inter parties.

34. TRADE, NOTES AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables *(note a)*	**913,620**	1,054,627	**–**	–
Other payables and accruals	**601,243**	418,126	**140,962**	8,600
	1,514,863	1,472,753	**140,962**	8,600
Less: Consideration payable for acquisition of land use rights *(note b)*	**(152,246)**	(153,598)	**–**	–
	1,362,617	1,319,155	**140,962**	8,600

34. TRADE, NOTES AND OTHER PAYABLES *(Continued)*

Notes:

(a) The ageing analysis of trade and notes payables at the end of reporting period is as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Current or less than 1 month	733,405	872,951
1 to 3 months	20,016	31,069
More than 3 months but less than 12 months	53,824	10,283
More than 12 months	46,531	58,146
	853,776	972,449
Retention money	59,844	82,178
	913,620	1,054,627

The trade and notes payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

(b) The amount represents consideration for acquisition of land use rights amounting to RMB360,000,000 (equivalent to HK$456,911,000) payable to an independent third party. The balance is repayable in 38 years by annual instalments, starting from February 2009. The carrying amount of the payable of RMB128,761,000 (equivalent to HK$162,332,000) (2013: RMB129,020,000 (equivalent to HK$163,752,000)) of which RMB8,000,000 (equivalent to HK$10,086,000) (2013: RMB8,000,000 (equivalent to HK$10,154,000)) is included in current liabilities as at 31 December 2014 represents the expected cash flows from settlement of the payable discounted at the effective interest rate of 6% per annum prevailing at the time of recognition of the payable plus unwinding discount less settlement made up to the end of the reporting period.

35. AMOUNTS DUE TO A JOINT VENTURE

The amounts were unsecured, interest-free and repayable on demand.

36. AMOUNTS DUE TO RELATED COMPANIES

The amounts were unsecured, interest-free and repayable on demand. The Company's director, Mr. Dai, had beneficial interests in these related companies.

37. BANK LOANS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Secured *(note a)*	**7,887,864**	6,144,679	**2,479,808**	2,053,009

At the end of reporting period, the bank loans were repayable as follows:

	Group 2014 HK$'000	Group 2013 HK$'000	Company 2014 HK$'000	Company 2013 HK$'000
Within one year	**3,337,768**	3,459,042	**2,054,708**	1,773,769
More than one year, but not exceeding two years	**1,539,965**	769,768	**–**	–
More than two years, but not exceeding five years	**2,619,310**	1,201,311	**425,100**	279,240
After five years	**390,821**	714,558	**–**	–
	7,887,864	6,144,679	**2,479,808**	2,053,009
Less:				
Amount repayable within one year included in current liabilities	**(3,337,768)**	(3,459,042)	**(2,054,708)**	(1,773,769)
Amount repayable after one year	**4,550,096**	2,685,637	**425,100**	279,240

37. BANK LOANS *(Continued)*

Notes:

(a) Included in bank loans are the entrusted loans which amounted to RMB843,000,000 (equivalent to HK$1,062,784,000) (2013: RMB626,500,000 (equivalent to HK$795,152,000)), where entrusted loan arrangements were made among the subsidiaries of the Group, the minority owners of subsidiaries (2013: independent third party) and banks in the PRC, in which the minority owners (2013:independent third party) acts as the entrusting party, the banks act as the lenders, and the subsidiaries act as the borrowers. The entrusted loans bear an interest range from 9% to 10% per annum (2013: 9% per annum) and are repayable within 3 years (2013: 2 years).

(b) Included in the bank loans are loans (the "Loans") which amounted to HK$516,668,000 (2013: HK$300,000,000) which included terms that (i) the Group has to fulfil certain financial covenants and (ii) require Mr. Dai, the ex-controlling shareholder and an executive director of the Company to beneficially own, directly or indirectly, 35% or more of the issued share capital and ownership interests in the Company or to remain as the single largest shareholder of the Company. If the Group breaches these terms, the lenders of the Loans may demand for immediate repayment of the Loans.

As at 31 December 2014, the Group has breached part of the financial covenants. Furthermore, as disclosed in the Company's announcements dated 12 February and 13 February 2015, Smart Success Capital Limited signed agreements on 26 January 2015 and 7 February 2015 to purchase in aggregate 7,443,635,000 shares of the Company at the price of HK$0.2 per share. Completion of the agreements took place on 13 February 2015 and Smart Success Capital Limited has replaced Mr. Dai and became the controlling shareholder of the Company on 13 February 2015. These events constituted breach of the terms of the Loans. The Group and Smart Success Capital Limited are now negotiating with the lenders for an immediate repayment waiver.

As at the report issuance date, the net exposure of the Loans is HK$286,885,000 (being the outstanding balance at 31 December 2014 of HK$516,668,000 minus the principal of HK$16,668,000 repaid on January 2015 and pledged bank deposits of HK$213,115,000). Even if the lenders do not grant the immediate repayment waiver, the Company will have sufficient cash and can forthwith repay the Loans and its accrued interest. (2013: The Group also breached one of the financial covenants and has negotiated with the lenders who granted a waiver by rescheduling the repayment schedule of the Loans).

The Loans are secured by several wholly-owned subsidiary of the Group as disclosed in note 54(c).

(c) The bank loans are secured by the Group's assets as detailed in note 54(a). Corporate guarantees were also given to banks for certain bank loans by a related company, which is beneficially owned by Mr. Dai, a director and shareholder of the Company.

38. TAX PREPAYMENTS/PAYABLES

	Group	
	2014 HK$'000	2013 HK$'000
Tax prepayments		
PRC Enterprise Income Tax prepayments	29,714	44,287
LAT prepayments *(note)*	80,812	91,041
	110,526	135,328

	Group	
	2014 HK$'000	2013 HK$'000
Tax payables		
PRC Enterprise Income Tax payable	69,401	89,353
LAT provision *(note)*	342,241	902,850
	411,642	992,203

Note:

The Group is subject to LAT in the PRC and is required to prepay 1% to 5% (2013: 1% to 5%) of the proceeds from sale and pre-sale of the properties. However, the implementation of LAT varies amongst various PRC cities and the Group has not finalised its LAT returns with various local tax bureaus.

On 28 December 2006, the PRC State Administration of Taxation issued a circular, which took effect on 1 February 2007 to request real estate developers to settle the final LAT payments in respect of their development projects that meet certain criteria, such as when 85% of a development project has been pre-sold or sold. Since then, local tax bureaus, including the Shanghai tax bureau, have issued local implementation rules and procedures from time to time. In order to minimise the uncertainties in the accounts due to exposure to the additional LAT liabilities, the Group has provided for LAT fully in accordance with the requirements of State Administration of Taxation and the issued implementation rules and procedures.

39. DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the current and prior years were as follows:

	Group				
	Revaluation of property, plant and equipment and payment for leasehold land HK$'000	Revaluation of investment properties HK$'000	Revaluation of properties for sale HK$'000	Withholding tax on dividend HK$'000	Total HK$'000
At 1 January 2013	201,248	116,511	131,538	193,476	642,773
Exchange differences	5,630	3,045	3,199	878	12,752
Charge/(credit) to statement of comprehensive income for the year *(Note 13)*	–	20,082	(13,888)	(80,650)	(74,456)
At 31 December 2013	206,878	139,638	120,849	113,704	581,069
Exchange differences	(241)	(249)	(129)	(106)	(725)
Charge/(credit) to statement of comprehensive income for the year *(Note 13)*	–	10,226	(16,436)	4,415	(1,795)
At 31 December 2014	**206,637**	**149,615**	**104,284**	**118,013**	**578,549**

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses of HK$8,715,000 (2013: HK$8,469,000) can be carried forward indefinitely and the tax losses of HK$400,173,933 (2013: HK$358,095,000) will expire in five years' time.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed through its operations to the following risks from its use of financial instruments:

- Market risks (Interest rate risk, foreign exchange risk and equity price risk)
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board of Directors. Certain risks are managed centrally, while others are managed locally following guidelines stipulated by the central management. The policy for each of the above risks is described in more detail below.

Market risks

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank loans.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate bank loans, entrusted loan receivables and payables and pledged bank deposit. The Group currently does not use any derivative contracts to hedge the interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate").

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risks *(Continued)*

(a) Interest rate risk (Continued)

Interest rate profile

The following table details interest rates analysis that the management of the Group evaluates their interest rate risk.

	Group				Company			
	2014 Effective interest rate (%)	2014 HK$'000	2013 Effective interest rate (%)	2013 HK$'000	2014 Effective interest rate (%)	2014 HK$'000	2013 Effective interest rate (%)	2013 HK$'000
Financial liabilities								
Fixed rate borrowings								
– Bank loans	9.08%	2,621,226	4.81%	2,757,758	3.9%	297,726	1.76%	835,146
– Amounts due to minority owners of subsidiaries	14%	1,868,381	-	-	-	-	-	-
Floating rate borrowings								
– Bank loans	6.06%	5,266,638	5.73%	3,386,921	4.60%	2,182,082	4.14%	1,217,863
Financial assets								
Fixed rate financial assets								
– Pledged bank deposits	3.16%	775,425	2.68%	1,571,342	–	–	–	–
– Entrusted loan receivables	9%	126,072	9%	126,919	–	–	–	–
– Other receivables	5%	35,150	10%	52,000	–	–	–	–
Floating rate financial assets								
– Cash and cash equivalents	0.3%	1,098,074	0.7%	942,721	0.01%	23,280	0.01%	101,514

Sensitivity analysis

At the respective end of reporting periods, if the Benchmark Rate had increased/decreased by 100 basis points and all other variables were held constant, the Group's profit would decrease/increase by approximately HK$31,264,000 (2013: HK$18,311,000) for the year ended 31 December 2014.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risks *(Continued)*

(b) Foreign exchange risk

Foreign exchange risk arises when individual company enters into transactions denominated in a currency other than their functional currency.

The Group and the Company undertake certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group and the Company's certain cash and cash equivalents also expose to such foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the respective end of reporting periods are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Assets				
HK$	**32,427**	159,339	**–**	99,566
United States dollars ("USD")	**3,309**	291,188	**3,202**	1,232
New Zealand dollars ("NZD")	**106,518**	716	**–**	716
South Africa rand ("ZAR")	**151,280**	5,693	**–**	–
Liabilities				
HK$	**–**	300,000	**–**	–
USD	**2,734,206**	2,400,164	**2,399,213**	2,398,530

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risks *(Continued)*

(b) *Foreign exchange risk* *(Continued)*

Sensitivity analysis

The Group through its subsidiaries operating in the PRC, New Zealand and South Africa mainly exposes to the currency risk of HK$ against RMB, NZD and ZAR against HK$ respectively while the Company mainly exposes to the currency risk of USD against HK$.

The directors estimated that the effect on the profit after tax in the next accounting period in response to reasonably possible changes in the respective exchange rates would be insignificant for the years ended 31 December 2013 and 2014.

(c) *Equity price risk*

The Group is exposed to equity price risk through its investment in investment funds. The management closely monitors the price changes and takes appropriate action when necessary.

Sensitivity analysis

The directors estimated that the effect on the profit after tax and other component of equity in the next accounting period in response to reasonably possible changes in the prices of the respective equity instruments would be insignificant for the years ended 31 December 2013 and 2014.

Liquidity risk

Internally generated cash flows, bank loans, amount due to a joint venture, amounts due to related parties are the general sources of funds to finance the operations of the Group. The Group's liquidity risk management includes making available standby banking facilities and diversifying the funding sources. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The contractual maturities of financial liabilities are shown as below:

The Group

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2014						
Non-derivatives:						
Trade, notes and other payables	1,362,617	1,362,617	1,362,617	–	–	–
Other payables (non-current)	152,246	383,258	–	10,086	30,257	342,915
Bank loans	7,887,864	8,444,747	3,573,414	1,648,687	2,804,233	418,413
Amount due to related companies	34,646	34,646	34,646	–	–	–
Amount due to joint ventures	929,777	929,777	929,777	–	–	–
Amount due to minority owners of subsidiaries	1,984,111	2,240,188	115,730	–	2,124,458	–
Financial guarantee contracts	–	201,719	201,179	–	–	–
	12,351,261	13,596,952	6,217,903	1,658,773	4,958,948	761,328
2013						
Non-derivatives:						
Trade, notes and other payables	1,319,155	1,319,155	1,319,155	–	–	–
Other payables (non-current)	153,598	436,604	–	10,154	71,075	355,375
Bank loans	6,144,679	6,471,347	3,342,783	968,665	1,407,353	752,546
Amount due to related companies	41,752	41,752	41,752	–	–	–
Amount due to a joint venture	635,867	635,867	635,867	–	–	–
Amount due to minority owners of subsidiaries	56,319	56,319	56,319	–	–	–
Financial guarantee contracts	–	369,987	369,987	–	–	–
	8,351,370	9,331,031	5,765,863	978,819	1,478,428	1,107,921

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The Company

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
2014						
Non-derivatives:						
Other payables	140,962	140,962	140,962	–	–	–
Amount due to a joint venture	121,154	121,154	121,154	–	–	–
Amounts due to subsidiaries	265,056	265,056	265,056	–	–	–
Bank loans	2,479,808	2,582,870	2,146,595	–	436,275	–
	3,006,980	3,110,042	2,673,767	–	436,275	–
2013						
Non-derivatives:						
Other payables	8,600	8,600	8,600	–	–	–
Amounts due to subsidiaries	245,885	245,885	245,885	–	–	–
Bank loan	2,053,009	2,150,063	71,855	2,078,208	–	–
	2,307,494	2,404,548	326,340	2,078,208	–	–

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2014 and 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and guarantees provided by the Group as disclosed in note 51. The Group has policies in place to determine credit limits, credit approval and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

The Group has no significant concentration of credit risk, with exposure spreading over a large number of counterparties and customers.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

41. FINANCIAL INSTRUMENTS – CARRYING AMOUNT AND FAIR VALUE

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and trading on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

42. SHARE CAPITAL

(a) Authorised and issued share capital

	Company			
Authorised	2014 Number	2014 HK$'000	2013 Number	2013 HK$'000
Ordinary shares of HK$0.02 each	20,000,000,000	400,000	20,000,000,000	400,000

Issued and fully paid	2014 Number	2014 HK$'000	2013 Number	2013 HK$'000
Ordinary shares of HK$0.02 each				
At beginning of the year	14,879,351,515	297,587	12,437,351,515	248,747
Placement of shares *(note a(i))*	–	–	2,442,000,000	48,840
At end of the year	14,879,351,515	297,587	14,879,351,515	297,587

42. SHARE CAPITAL *(Continued)*

(a) Authorised and issued share capital *(Continued)*

Note:

(i) On 21 June 2013, the Company entered into 2 share subscription agreements to issue 2,442,000,000 new shares at the subscription price of HK$0.14 each to 2 independent parties. All the shares ranked pari passu in all respects among themselves and all other existing shares. These new shares were issued on 16 July 2013 and the subscription money of HK$341,880,000 was duly received.

(b) Capital management policy

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debts as total debt (which comprise non-current other payables and bank loans less cash and cash equivalents and pledged bank deposits). Adjusted capital comprises all components of equity.

During the year, the Group's strategy was to maintain the net debt-to-adjusted capital ratio at the lower end of the range 60% to 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

42. SHARE CAPITAL *(Continued)*

(b) Capital management policy *(Continued)*

The net debt-to-adjusted capital ratio at 31 December 2014 and 2013 was calculated as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Current liabilities		
Bank loans	3,337,768	3,459,042
Non-current liabilities		
Bank loans	4,550,096	2,685,637
Other payables	152,246	153,598
	4,702,342	2,839,235
Total debt	8,040,110	6,298,277
Less: Cash and cash equivalents	(1,098,074)	(942,721)
Pledged bank deposits	(775,425)	(1,571,342)
Net debt	6,166,611	3,784,214
Total equity and adjusted capital	6,276,942	6,630,960
Net debt-to-adjusted capital ratio	98%	57%

42. SHARE CAPITAL *(Continued)*

(c) Share option scheme

2012 Share option scheme

The Company adopted a share option scheme on 18 July 2012 (the "2012 Share Option Scheme"), for primary purpose of providing incentives to eligible participants. Details of the 2012 Share Option Scheme are as follows:

On 18 July 2012, the Company adopted the 2012 Share Option Scheme which will expire on 17 July 2022. Pursuant to the terms of the 2012 Share Option Scheme, the Company may grant options at a consideration of HK$1 to eligible participants (including directors, shareholders, eligible employees, suppliers and customers of the Company or its subsidiaries) to subscribe for shares in the Company. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share as quoted on the Stock Exchange on the date of grant, (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares on the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date on which the options are granted. Options granted should be accepted within 28 days from the date of offer.

The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the Company's shares in issue as at the date on which the relevant share option scheme has been adopted.

The 2012 Share Option Scheme may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2012 Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed or exercised in accordance with the 2012 Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

42. SHARE CAPITAL *(Continued)*

(c) Share option scheme *(Continued)*

2012 Share option scheme (Continued)

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Company's shares in issue. Where any further grant of options to a participant would result in the Company's shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant in aggregate exceeding 1% of the Company's shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his associates abstaining from voting.

However, the overall limit on the number of the Company's shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

During the year, no option has been granted under the 2012 Share Option Scheme.

The exercise price of options outstanding at the end of the year 2013 range between HK$0.3840 and HK$0.3850 and their weighted average remaining contractual life were 0.24 years.

No option (2013: 182,000,000) were outstanding, rested and exercisable at the ended of the year 2014.

Options for 182,000,000 shares had lapsed (2013: 28,000,000 were forfeited) during the year ended 31 December 2014. The value of lapsed options of HK$24,760,000 (2013: HK$11,057,000) was released directly to retained profits.

42. SHARE CAPITAL *(Continued)*

(c) Share option scheme *(Continued)*

The following tables disclose the movements in such share options during the year:

Date of grant	Exercisable period	Exercise price HK$	Number of shares in respect of the options granted: Outstanding at 1 January 2014	Lapsed during the year	Outstanding at 31 December 2014
Options granted to directors					
30 March 2010	30 March 2011 - 29 March 2014	0.3840	20,000,000	(20,000,000)	–
30 March 2010	30 March 2012 - 29 March 2014	0.3840	10,000,000	(10,000,000)	–
			30,000,000	(30,000,000)	–
Options granted to a former director					
30 March 2010	31 March 2011 - 29 March 2014	0.3840	48,000,000	(48,000,000)	–
30 March 2010	31 March 2012 - 29 March 2014	0.3840	36,000,000	(36,000,000)	–
30 March 2010	31 March 2013 - 29 March 2014	0.3840	36,000,000	(36,000,000)	–
			120,000,000	(120,000,000)	–
Options granted to employees					
30 March 2010	30 March 2011 - 29 March 2014	0.3840	15,000,000	(15,000,000)	–
30 March 2010	30 March 2012 - 29 March 2014	0.3840	11,000,000	(11,000,000)	–
30 March 2010	30 March 2013 - 29 March 2014	0.3840	6,000,000	(6,000,000)	–
			32,000,000	(32,000,000)	–
			182,000,000	(182,000,000)	–
Weighted average exercise price (HK$)			0.384	0.384	–

42. SHARE CAPITAL *(Continued)*

(c) Share option scheme *(Continued)*

Date of grant	Exercisable period	Exercise price HK$	Number of shares in respect of the options granted: Outstanding at 1 January 2013	Lapsed during the year	Outstanding at 31 December 2013
Options granted to directors					
12 November 2009	12 November 2010 - 11 November 2013	0.3850	17,000,000	(17,000,000)	–
12 November 2009	12 November 2011 - 11 November 2013	0.3850	9,000,000	(9,000,000)	–
12 November 2009	12 November 2012 - 11 November 2013	0.3850	9,000,000	(9,000,000)	–
30 March 2010	30 March 2011 - 29 March 2014	0.3840	20,000,000	–	20,000,000
30 March 2010	30 March 2012 - 29 March 2014	0.3840	10,000,000	–	10,000,000
			65,000,000	(35,000,000)	30,000,000
Options granted to a former director					
30 March 2010	31 March 2011 - 29 March 2014	0.3840	48,000,000	–	48,000,000
30 March 2010	31 March 2012 - 29 March 2014	0.3840	36,000,000	–	36,000,000
30 March 2010	31 March 2013 - 29 March 2014	0.3840	36,000,000	–	36,000,000
			120,000,000	–	120,000,000
Options granted to employees					
12 November 2009	12 November 2010 - 11 November 2013	0.3850	30,000,000	(30,000,000)	–
12 November 2009	12 November 2011 - 11 November 2013	0.3850	15,000,000	(15,000,000)	–
30 March 2010	30 March 2011 - 29 March 2014	0.3840	15,000,000	–	15,000,000
30 March 2010	30 March 2012 - 29 March 2014	0.3840	11,000,000	–	11,000,000
30 March 2010	30 March 2013 - 29 March 2014	0.3840	6,000,000	–	6,000,000
			77,000,000	(45,000,000)	32,000,000
			262,000,000	(80,000,000)	182,000,000
Weighted average exercise price (HK$)			0.3843	0.3850	0.3840

43. RESERVES

Company	Share premium (note (a)) HK$'000	Capital redemption reserve HK$'000	Contributed surplus (note (b)) HK$'000	Special capital reserve (note (c)) HK$'000	Share option reserve (note (d)) HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	1,871,660	1,074	157,315	68,541	35,817	(234,577)	1,899,830
Issuance of ordinary shares	293,040	–	–	–	–	–	293,040
Transaction costs attributable to issuance of shares	(18)	–	–	–	–	–	(18)
Release upon lapse of share options	–	–	–	–	(11,057)	11,057	–
Loss for the year	–	–	–	–	–	(98,059)	(98,059)
At 31 December 2013	2,164,682	1,074	157,315	68,541	24,760	(321,579)	2,094,793
Release upon lapse of share options	–	–	–	–	(24,760)	24,760	–
Profit for the year	–	–	–	–	–	113,114	113,114
At 31 December 2014	2,164,682	1,074	157,315	68,541	–	(183,705)	2,207,907

Notes:

(a) Amount subscribed for share capital in excess of nominal value.

(b) The Company's contributed surplus represents the credit arising from the effect of share premium offset against accumulated losses in previous years.

(c) The special capital reserve represents the credit arising from the effect of reduction in share capital in previous years.

(d) Share option reserve represents the share-based payment under the Company's share option scheme.

44. LEASES

Operating leases – lessee

The lease payments recognised as expenses are as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Minimum lease payments	12,782	197,234	1,933	1,724

The total future minimum lease payments are due as follows:

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Not later than one year	1,687	4,438	1,062	1,881
Later than one year and not later than five years	6,402	45,737	90	919
Later than five years	25,819	178,592	–	–
	33,908	228,767	1,152	2,800

Operating lease payments in respect of rented premises payable by the Group relate to certain commercial properties for sub-letting and certain of its office premises. Leases are usually negotiated for an average term of two to ten years. Certain operating lease agreements in respect of the commercial properties for subletting last for 10 years and they are subject to contingent rent payments charged at 50% of the excess of monthly sublet income over the base rents as determined in the respective agreements, for the latter five years.

44. LEASES *(Continued)*

Operating leases – lessor

The Group's investment properties and certain properties for sales are leased to a number of tenants for leasing period from 4 to 20 years and 14 to 15 years respectively.

The minimum rent receivables under non-cancellable operating leases are as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Not later than one year	91,258	80,140
Later than one year and not later than five years	285,318	319,238
Later than five years	415,148	487,093
	791,724	886,471

45. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund (the "MPF") scheme for all eligible employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to profit or loss represents contributions payable to the MPF scheme by the Group at rates specified in rules of the MPF scheme.

The Group contributes to a local municipal government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to retirement scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The retirement benefit scheme contributions arising from the PRC municipal government retirement scheme charged to profit or loss represent contributions paid or payable by the Group at rates specified in the rules of the scheme.

46. INTERESTS IN SUBSIDIARIES

	Company 2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**1,003,717**	1,003,716
Amounts due from subsidiaries	**4,477,012**	3,566,806
Amounts due to subsidiaries	**265,056**	(245,885)

The amounts due from/to subsidiaries are unsecured, interest-free, repayable on demand and included in the Company's current assets and current liabilities respectively.

46. INTERESTS IN SUBSIDIARIES *(Continued)*

The Particulars of the Company's principal subsidiaries as at 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	Percentage of ownership interests indirectly	Principal activities and place of operations
上海証大置業有限公司 ("証大置業")*	The PRC	RMB820,000,000	–	100%	Property development and rental in the PRC
証大三角洲#	The PRC	RMB400,000,000	–	100%	Property development in the PRC
上海証大商業旅遊投資發展有限公司^	The PRC	RMB200,000,000	–	100%	Hotel operation and properties rental in the PRC
長春証大置業有限公司^	The PRC	RMB60,000,000	–	95%	Property development in the PRC
揚州証大商旅發展有限公司^	The PRC	RMB30,000,000	–	80%	Property development in the PRC
吉林市証大華城房地產開發有限公司^	The PRC	RMB20,000,000	–	100%	Property development in the PRC
海南新世界發展有限公司^	The PRC	RMB120,000,000	–	100%	Property development in the PRC
南京証大立方置業有限公司("南京立方")^	The PRC	RMB700,000,000	–	80%	Property development in the PRC
Zendai Development (South Africa) Property Limited	South Africa	ZAR 1	–	100%	Property development in South Africa

46. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
Zendai Investment (South Africa) Property Limited	South Africa	ZAR 1	–	100%	Property investment in South Africa
成都山水置業有限公司^	The PRC	RMB8,000,000	–	100%	Property development in the PRC
Wah Kong Travel Limited	Hong Kong	HK$1,250,000	–	60%	Sales of air tickets and provision of travel related services in HK
海門証大濱江置業有限公司#	The PRC	USD49,600,000	–	100%	Property development in the PRC
上海証大西鎮置業發展有限公司 ("証大西鎮")^	The PRC	RMB290,000,000	–	100%	Property development in the PRC
上海証大商業經營有限公司^	The PRC	RMB20,000,000	–	100%	Properties rental, management and agency services in the PRC
上海証大物業管理有限公司^	The PRC	RMB5,000,000	–	100%	Property management in the PRC
海南華意置業有限公司#	The PRC	RMB88,000,000	–	60%	Property Development in the PRC
鄂爾多斯市証大房地產開發有限公司^	The PRC	RMB50,000,000	–	100%	Property development in the PRC

46. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	Percentage of ownership interests indirectly	Principal activities and place of operations
青島証大大拇指商業發展有限公司*	The PRC	USD12,000,000	–	100%	Property development in the PRC
吉林省君誠房地產開發有限公司 ("吉林省君誠")^	The PRC	RMB200,000,000	–	57%	Property development in the PRC
長春証大物業服務有限公司^	The PRC	RMB500,000	–	100%	Property management in the PRC
吉林市城華物業服務有限公司	The PRC	RMB500,000	–	100%	Property management in the PRC
廊坊市証合泰房地產開發有限公司 ("証合泰")^	The PRC	RMB100,000,000	–	100%	Property development in the PRC
海門証大濱江物業管理有限公司^	The PRC	RMB500,000	–	100%	Property management in the PRC
揚州大拇指商業經營管理有限公司^	The PRC	RMB500,000	–	100%	Property management in the PRC
海門証大創意投資發展有限公司^	The PRC	RMB3,800,000	–	100%	Property development in the PRC
上海証大西鎮大拇指商業經營管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
江蘇証大商業文化發展有限公司^	The PRC	RMB50,000,000	–	100%	Property development in the PRC

46. INTERESTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued share capital/paid-up registered capital	Percentage of ownership interests directly	indirectly	Principal activities and place of operations
上海証大喜瑪拉雅演藝有限公司 ("喜瑪拉雅演藝")^	The PRC	RMB5,000,000	–	100%	Properties rental, management and agency services in the PRC
上海証大喜瑪拉雅酒店管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
青島深藍復式酒店管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
煙台証大大拇指置業有限公司#	The PRC	RMB150,000,000	–	70%	Property development in the PRC
南通喜瑪拉雅酒店管理有限公司^	The PRC	RMB1,000,000	–	100%	Property management in the PRC
海門証大商業經營管理有限公司^	The PRC	RMB2,000,000	–	100%	Property management in the PRC
Auto Win Investment Ltd.	British Virgin	USD1	100%	–	Properties rental in the PRC

46. INTERESTS IN SUBSIDIARIES *(Continued)*

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

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.

* These subsidiaries are registered as wholly-foreign-owned enterprises under the PRC Laws.

These subsidiaries are registered as sino-foreign equity joint ventures under the PRC Laws.

^ These subsidiaries are registered as limited liability companies under the PRC Laws.

47. ACQUISITION OF A SUBSIDIARY

On 10 March 2014, the Group entered into an agreement with an independent third party ("Vendor") to acquire 100% of its shareholding in 南京立方 at a cash consideration (the "Consideration") of RMB902,300,000 (equivalent to approximately HK$1,127,900,000). The acquisition was completed on 11 April 2014. Up to the date of the acquisition, 南京立方 had not commenced its operation. The Consideration was fully paid and settled on 1 April 2014.

The above acquisition was accounted for as an acquisition of assets and liabilities as the entity acquired by the Group does not constitute a business. Details of the net assets acquired in the above acquisition were as follows:

	Vendor's carrying amount at acquisition HK$'000	Cost allocation adjustment HK$'000	Carrying value of the adjusted asset acquired HK$'000
Net assets acquired of:			
Properties under development	525,294	602,606*	1,127,900
Total consideration satisfied by:			
Cash			1,127,900
Net cash outflow arising on acquisition:			
Cash consideration paid			1,127,900

* The amount represents the difference between the Consideration and the sum of the net asset of the Vendor acquired by the Group amounting to HK$525,294,000.

48. DISPOSAL OF SUBSIDIARIES

(a) For the year ended 31 December 2013

On 16 November 2012, the Group entered into an agreement (the "Agreement") with an independent third party ("Venturer") to dispose of its 10% equity interest ("Sale Interest") in Nanjing Zendai for a cash consideration of RMB120,000,000 (equivalent to approximately HK$148,240,000). The transaction led to the reduction of the Group's equity interests in Nanjing Zendai from 100% to 90%. According to the Agreement, Nanjing Zendai is jointly controlled by the Group and the Venturer and, therefore, Nanjing Zendai became a joint venture of the Group. The disposal was completed on 5 January 2013. The consideration was fully settled on 30 June 2013.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	266
Property held under development	2,974
Other receivable and prepayment	5
Deposits for property under development	361,524
Amount due from subsidiaries	1,182,541
Cash and cash equivalents	939,245
Amount due to existing non-controlling interest	(2,739)
Amount due to subsidiaries	(332,642)
Bank loans	(669,944)
	1,481,230
Gain on disposal of 10% equity interests in Nanjing Zendai	117
Total consideration	1,481,347
Total consideration satisfied by:	
Cash received	148,240
Fair value of 90% retained equity interests in Nanjing Zendai	1,333,107
	1,481,347
Net cash outflow arising from the disposal:	
Cash received	148,240
Cash and cash equivalents disposed of	(939,245)
	(791,005)

49. PARTIAL DISPOSAL OF SUBSIDIARIES

(a) On 24 March 2014, the Group disposed of a 20% share capital in Richtex Holdings Limited ("Richtex"), a wholly-owned subsidiary of the Group (the "Disposal"), to an independent third party, at a consideration of HK$256,410,000 (equivalent to RMB200,000,000), which was satisfied by cash. The Disposal results in an increase in other reserves of HK$262,643,000.

Before completion of the above Disposal, the Group owned 100% effective equity interest in Richtex. Upon completion of the above Disposal, effective equity interest in Richtex owned by the Group decreased to 80%.

(b) On 28 March 2014, one of the joint venture parties of the Group injected HK$46,741,000 (equivalent to RMB37,000,000) in cash to 廊坊市証合泰房地產有限公司 ("証合泰"), a wholly-owned subsidiary of the Group (the "Transaction"), to subscribe for its new shares. Upon completion of the Transaction, the effective equity interest in 証合泰 owned by the Group decreased to 73% and it resulted in an increase in other reserves of HK$9,716,000.

(c) On 17 September 2013, the Group disposed of a 40% equity interest in吉林省君城 (the "Transaction") to an independent third party, at a consideration of HK$105,250,000 (equivalent to RMB84,000,000), which was satisfied by cash. The Transaction resulted in an increase in other reserves of HK$5,717,000.

Before completion of the above Transaction, the Group had owned 95% effective equity interest in 吉林省君城. Upon completion of the above Transaction, effective equity interest in 吉林省君城 owned by the Group was decreased to 57%.

50. RELATED PARTY TRANSACTIONS/BALANCES

Same as those disclose elsewhere in the financial statements, the Group had entered into the following significant transactions and had balances with related parties:

(a) Compensation of key management personnel

The remuneration of directors who are also members of key management during the year was as follows:

	Group	
	2014 HK$'000	2013 HK$'000
Short-term benefits	10,297	9,369
Post-employment benefits	198	95
	10,495	9,464

The remuneration of directors is determined by reference to the performance of individuals and market trends.

50. RELATED PARTY TRANSACTIONS/BALANCES *(Continued)*

(b) Balances with related parties

		Amounts owed to the Group by related parties		Amounts owed by the Group to related parties	
		As at 31 December		As at 31 December	
		2014	2013	**2014**	2013
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amounts due from associates	*23*	**1,296,084**	1,075,479	**–**	–
Amounts due from joint ventures	*24*	**1,303,617**	685,509	**–**	–
Amounts due from related companies	*30*	**11,571**	16,256	**–**	–
Amounts due from minority owners of subsidiaries	*31*	**31,770**	36,379	**–**	–
Entrusted loan receivable from a joint venture	*33*	**126,072**	126,919	**–**	–
Amount due to joint venture	*35*	**–**	–	**929,777**	635,867
Amounts due to related companies	*36*	**–**	–	**34,646**	41,752
Amounts due to minority owners of subsidiaries	*31*	**–**	–	**115,730**	56,319

The Group had not made any provision for bad or doubtful debts in respect of related party debtors.

(c) In year 2014, 証大置業 and 喜瑪拉雅演藝 entered into the renovation contracts amounted to HK$33,304,000 and HK$775,000 with a related company of which the director is a close member of Mr. Dai. The services have been completed in year 2014.

(d) 証大投資, a company wholly-owned by Mr. Dai, provided corporate guarantees to the extent of HK$425,100,000 (2013: HK$177,688,000) for a bank loan (Note 37) of the Group as at 31 December 2014.

51. CONTINGENT LIABILITIES

As at 31 December 2014, the Group provided guarantees to the extent of approximately HK$165,447,000 (2013: HK$346,715,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also shared contingent liabilities of a joint venture arising from guarantees provided by the joint venture to banks to the extent of approximately HK$36,272,000 (2013: HK$23,272,000) in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the joint venture. These guarantees provided by the Group and the joint venture, to the banks would be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition.

52. LITIGATION

On 4 June 2012, Shanghai Zendai Land Company Limited ("Shanghai Zendai Land"), a wholly-owned subsidiary of the Company, was served a document of summons issued by Shanghai No. 1 Intermediate People's Court (the "Court") in relation to disputes on asset damage and compensation and breaching of pre-emptive rights in shareholding of Shanghai Haizhimen Property Management Co., Ltd., the then associate of the Company, initiated by Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun") (the "Claims").

On 24 April 2013, the Court issued a first instance judgment (the "Judgment") and granted an order to (i) invalidate the agreement on disposal of Shanghai Zendai Wudaokou Property Company Limited ("Shanghai Zendai Wudaokou"); (ii) invalidate the share transfer agreement relating to the transfer of the entire equity interests of Shanghai Zendai Wudaokou to an independent third party ("Purchaser"), and, (iii) reinstate the ownership of Shanghai Zendai Wudaokou within 15 days after the effective date of the Judgment to the state prior to the transfer.

On 7 May 2013, an appeal (the "Appeal") was lodged with the Higher People's Court of Shanghai against the Judgment.

52. LITIGATION *(Continued)*

The Company's PRC legal advisers have advised that since the Appeal has been duly lodged, the Judgment cannot be enforced and will not become effective pending the results of the Appeal. In addition, the Company's PRC legal advisers consider that the legal grounds on which the Judgment was based are mistaken. Accordingly, the Company's PRC legal advisers are of the view that there are valid grounds for the Appeal and that the Company has a reasonable chance to win the Appeal.

The Directors believe that the disposal of the equity interests of Shanghai Zendai Wudaokou does not constitute a breach of any pre-emptive rights based on the legal advice. As the Judgment will not become effective pending the results of the Appeal, the Directors consider that the Group does not control Shanghai Zendai Wudaokou and therefore it should not be consolidated in the Group's consolidated financial statements. Further, the Directors are of the opinion that is not probable that the Group will incur any loss as a result of the Claims based on the legal advice.

In the event that the Appeal is unsuccessful, the agreement on the disposal and share transfer agreement in relation to the sale of Shanghai Zendai Wudaokou would be invalidated and ownership would revert to the Group. Should this happen, the Group may need to pay back the previously received consideration which amounted to RMB2,860,000,000 (equivalent to HK$3,605,648,000) to the Purchaser. The Group would also obtain control of Shanghai Zendai Wudaokou. Adjustments would need to be made to the consolidated financial statements to recognise the liability, if any, to the Purchaser and to recognise the assets and liabilities of Shanghai Zendai Wudaokou.

53. COMMITMENTS

	Group	
	2014 HK$'000	2013 HK$'000
Commitments for the property development – contracted for but not provided	1,964,278	2,407,452
Commitments for asset acquisition – contracted for but not provided	–	838,170

54. PLEDGE OF ASSETS

(a) At the end of reporting period, the carrying amounts of the following assets of the Group were pledged to secure certain bank loans (note 37), amount due non-controlling interest and payment guarantees granted to the Group.

	2014 HK$'000	2013 HK$'000
Property, plant and equipment	605,191	341,852
Payment for leasehold land held for own use under operating leases	625,700	617,316
Investment properties	2,576,904	2,473,761
Properties under development and for sales	1,716,890	1,118,894
Pledged bank deposits	775,425	1,571,342
	6,300,110	6,123,165

(b) At 31 December 2013, the Group pledged certain properties under development and for sales with carrying amount of HK$482,295,000 from its joint venture, 文廣証大, for a bank loan of the Group which has been released during the year.

(c) At 31 December 2014, the Group pledged several wholly owned subsidiaries' shares held by the Group with net asset amounts of HK$463,025,000 to secure a bank loan granted to the Group (31 December 2013: Nil).

(d) At 31 December 2014, the Group pledged several wholly and partially owned subsidiaries' shares held by the Group with net asset amounts of HK$2,640,444,000, to secure the amounts due to minority owners of subsidiaries.

55. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities as defined in note 4(k):

	2014		2013	
	Carrying amount HK$'000	Fair value HK$'000	Carrying amount HK$'000	Fair value HK$'000
Financial assets				
Loans and receivables	5,167,360	5,167,360	4,888,749	4,888,749
Available-for-sale financial assets (excluding those assets carried at cost)	2,648	2,648	2,665	2,665
Financial liabilities				
Financial liabilities measured at amortised cost	11,389,336	11,389,336	8,351,370	8,351,370

Determination of fair values of financial assets and financial liabilities is set out in note 40.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	31 December 2014			31 December 2013		
	Level 1 HK$'000	Level 3 HK$'000	Total HK$'000	Level 1 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets						
Available-for-sale financial assets						
– Investment funds	2,648	–	2,648	2,639	–	2,639

56. APPROVAL OF FINANCIAL STATEMENTS

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

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2014

The following table summarises the results, assets and liabilities of the Group for the last five years.

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**1,579,612**	2,227,663	1,122,891	2,796,296	3,959,091
(Loss)/Profit before tax expenses	**(916,090)**	(71,246)	872,607	953,820	1,149,671
Tax credit/(expenses)	**422,622**	151,153	(316,843)	(505,606)	(582,044)
(Loss)/profit for the year	**(493,468)**	79,907	555,764	448,214	567,627

ASSETS AND LIABILITIES

	At 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**21,254,035**	17,791,114	15,860,679	27,832,663	22,619,546
Total liabilities	**(14,977,093)**	(11,160,154)	(10,060,844)	(22,019,738)	(17,492,812)
Non-controlling interests	**(360,234)**	(404,811)	(204,164)	(263,495)	(196,305)
Balance of shareholders' funds	**5,916,708`**	6,226,149	5,595,671	5,549,430	4,930,429