



佳兆業集團控股有限公司*
KAISA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1638

BRING YOU
JOYFUL LIVING



ANNUAL REPORT 2014

*For identification purposes only

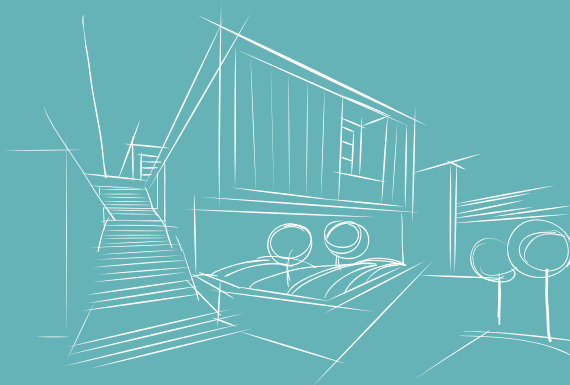
GROUP OVERVIEW

Founded in 1999, Kaisa Group Holdings Ltd. (the “**Company**” or “**Kaisa**”) and its subsidiaries (collectively the “**Group**”) are large-scale integrated property developer. The shares of the Company commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited on 9 December 2009. Over the years, the Group has been primarily focusing on urban property development. The scope of its business covers property development, commercial operation, hotel management and property management services with products comprising residential properties, villas, offices, serviced apartments, integrated commercial buildings and mega urban complexes. Founded in Shenzhen, the Group has expanded to cover the economically-vibrant cities and regions, including the Pearl River Delta, the Yangtze River Delta, the Western China Region, the Central China region and the Pan-Bohai Bay Rim.

Kaisa is committed to the core values of “professionalism, innovation, value and responsibility” by actively participating in a wide range of urban development projects in China and we believe it will inject creativity into China’s urbanisation process. We believe our brand “Kaisa” remains to be our pledge to carry out high quality property developments, to surpass the industry’s standards and requirements, and of devotion to customer satisfaction.



CONTENTS



2	CORPORATE INFORMATION	75	REPORT OF THE DIRECTORS
4	MILESTONE	86	INDEPENDENT AUDITORS' REPORT
6	AWARDS	88	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
10	CHAIRMAN'S STATEMENT	89	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
14	MANAGEMENT DISCUSSION AND ANALYSIS	91	STATEMENT OF FINANCIAL POSITION
24	PROJECT PORTFOLIO — SUMMARY	92	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
53	DIRECTORS AND SENIOR MANAGEMENT	93	CONSOLIDATED STATEMENT OF CASH FLOWS
58	CORPORATE SOCIAL RESPONSIBILITY REPORT	94	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
62	CORPORATE GOVERNANCE REPORT	186	FINANCIAL SUMMARY



CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. KWOK Ying Shing (*Chairman*)
 Mr. SUN Yuenan
 Mr. YU Jianqing
 Mr. ZHENG Yi

NON-EXECUTIVE DIRECTOR

Ms. CHEN Shaohuan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. RAO Yong
 Mr. ZHANG Yizhao
 Mr. LIU Xuesheng

AUDIT COMMITTEE

Mr. RAO Yong (*Chairman*)
 Mr. ZHANG Yizhao
 Ms. CHEN Shaohuan

REMUNERATION COMMITTEE

Mr. ZHANG Yizhao (*Chairman*)
 Mr. RAO Yong
 Mr. KWOK Ying Shing

NOMINATION COMMITTEE

Mr. KWOK Ying Shing (*Chairman*)
 Mr. RAO Yong
 Mr. ZHANG Yizhao

AUTHORISED REPRESENTATIVES

Mr. SUN Yuenan
 Mr. YU Jianqing

COMPANY SECRETARY

Mr. HABIBULLAH Abdul Rahman

REGISTERED OFFICE

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

HEADQUARTERS IN THE PRC

Room 3306, Kerry Center
 Ren Min Nan Road
 Luohu
 Shenzhen
 China



PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2001
20th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

PRINCIPAL BANKERS

Bank of China Limited
Industrial and Commercial Bank of China Limited
Ping An Bank Company Limited
China Citic Bank Corporation Limited

LEGAL ADVISERS

As to Hong Kong and U.S. law:
Sidley Austin

As to PRC law:
King & Wood Mallesons

As to Cayman Islands law:
Harney Westwood & Riegels

AUDITORS

Grant Thornton Hong Kong Limited

LISTING INFORMATION

Share Listing
The Company's ordinary shares are listed on
the Main Board of The Stock Exchange of
Hong Kong Limited
(Stock Code: 1638.HK)

COMPANY'S WEBSITE

<http://www.kaisagroup.com>





MILESTONES

JAN

- Wuhan Golden World ranked second and third in terms of number of units sold and GFA sold respectively.
- The Group ranked second in terms of sales amount, GFA sold and number of units sold in Nan Chong.
- Issued US\$250 million 8.875% senior notes due 2018 for the purpose of refinancing existing indebtedness, financing property projects and general corporate use.
- Acquired a total of three land parcels located in Huizhou and Suzhou, among which two are located in Suzhou Xiangcheng and Gaoxin Yuan Qu, and are the Group's debut in the Suzhou urban area.
- Acquired a land parcel located in Nanjing. This is considered as the Group's debut into the Nanjing urban area.
- Acquired 2 land parcels in Yue Liang Wan Avenue, Shenzhen with total GFA of 205,693 sq.m., strengthening the Group's presence in Pearl River Delta.

FEB

- Acquired a land parcel located in Chengdu by public auction.

APR

- The Group and Sino Life Insurance Co., Ltd have jointly acquired a land parcel in Dapeng for a consideration of RMB5.4 billion. The land parcel is the largest plot for integrated land use in the history of land transfer in Shenzhen. The plot occupies an aggregate site area of approximately 869,800 sq.m. with a total GFA of approximately 516,000 sq.m..

JUN

- The Group ranked 19th in the league of “Top 50 Real Estate Enterprises of China in 1H 2014” in terms of total sales amount and ranked top 30 in terms of GFA sold and average selling price.
- In the first half of 2014, Shenzhen Kaisa City plaza, with a sales area of 98,100 sq.m, in GFA sold was the champion in GFA sold among projects in Shenzhen.
- Issued US\$400 million 9.00% senior notes due 2019 for the purpose of refinancing existing indebtedness, financing property projects and general corporate use.

JUL

- Shenzhen Kaisa Yuefeng Garden was included in the league of Top 10 in Shenzhen in terms of the sales area and sales amount of single project launched.

AUG

- By acquiring a land parcel located in Qingpu, Shanghai, by public auction, the Group has further optimized its land reserve.

SEP

- The Company was included as a constituent of the Hang Seng Composite LargeCap/MidCap Index.

DEC

- Fund Resources Investment Holding Group Company Limited (“Fund Resources Investment”), a substantial shareholder of the Company, acquired 575,500,000 shares of the Company from Da Zheng Investment Company Limited. Upon the completion of transaction, the shareholding of Funde Sino Life Insurance Co., Ltd. (together with Fund Resources Investment) in the Company increased to approximately 29.94%.

Notes:

⁽¹⁾ According to statistics compiled by China Real Estate Information Corporation (“CRIC”)

⁽²⁾ According to statistics compiled by China Real Estate Index System (“CREIS”)

AWARDS

- 1** **China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center**

March 2014

2014 Top 20 Real Estate Development Enterprises in China, 2014 Top 10 Real Estate Development Enterprises in terms of "Growth Potential" in China and 2014 Top 10 Real Estate Development Enterprises in terms of "Operating Efficiency" in China
- 2** **Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy**

March 2014

2014 China Real Estate TOP 100, (Enterprises, Eight Years in a Row from 2007-2014 as Top 100 Real Estate Enterprises), 2014 Top 10 developers in terms of "Operating Efficiency" among the 2014 China TOP 100 Real Estate Developers and 2014 TOP 10 developers in terms of "Growth" among the 2014 China TOP 100 Real Estate Developers
- 3** **Enterprises Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy**

May 2014

Top 10 Hong Kong – Listed China – based Property Developers in 2014 in terms of both "Investment Value" and "Economic Value Added"
- 4** **China Academy of Real Estate, China Real Estate Association and China Real Estate Appraisal Center**

May 2014

2014 China Top 20 Listed Real Estate Companies in terms of "Comprehensive Strength"
- 5** **Economic Observer**

June 2014

11th China Blue-Chip Real Estate Developer
- 6** **Leading Group of Poverty Alleviation Development of Guangdong Province**

June 2014

Bronze Cup of 2013 "Kapok Cup" of Guangdong Poverty Alleviation Project
- 7** **Hong Kong Economic Digest Magazine**

August 2014

2014 Outstanding Chinese Property Developers
- 8** **Enterprise Research Institute of Development Research Centre of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy**

September 2014

2014 Top 10 Most Valuable Real Estate Brands in China, and 2014 Professional Leading Brands of China Real Estate – Urban Renewal



1



2



3



4



5



6

AWA



7



8



9



10



11



12

9 Hong Kong Economic Digest Magazine

October 2014

Hong Kong Outstanding Enterprises 2014

10 Industrial and Commercial Bank of China Limited (Shenzhen Branch), Agricultural Bank of China Limited (Shenzhen Branch), Bank of China Limited (Shenzhen Branch), China Construction Bank Corporation (Shenzhen Branch) and Top-notch Credit Standing Chinese Real Estate Enterprises Conference

November 2014

2014 Top 10 (Top notch credit standing) Shenzhen Real Estate Developer

11 Capital Weekly Magazine

November 2014

2014 The Excellence of Listed Enterprise Awards

12 The Hong Kong Institute of Financial Analysts and Professional Commentators Limited

November 2014

Outstanding Listed Company Award 2014

13 New Express Daily

December 2014

2014 Influencing Guangzhou: Annual Real Estate Brand

14 Xinhua Net

December 2014

2014 Responsible Property Developer in China

15 21st Century Business Herald, 21st Century Real Estate Forum Committee and Judging Committee of Golden Brick Award for Real Estate of China

December 2014

2014 Most Valuable Listed Real Estate Developer Award

16 Annual Chinese Real Estate Forum

December 2014

2014 Social Responsibility Award





QUALITY LIVING



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of Kaisa Group Holdings Ltd. (the "Company", together with its subsidiaries, the "Group"), I announce the annual results of the Group for the year ended 31 December 2014 together with the restated comparative figures for the previous corresponding year.

First of all, on behalf of the Board, I would like to take this opportunity to express our sincerest and utmost appreciation to all the shareholders of the Company, investors, business partners and other stakeholders for their patience and continued support to the Company despite the suspension of trading in the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 March 2015. For the resumption progress, please refer to the section headed "Resumption Progress" in the Report of the Directors.

RESULTS AND DIVIDEND

For the year ended 31 December 2014, the Group's turnover and gross profit reached approximately RMB19,600.2 million and RMB2,870.9 million, respectively, representing increase of approximately 0.4% and decrease of approximately 54.9% as compared to 2013, respectively. Loss attributable to equity holders of the Company and basic loss per share amounted to approximately RMB1,287.5 million and RMB25.5 cents, respectively (2013: Profit of approximately RMB2,174.6 million and basic earnings per share RMB44.2 cents).

The Board does not recommend payment of a final dividend for the year ended 31 December 2014 (2013: HK\$15 cents per share).

BUSINESS REVIEW

In 2014, the property market in the PRC experienced a correction after an earlier raising, with sales area and amount of commodity properties falling 7.6% and 6.3% respectively, reversing the previous trend of ongoing growth. According to the statistics on the property market released by the National Bureau of Statistics in December 2014, out of 70 large and medium-sized cities, 68 cities reported year-on-year declines in property prices. The market led a suppressed trend in general, with widening increases among cities, and showed more optimism in first-tier cities and regional centres in terms of transaction volumes.

For the year ended 31 December 2014, the Group's strategy of returning to first and second tier cities proved to be successful, boosting the Group's capability to contain impact from market fluctuations. However, due to the fact that the processing and filing of the sale and purchase agreements for certain property projects in Shenzhen in the second half of the year were blocked (the "Blockage"), the Group's contracted sales amounted to approximately RMB23.1 billion, representing a decline of 3% year-on-year. According to the Top 50 Real Estate Enterprise Property Developers by Sales jointly compiled and released by China Real Estate Information Corporation and China Real Estate Appraisal Center, Kaisa ranked 22nd in terms of sales amount in 2014, up three notches from 2013.

In 2014, the Group launched a total of 10 new projects in the following regions, namely Chengdu Kaisa City Plaza, Chengdu Kaisa Leading Town and Chongqing Kaisa Bright Harbour in southwestern China; Hangzhou Puyu Court, Hangzhou Kaisa Monarch Residence and Shanghai Kaisa City Plaza in the Yangtze River Delta; Huizhou Kaisa Mansion No. 1 and Guangzhou Kaisa Plaza in Pearl River Delta; and Changsha Kaisa Times Square and Wuhan Kaisa Mansion No. 1 in Central China, extending its geographical presence in different regions of the PRC further.





With respect to land acquisitions, the Group maintained its focus on first and second tier cities and provincial capitals. In 2014, through auctions and open sale, cooperative development and acquisitions, the Group acquired 10 land parcels or related interests at a total consideration of RMB12,539 million, within which, it established its presence in Nanjing and Suzhou for the first time, further diversifying its land bank portfolio. After three years of ongoing adjustments, the Group had achieved further optimisation in its land reserve. As at 31 December 2014, 79.2% of the Group's land bank was located in first and second tier cities. The ongoing optimisation of the structure of the Group's land bank can secure more high-quality resources required for the Group's expansion, boosting the Group's profitability and its ability against cyclical fluctuations of the industry.

Despite the Blockage towards the end of the year, the Group's Shenzhen operation managed to achieve contracted sales amount of RMB8.7 billion, representing approximately 38% of the Group's total contracted sales amount for the year. Shenzhen Kaisa City Plaza, Shenzhen Kaisa Yuefeng Garden and Shenzhen Kaisa Qianhai Plaza reported strong sales. According to the statistics compiled by ShenzhenHome (www.szhome.com), in 2014, Shenzhen Kaisa City Plaza ranked No. 1 and No. 2 respectively among individually launched projects in Shenzhen market, in terms of sales area and sales amount. In 2014, the Group ranked No. 2 in Shenzhen market in terms of sales amount, maintaining its solid market position.

INVESTOR RELATIONS

The Company is devoted to maintaining timely and effective communication with its shareholders and investors through various means. In addition to the regulatory filings and announcements, through monthly newsletters, communications with media, investor conferences, site visits and road shows, the Group strives to keep shareholders and investors well informed of its latest developments including business strategies, sales performances, operation and financial condition. The Group values inputs from investors, bond holders and shareholders, and through various channels to gather their views.

PROSPECTS

It's expected the adjustment measures on the real estate sector exacted earlier will take effect further in 2017 to ensure steady and healthy development of the country's property market as a whole. Markets in first-tier and key second-tier cities are expected to enter into a phase of correction, yet the net influx of population into these cities will sustain shortages in supply of high quality land plots for residential use. The Group stays optimistic about property markets in first and second tier cities and believes that pressure for inventory clearance in third and fourth tier cities will be gradually alleviated in the process of urbanisation development. There will be limited room envisaged for the sustaining easing monetary policies.

Against such backdrop, the Group will adjust its launching schedule and pace of sales according to the market policies and sentiments in different regions and meet the market demand through high quality products and services.

ACKNOWLEDGEMENT

The Board will continue to mitigate the negative impact and implement measures to manage any operational and reputational risks of the Group, and realise and enhance core strengths of the Group for its sustainable development. Last but not least, the Board has been making its best efforts to the resumption of trading of the Shares of the Company as soon as reasonably practicable.

On behalf of the Board, I would like to take this opportunity to express my wholehearted gratitude to all the shareholders of the Company, investors, business partners and customers. Hand-in-hand, we will tackle challenges together and endeavor to maximise value and returns for our shareholders and investors.

KWOK Ying Shing
Chairman

Hong Kong, 25 March 2017

FINE LIVING





MANAGEMENT DISCUSSION AND ANALYSIS



OVERALL PERFORMANCE

During the year, the Group recorded a turnover of approximately RMB19,600.2 million, representing an increase of 0.4% as compared to that of year 2013. Loss attributable to equity holders of the Company amounted to approximately RMB1,287.5 million (2013: Profit of approximately RMB2,174.6 million). Other than the loss of approximately RMB482.7 million which was related to the Incident, the operations and the other profit and loss items of the Group have not been affected by the Incident. The Group's net loss for the year, excluding early redemption premium of debts and changes in fair values of investment properties and financial derivatives, net of deferred tax decreased to approximately RMB3,934.4 million, representing a decrease of 286.1% as compared to that of year 2013. Basic loss per share was RMB25.5 cents (2013: Basic earnings per shares of RMB44.2 cents).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK\$15 cents per share).



Contracted sales in 2014

During the year ended 31 December 2014, the Group's contracted sales amounted to approximately RMB23,127 million, representing a decline of 3% year-on-year. Aggregated gross floor area ("GFA") sold for the year was approximately 2,461,978 sq.m., representing a decrease of 0.5% year-on-year. Average selling price ("ASP") of our contracted sales decreased by 4% year-on-year to RMB9,394 per sq.m.. The table below shows the Group's contracted sales by region in 2014:

Region	Contracted sales area (sq.m.)	Contracted sales amount (RMB in Millions)
Pearl River Delta	755,342	12,046
Yangtze River Delta	371,268	3,484
Western China Region	524,365	2,954
Central China Region	417,716	2,654
Pan-Bohai Bay Rim	393,287	1,989
Total	2,461,978	23,127

Property development

Projects completed in 2014

The Group adopts a strict and prudent practice in project development and adjusts its pace of business expansion as and when appropriate. During the year, the GFA of newly completed projects of the Group amounted to approximately 4.5 million sq.m..

Projects under development

As at 31 December 2014, the Group had 38 projects under development with an aggregate of GFA of approximately 8.1 million sq.m..

Property management

The Group provides property management services to properties developed by the Group. During the year under review, the Group managed a total floor area of approximately 17.7 million sq.m.. The Group's property management arm is striving to deliver excellent and professional services to its customers.

Investment properties

The Group adopts a diversified business strategy, characterised by its increase in property investment. The portfolio of investment properties will generate steady and reliable income, and enlarge the overall income base of the Group. The Group develops commercial properties such as office buildings, retail stores and car parks for leasing purpose. In managing its investment property portfolio, the Group takes into account the long-term growth potential, the overall market conditions, and its cash flows and financial condition. As at 31 December 2014, the Group held an aggregate GFA of 409,795 sq.m. completed investment properties for rental purpose.

Land bank

It remains an ongoing effort of the Group to expand its land reserve to implement the business strategy of rapid turnover model. Since late 2011, the Group started to re-focus the opportunities in first and second tier cities and provincial capitals with an emphasis on end-user mass market, enabling the Group to be less susceptible to policy risk while achieving a more balanced property portfolio. In 2014, we purchased a total of 10 land parcels or related interests through auctions and open sale, cooperative development and acquisitions. The aggregate consideration for the land acquisitions was RMB12,539.4 million, with an average land cost per total planned GFA of approximately RMB6,319 per sq.m.. The total planned GFA per maximum allowed plot ratio attributable to the Group is up to approximately 1,984,276 sq.m.. As at 31 December 2014, the Group had a total land bank of approximately 23.4 million sq.m., which is sufficient for the Group's development needs for the next five years.

The table below sets forth detailed information of these land acquisitions:

Time of Acquisition	Location	Attributable Interest	Site Area (sq.m.)	Attributable GFA (sq.m.)	Consideration (RMB in millions)	Type
January 2014	Huizhou	100%	167,000	288,700	142.4	Residential
January 2014	Suzhou	100%	59,628	155,035	500.0	Residential
January 2014	Suzhou	100%	33,234	93,055	740.0	Residential
January 2014	Nanjing	100%	109,832	302,037	4,379.6	Residential
January 2014	Shenzhen	51%	49,582	205,700	2,245.2	Commercial and Residential
February 2014	Chengdu	100%	57,837	248,500	570.3	Residential
April 2014	Shenzhen	51%	869,838	516,030	2,754.0	Complex
April 2014	Changsha	100%	3,855	13,107	41.9	Residential
May 2014	Anshan	100%	3,208	8,020	11.0	Residential
August 2014	Shanghai	100%	90,642	154,092	1,155.0	Residential
Total			1,444,656	1,984,276	12,539.4	

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from five business segments: (i) property development, (ii) property investment, (iii) property management, (iv) hotel and catering operations, and (v) cinema, department store and cultural centre operations. Revenue increased by 0.4% to approximately RMB19,600.2 million in 2014 from approximately RMB19,523.1 million in 2013. 97.0% of the Group's revenue was generated from the sales of properties (2013: 97.8%) and 3.0% from other segments (2013: 2.2%).

Sales of properties

Revenue from sales of properties decreased by approximately RMB86.6 million, or 0.5%, to approximately RMB19,003.7 million in 2014 from approximately RMB19,090.3 million in 2013, whereas the total delivered GFA increased from approximately 2,577,534 sq.m. in 2013 to approximately 2,596,476 sq.m. in 2014.

Since November 2014, processing and filing of the sale and purchase agreements for unsold units of some property projects of the Group in Shenzhen were blocked (the "**Blockage**") and a number of unsold units in those projects were subject to freezing order imposed by local courts in the PRC (the "**Seizure**"). All Seizure and the Blockage were lifted by July 2016.

Rental income

Rental income increased by approximately RMB55.5 million, or 31.1%, to approximately RMB234.1 million in 2014 from approximately RMB178.6 million in 2013. This increase was primarily attributable to increased rental space and higher rental rates.

Property management

Revenue from property management services increased by approximately RMB61.5 million, or 37.1%, to approximately RMB227.5 million in 2014 from approximately RMB166.0 million in 2013. This increase was primarily attributable to additional property management fee derived from the Group's property management services for the commercial properties and the residential units delivered in 2014.

Hotel and catering operations

Revenue from hotel and catering operations of the Group increased by approximately RMB15.9 million, or 31.8% to approximately RMB66.1 million in 2014 from approximately RMB50.2 million in 2013. This increase was mainly attributable to the Group's business expansion in the Pearl River Delta.

Cinema, department stores and cultural centre operations

Revenue from cinema, department stores and cultural centre operations increased by approximately RMB30.8 million, or 80.8%, to approximately RMB68.8 million in 2014 from approximately RMB38.0 million in 2013. The increase was primarily attributable to the business expansion in this segment in 2014.

Gross profit

As a result of the foregoing, the Group's gross profit decreased by approximately RMB3,499.5 million, or 54.9%, to approximately RMB2,870.9 million in 2014 from approximately RMB6,370.5 million in 2013. The Group's gross profit margin decreased to 14.6% in 2014 from 32.6% in 2013.

The decrease in gross profit margin was mainly resulted by the decrease in selling price per square meter of the completed properties held for sale in 2014 despite increase in cost of the properties sold per square meter caused mainly by higher construction cost per square meter. The significant drop in the transaction volume of the bulk sales in 2014 compared to 2013 also contributed to the decrease in gross profit margin in 2014 as the bulk sales of project properties in 2013 had much higher gross profit margins than that of commodity properties.

Other losses – net

The Group had net other losses of approximately RMB1,742.4 million in 2014, as compared to net other losses of approximately RMB428.7 million in 2013. The Group's net other losses in 2014 mainly comprised write-down of completed properties held for sale and properties under development of approximately RMB1,673.2 million and impairment loss on property and equipment and land use rights of approximately RMB164.5 million, offset by government subsidy income of RMB60.1 million. The Group's net other losses in 2013 mainly comprised the write-down of completed properties held for sale and properties under development of approximately RMB550.7 million, offset by compensation for termination of proposed development projects of approximately RMB64.9 million and government subsidy income on cultural projects operated by the Group with an aggregate amount of approximately RMB49.9 million.

The amounts of write-down of the completed properties held for sale and properties under development in 2014 and 2013 were determined based on the Company's accounting policy for write-down of inventories of properties as disclosed in the Company's previous years' annual reports. The significant increase in write-down in 2014 was contributed by the corrections experienced in the property markets in the PRC in 2014 evidenced by decreases in the contracted selling prices of the properties in 2014 and subsequently in 2015 and 2016. Furthermore, the Group had significantly more completed properties held for sale as at 31 December 2014 which were represented by unsold units of properties located in 3rd and 4th tier cities in the PRC. Such properties were more adversely affected by the PRC property market corrections than properties located in 1st and 2nd tier cities.

Selling and marketing costs

The Group's selling and marketing costs decreased by approximately RMB63.4 million, or 7.4%, to approximately RMB798.5 million in 2014 from approximately RMB861.9 million in 2013. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the year ended 31 December 2014.

Administrative expenses

The Group's administrative expenses increased by approximately RMB219.0 million, or 23.0%, to approximately RMB1,171.0 million in 2014 from approximately RMB952.0 million in 2013. The increase was primarily attributable to the increase in staff costs and auditor's remuneration.

Changes in fair value of investment properties

The increase in fair value of the Group's investment properties was approximately RMB728.7 million in 2013 and approximately RMB3,626.8 million in 2014. The increase in fair value of the Group's investment properties in 2014 was primarily contributed by transfer of properties held for sale into investment properties and also attributable to the increases of rentals in line with the market conditions of general increase in rental level of comparable properties.

Changes in fair value of financial derivatives

The Group has entered into forward foreign exchange contracts under the 2012 ISDA Master Agreement with The Hongkong and Shanghai Banking Corporation Limited, as the swap counterparty, to manage the Group's foreign exchange rate risk arising from the issuance of the Senior Notes April 2013. The changes in fair value of financial derivatives in 2013 and 2014 reflected the changes in fair value of these financial derivatives. The loss on changes in fair value of the Group's financial derivatives of approximately RMB85.8 million in 2014 was mainly attributable to the depreciation of Renminbi against the U.S. dollar during the year.

Loss arising from the Incident

The Group recorded a loss of approximately RMB482.7 million arising from the Incident as a whole in 2014 as a result of the findings of the Investigation described in note 2.1 to the consolidated financial statements for the year ended 31 December 2014.

Finance costs – net

The Group's net finance costs increased by approximately RMB327.0 million to approximately RMB750.8 million in 2014 from approximately RMB423.8 million in 2013. The increase was primarily attributable to net exchange loss of approximately RMB5.9 million recorded in 2014, whereas net exchange gain of approximately RMB279.9 million was recorded in 2013. The net exchange gain in 2013 mainly arises from the U.S. dollar denominated offshore financing as a result of the appreciation of Renminbi against the U.S. dollar.

Income tax expenses

The Group's income tax expenses increased by approximately RMB472.7 million, or approximately 20.6%, to approximately RMB2,765.9 million in 2014 from approximately RMB2,293.2 million in 2013. The increase was primarily attributable to the increase in deferred tax as a result of the increase in fair value of investment properties.

Loss for the year and total comprehensive loss for the year

As a result of the foregoing, the Group's loss for the year and total comprehensive loss for the year amounted to approximately RMB1,300.1 million. (2013: Profit and total comprehensive income of approximately RMB2,191.1 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2014, the carrying amount of the Group's cash and bank deposits was approximately RMB4,464.0 million (31 December 2013: approximately RMB8,706.2 million), representing a decrease of 48.7% as compared to that as at 31 December 2013. Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. Such guarantee deposits will be released after pre-sold properties are completed or their property ownership certificates are issued, whichever is the earlier. Additionally, as at 31 December 2014, certain of the Group's cash was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties. The aggregate of the above guarantee deposits amounted to approximately RMB1,078.3 million as at 31 December 2014 (2013: approximately RMB1,676.5 million).

Convertible bonds

On 20 December 2010, the Company issued RMB1.5 billion US\$ settled 8% convertible bonds due 2015 (the "**Convertible Bonds**") for the purpose of financing the acquisition of new land bank in the PRC and the Group's real estate projects. The initial conversion price is HK\$2.82 per share. The conversion price was adjusted downward to HK\$2.64 per share following the payment of a final dividend for the year ended 31 December 2013. Based on the conversion price of HK\$2.64 and assuming full conversion of the Convertible Bonds at such conversion price, the Convertible Bonds would be convertible into 662,184,424 new ordinary Shares. The conversion rights attaching to the Convertible Bonds have not been exercised during the year ended 31 December 2014. The proceeds from the issue of the Convertible Bonds were applied in accordance with the specified uses previously disclosed in the Company's announcement dated 2 December 2010. In July 2016, the Convertible Bonds were exchanged into mandatorily exchangeable bonds. Details of mandatorily exchangeable bonds were set out in the Company's announcement dated 17 March 2016.

Senior Notes

Details of the senior notes of the Company as at 31 December 2014 are set out below:

(a) Senior notes due 2017

On 18 September 2012, the Company issued US\$250 million 12.875% senior notes due 2017 (the "**Senior Notes 2012**") for the purpose of funding the Group's property projects and refinancing the Group's indebtedness and for general corporate use.

(b) Senior notes due 2020

On 8 January 2013, the Company issued US\$500 million 10.25% senior notes due 2020 (the "**Senior Notes January 2013**") for the purpose of refinancing the Group's exchangeable term loan in the aggregate amount of US\$120 million and RMB2.0 billion US\$ settled 8.5% senior secured guaranteed bonds due 2014 and general corporate use.

- (c) Senior notes due 2018
On 19 March 2013, the Company issued US\$550 million 8.875% senior notes due 2018 for the purpose of partially refinancing the Group's 13.5% senior notes due 2015 denominated in US\$, refinancing the Group's existing and new property projects (the "**Senior Notes March 2013**") and general corporate use. On 13 January 2014, the Company issued additional 8.875% senior notes due 2018 in the principal amount of US\$250 million (the "**Senior Notes January 2014**") for the purpose of funding the Group's existing and new property projects, refinancing the Group's indebtedness and general corporate use.
- (d) Senior notes due 2016
On 22 April 2013, the Company issued RMB1.8 billion 6.875% senior notes due 2016 (the "**Senior Notes April 2013**") for the purpose of fully refinancing the Senior Notes March 2013 and general corporate use.
- (e) Senior notes due 2019
On 6 June 2014, the Company issued US\$400 million 9% senior notes due 2019 (the "**Senior Notes June 2014**") for the purpose of funding the Group's existing and new property projects, refinancing the Group's indebtedness and general corporate use.

The Senior Notes 2012, the Senior Notes January 2013, the Senior Notes March 2013, the Senior Notes January 2014, the Senior Notes April 2013 and the Senior Notes June 2014 (collectively, the "**Existing Senior Notes**") were exchanged into five new tranches of notes maturing 31 December 2019, 30 June 2020, 31 December 2020, 30 June 2021 and 31 December 2021 (the "**New Senior Notes**") on July 2016. The New Senior Notes have terms substantially similar to the Existing Senior Notes.

Borrowings and charges on the Group's assets

As at 31 December 2014, the Group had aggregate borrowings of approximately RMB65,723.0 million, of which approximately RMB61,256.1 million will be repayable within 1 year, approximately RMB3,807.0 million will be repayable between 2 and 5 years and approximately RMB659.9 million will be repayable over 5 years. As at 31 December 2014, the Group's bank loans of approximately RMB38,786.5 million were secured by plant and equipment, land use rights, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB44,160.0 million. As at 31 December 2014, the Existing Senior Notes and the Convertible Bonds were secured by the share pledge of certain of the subsidiaries incorporated outside of the PRC, and joint and several guarantees given by certain subsidiaries of the Company. The Group's domestic bank loans carried a floating interest rate linking up with the base lending rate of the People's Bank of China. The Group's interest rate risk is mainly from the floating interest rate of domestic bank loans.

Key financial ratios

As at 31 December 2014, the Group had a leverage ratio (i.e. its net debts (total borrowings net of cash and cash equivalents, short-term bank deposits, restricted cash and long-term bank deposits) over total assets) of 50.8% (31 December 2013: 41.8%). The Group's net current assets decreased by 67.3% from approximately RMB9,020.6 million as at 31 December 2013 to approximately RMB2,947.3 million as at 31 December 2014, and the current ratio decreased from 1.1 times as at 31 December 2013 to 1.0 times as at 31 December 2014.

Cost of borrowings

During the year ended 31 December 2014, the Group's total cost of borrowings was approximately RMB5,734.5 million, representing an increase of approximately RMB1,662.9 million or 40.8% as compared to the corresponding period in 2013. The increase was primarily attributable to higher average debt balance during the year as compared to that in 2013.

Foreign currency risks

The Group's property development projects are all located in China and most of the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies which operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 31 December 2014, the Group had cash and bank balances denominated in US\$ of approximately RMB332.9 million and in HK\$ of approximately RMB54.0 million and the Senior Notes 2012, the Senior Notes January 2013, the Senior Notes March 2013, the Senior Notes January 2014 and the Senior Notes June 2014 in US\$ with an aggregate outstanding principal amount of US\$1,950.0 million, and other offshore banking facilities denominated in US\$ and HK\$, of US\$159.5 million and HK\$935.0 million respectively, which are subject to foreign currency exposure.

The Group does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

On 22 April 2013, in connection with the Senior Notes April 2013, the Company entered into an arrangement with an offshore bank to manage the Group's currency risk by using Renminbi-to-U.S. dollar currency swaps and converted borrowings of RMB1.8 billion to approximately US\$291.0 million through currency swap.

On 27 August 2014, in connection with the Senior Notes June 2014, the Company entered into an arrangement with an offshore bank to manage the Group's currency risk by using Hong Kong dollar-to-Renminbi currency swaps and converted borrowings of HK\$400 million to approximately RMB317.2 million through currency swap.

Financial guarantees

As at 31 December 2014, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by domestic banks to the Group's customers amounting to approximately RMB15,337.2 million (31 December 2013: approximately RMB9,856.7 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by a purchaser, the Group would be responsible for repaying the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchaser to the bank, but the Group would be entitled to assume legal title to and possession of the related property. These guarantees will be released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2014. Apart from those disclosed in this report, there was no plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

Employees and remuneration policy

As at 31 December 2014, the Group had approximately 9,846 employees (31 December 2013: approximately 10,570 employees). The related employees' costs (including the directors' remuneration) for the year ended 31 December 2014 amounted to approximately RMB650.8 million. The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry. In addition to basic salaries, employees may be offered with discretionary bonus and cash awards based on individual performance. The Group provides trainings for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills. Further, the Group adopted the share option scheme on 22 November 2009. Further information of such share option scheme has been set out in this report.

PROJECT PORTFOLIO – SUMMARY

We have accumulated substantial experience in developing 96 projects. The map below shows the geographical coverage of our property development projects as at 31 December 2014.

THE PAN-BOHAI BAY RIM – SHENYANG, YINGKOU, ANSHAN, BENXI, PANJIN, HULUDAO, WEIFANG, QINGDAO, LIAOYANG, DANDONG, DALIAN

Shenyang Kaisa Center, Yingkou Dragon Bay, Yingkou Monarch Residence, Anshan Lake View Waldorf, Anshan Monarch Residence, Anshan Kaisa Plaza, Benxi Lake View Place, Panjin Kaisa Center, Huludao Suizhong Kaisa Dongdaihe, Weifang Kaisa Golden World, Qingdao Kaisa Lake View Place, Liaoyang Gongchangling Project, Dandong Kaisa Mansion No. 1, Dalian Kaisa Center, Dalian Kaisa Plaza

THE YANGTZE RIVER DELTA – JIANGYIN, CHANGZHOU, TAIZHOU, SHANGHAI, TAICANG, HANGZHOU, SUZHOU, NANJING

Jiangyin Lake View Place, Jiangyin Gushan Mocha Town, Jiangyin Kaisa Plaza, Jiangyin Zhouzhuang Golden World, Jiangyin Changjing Lake View Waldorf, Jiangyin Tonghui Garden, Jiangyin Fuqiao Homeland, Changzhou Phoenix Lake No.1, Taizhou Kaisa Mansion No.1, Shanghai Shanhuwan Garden, Shanghai Shangpin Garden, Shanghai Kaisa Mansion No. 8, Shanghai Kaisa City Plaza, Shanghai Pudong Project, Shanghai Kaisa Monarch Residence, Taicang Lake View Waldorf, Hangzhou Jade Dragon Court, Hangzhou Kaisa Monarch Residence, Hangzhou Puyu Court, Suzhou Kaisa Plaza, Suzhou Kaisa Monarch Residence, Nanjing Kaisa City Plaza

THE WESTERN CHINA REGION – CHENGDU, NANCHONG, CHONGQING

Chengdu Kaisa Monarch Residence, Chengdu Lijing Harbour, Chengdu Modern Town, Chengdu Kaisa Mansion No. 8, Chengdu Kaisa City Plaza, Chengdu Kaisa Leading Town, Nanchong Kaisa Plaza, Nanchong Monarch Residence, Chongqing Kaisa Plaza, Chongqing Kaisa Bright Harbour

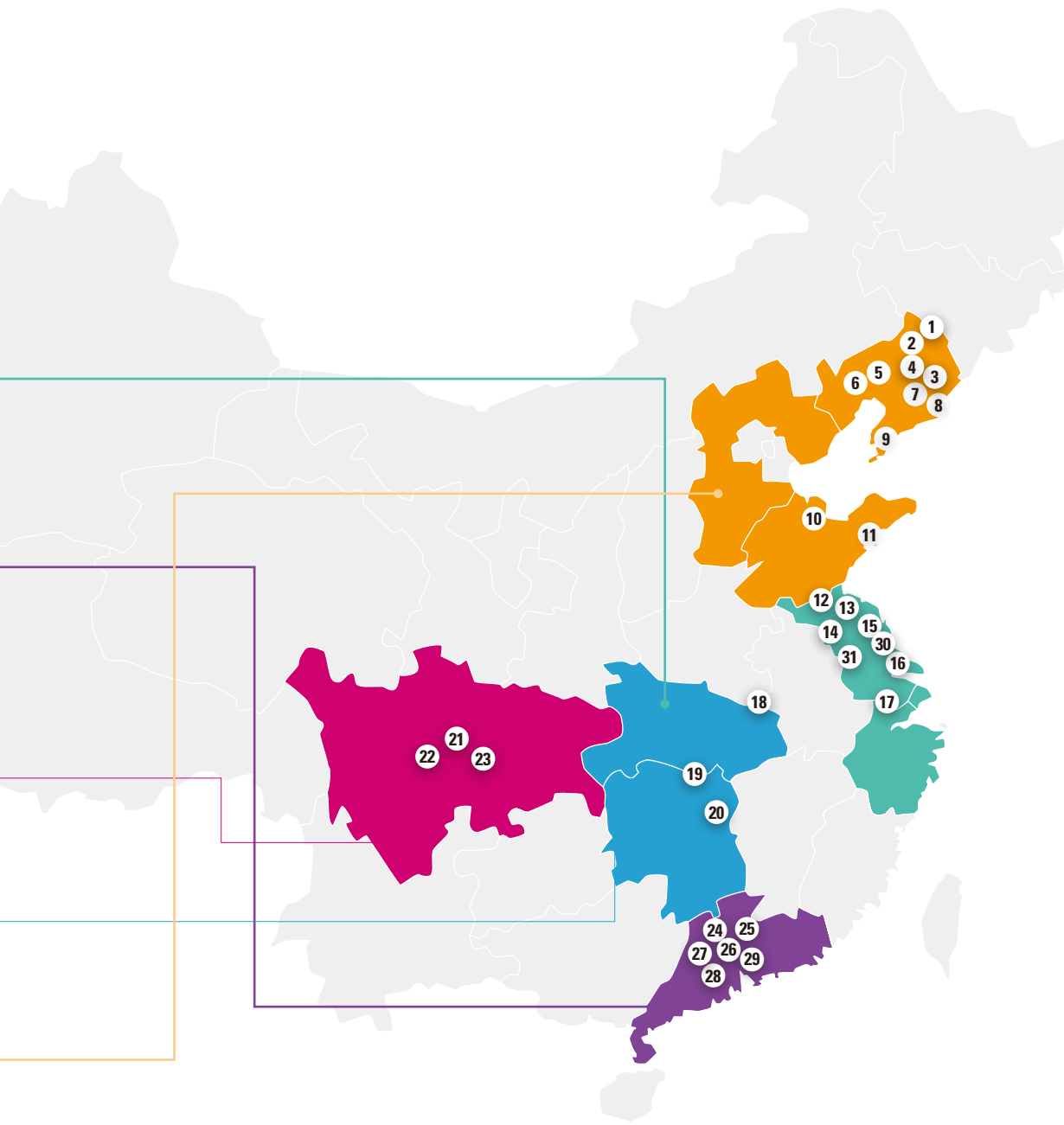
THE CENTRAL CHINA REGION – CHANGSHA, ZHUZHOU, WUHAN

Changsha Lake View Place, Changsha Kaisa Times Square, Changsha Meixi Lake Project, Zhuzhou Golden World, Wuhan Golden World, Wuhan Kaisa Mansion No.1

THE PEARL RIVER DELTA – SHENZHEN, GUANGZHOU, FOSHAN, HUIZHOU, DONGGUAN, ZHUHAI

Shenzhen Woodland Height, Shenzhen Mocha Town, Shenzhen Kaisa Center, Shenzhen Lake View Place, Shenzhen Xiangrui Garden, Shenzhen Mingcui Garden, Shenzhen Jincui Garden, Shenzhen Shangpin Garden, Shenzhen Kaisa Global Center, Shenzhen Metro City, Shenzhen Kaisa City Plaza, Shenzhen Kaisa Metropolitan Homeland, Shenzhen Dapeng Kaisa Peninsula Resort, Shenzhen Kaisa Yuefeng Garden, Shenzhen Yantian Project, Shenzhen Dapeng Xiasha Project, Shenzhen Kaisa Qianhai Plaza, Guangzhou Jinmao, Guangzhou Kaisa Plaza, Guangzhou Monarch Residence, Guangzhou Kaisa Mansion No. 1, Guangzhou Tongbao Project, Guangzhou Sky Mansion, Guangzhou Kaisa City Plaza, Foshan Shunde Kaisa Mocha Town, Foshan Shunde Kaisa Shangpin Garden, Foshan Shunde Kaisa Golden World, Dongguan Zhongyang Haomen, Dongguan Dongjiang Haomen, Dongguan Shui'an Haomen, Dongguan Dijingwan, Dongguan Le Grand Bleu, Dongguan Oasis Town, Dongguan Yulongshan Garden, Dongguan Shilong Project, Dongguan Fenggang Project, Huizhou Kaisa Mansion No. 1, Huizhou Kaisa Center, Huizhou Yuan Zhou Project, Huizhou Riverbank New Town, Huizhou Huidong Yapojiang Project, Zhuhai Lake View Waldorf Garden, Zhuhai Golden World





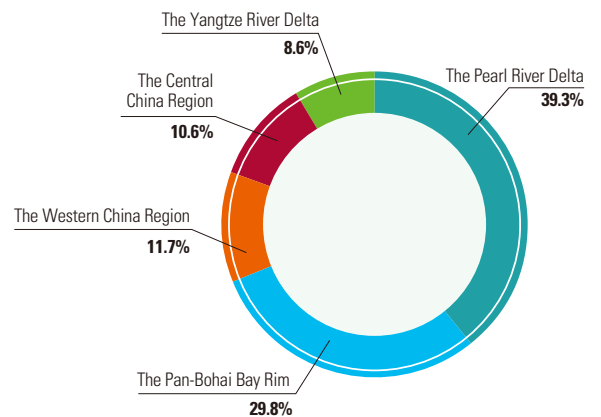
CITIES WE ENTERED INTO BEFORE 2014

- 1 SHENYANG
- 2 ANSHAN
- 3 BENXI
- 4 LIAOYANG
- 5 PANJIN
- 6 HULUDAO
- 7 YINGKOU
- 8 DANDONG
- 9 DALIAN
- 10 WEIFANG
- 11 QINGDAO
- 12 TAIZHOU
- 13 JIANGYIN
- 14 CHANGZHOU
- 15 TAICANG
- 16 SHANGHAI
- 17 HANGZHOU
- 18 WUHAN
- 19 CHANGSHA
- 20 ZHUZHOU
- 21 NANCHONG
- 22 CHENGDU
- 23 CHONGQING
- 24 GUANGZHOU
- 25 HUIZHOU
- 26 DONGGUAN
- 27 FOSHAN
- 28 ZHUHAI
- 29 SHENZHEN

NEWLY ENTERED CITIES

- 30 SUZHOU
- 31 NANJING

Total GFA of approximately
23.4
 million sq.m.



PROJECT PORTFOLIO – AS AT 31 DECEMBER 2014

No.	Project	Address	Location	Type ¹⁾
The Pearl River Delta				
1	Shenzhen Woodland Height ²⁾	Junction of Shenhui Road and Lilang Road, Buji Town, Longgang District	Shenzhen	Residential
2	Shenzhen Mocha Town	Busha Road, Longgang District	Shenzhen	Residential
3	Shenzhen Kaisa Center ²⁾	East of Shangbu Nan Road and North of Nanyuan Road, Futian District	Shenzhen	Residential
4	Shenzhen Lake View Place	Junction of Xincheng Road and Pingxi Road, Longang District	Shenzhen	Residential
5	Shenzhen Xiangrui Garden	North of Beihuan Highway, Nanshan District	Shenzhen	Residential
6	Shenzhen Mingcui Garden	Ping'an Avenue, Liang'anlian Community, Pinghu Street, Longgang District	Shenzhen	Residential
7	Shenzhen Jincui Garden	Cuizhu Road, Luohu District	Shenzhen	Residential
8	Shenzhen Shangpin Garden	Bantian Community, Bantian Street, Longgang District	Shenzhen	Residential
9	Shenzhen Kaisa Global Center ²⁾	Shennan Avenue, Futian District	Shenzhen	Commercial
10	Shenzhen Metro City ²⁾	Buji Station, Shenhui Road, Nanmendun, Buji Town, Longgang District	Shenzhen	Residential
11	Shenzhen Kaisa City Plaza	Banxuegang Avenue, Longgang District	Shenzhen	Residential
12	Shenzhen Kaisa Metropolitan Homeland ²⁾	Mumianwan Station, Longgang Avenue, Buji, Longgang District	Shenzhen	Residential
13	Shenzhen Dapeng Kaisa Peninsula Resort	Yingbin Avenue, Dapeng New District	Shenzhen	Commercial
14	Shenzhen Kaisa Yuefeng Garden	Bulong Road, Bantian, Longgang District	Shenzhen	Residential
15	Shenzhen Yantian Project ²⁾	Mingzhu Avenue, Yantian District	Shenzhen	Residential
16	Shenzhen Dapeng Xiasha Project ²⁾	Xiasha Community, Dapeng Street, Dapeng New District	Shenzhen	Commercial
17	Shenzhen Kaisa Qianhai Plaza	Junction of Yueliangwan Avenue and Mianshan Road, Nanshan District	Shenzhen	Residential
18	Guangzhou Jinmao ²⁾	No. 191 Tiyu West Road, Tianhe District	Guangzhou	Commercial
19	Guangzhou Kaisa Plaza	No. 78 Huangpu Avenue West, Zhujiang New Town, Tianhe District	Guangzhou	Commercial
20	Guangzhou Monarch Residence	No. 99 Jiangnan Avenue Central, Haizhu District	Guangzhou	Residential
21	Guangzhou Kaisa Mansion No. 1	No. 555 Huangpu Avenue, Financial Center, Tianhe District	Guangzhou	Residential
22	Guangzhou Tongbao Project	Tongbao Road, Guangzhou Avenue North, Baiyun District	Guangzhou	Residential
23	Guangzhou Sky Mansion	Lot No. 20, Meihua Garden, Shatai Road, Baiyun District	Guangzhou	Residential
24	Guangzhou Kaisa City Plaza	Lot No. 49, Nangang, Yunpu Industrial Zone, Huangpu District	Guangzhou	Residential
25	Foshan Shunde Kaisa Mocha Town	Lot No. 1, South of the Central District, Xingtian Town, Shunde District	Foshan	Residential
26	Foshan Shunde Kaisa Shangpin Garden	Linsang North Road, Beijiao New Town, Shunde District	Foshan	Residential
27	Foshan Shunde Kaisa Golden World	West of Waihuang Road, Ronggui Town, Shunde District	Foshan	Residential
28	Dongguan Zhongyang Haomen	Longsheng Road, Xincheng District, Shilong Town	Dongguan	Residential
29	Dongguan Dongjiang Haomen	South of Dongjiang Road, Yangwu Village and Qishi Village, Qishi Town	Dongguan	Residential
30	Dongguan Shui'an Haomen	Fengshen Avenue, Fenggang Town	Dongguan	Residential
31	Dongguan Dijingwan	Jinshawan Square, Xincheng District, Shilong Town	Dongguan	Residential
32	Dongguan Le Grand Bleu	Xinwei Village Group, Qisha Village, Shatian Town	Dongguan	Residential
33	Dongguan Oasis Town	Junction of Huancheng Road and Green Road, Xiping Community, Nancheng District	Dongguan	Residential
34	Dongguan Yulongshan Garden	Jinzhou Community, Humen Town	Dongguan	Residential
35	Dongguan Shilong Project ²⁾	Junction of Jiangnan Middle Road and Xihu No. 1 Road, Xihu District, Shilong Town	Dongguan	Residential
36	Dongguan Fenggang Project ²⁾	Junction of Dongshen Road and Bihu Avenue, Fenggang Town	Dongguan	Residential
37	Huizhou Kaisa Mansion No. 1	Gutang'ao Miaozhaikeng	Huizhou	Residential
38	Huizhou Kaisa Center ²⁾	No. 18 Sub-district, Jiangbei, Huicheng District	Huizhou	Commercial
39	Huizhou Yuan Zhou Project ²⁾	Tanjiao Section, Liangwu Gaotou Village, Yuanzhou Town, Boluo County	Huizhou	Residential
40	Huizhou Riverbank New Town	Jiangnan Section, Cuimeiyuan Village Committee, Hengkeng, Luoyang Town, Boluo County	Huizhou	Residential
41	Huizhou Huidong Yapojiao Project	Huangbujiao Section, Lianfeng Village, Renshan Town, Huidong County	Huizhou	Residential
42	Zhuhai Lake View Waldorf Garden	Shangsha Street, Wanzai, Xiangzhou District	Zhuhai	Residential
43	Zhuhai Golden World	North of Huangyang Avenue, South of Wangbao Reservoir, Jintaisi, Doumen Town, Doumen District	Zhuhai	Residential
The Western China Region				
44	Chengdu Kaisa Monarch Residence	Erjiangsi Village, Huayang Town, Shuangliu County	Chengdu	Residential
45	Chengdu Lijing Harbour	Group 1 and 2, Huafeng Village, Yongquan Street, Wenjiang District	Chengdu	Residential
46	Chengdu Modern Town	Yingchunqiao, Dongsheng Sub-district Office, Shuangliu County	Chengdu	Commercial
47	Chengdu Kaisa Mansion No. 8	Sanzhiqiu South Area, Dongsheng Street, Shuangliu County	Chengdu	Residential
48	Chengdu Kaisa City Plaza	Group 1 and 2, Machang Village, Wenjia Street Office, Qingyang District	Chengdu	Residential
49	Chengdu Kaisa Leading Town	Group 6 and 7, Taiji Community, Gongping Street Office, Wenjiang District	Chengdu	Residential
50	Nanchong Kaisa Plaza	No. 39, Zhengyang East Road, Shunqing District	Nanchong	Residential
51	Nanchong Monarch Residence	No. 308, Baituba Road, Shunqing District	Nanchong	Residential
52	Chongqing Kaisa Plaza	Longzhouwan Street, Banan District	Chongqing	Residential
53	Chongqing Kaisa Bright Harbour	Baqiao Town, Dadukou District	Chongqing	Residential

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest Attributable to us
			Completed Properties (sq. m.)	Properties under Development (sq. m.)	Properties held for Future Development (sq. m.)	
1-8	160,514	580,135	580,135	–	–	100%
1-7	185,724	735,299	735,299	–	–	100%
–	5,966	98,241	98,241	–	–	100%
1-5	182,064	388,626	388,626	–	–	100%
–	57,984	143,796	143,796	–	–	100%
1-4	102,439	394,663	394,663	–	–	100%
–	9,066	105,830	105,830	–	–	100%
–	45,829	231,572	231,572	–	–	100%
–	14,411	142,000	–	–	142,000	100%
–	5,241	124,479	124,479	–	–	100%
1-4	242,172	1,548,278	327,904	606,847	613,527	80%
–	19,393	138,892	138,892	–	–	100%
1-2	48,256	186,466	186,466	–	–	100%
1-2	47,890	165,455	128,164	37,291	–	100%
1-3	128,902	646,837	100,211	–	546,726	100%
1-4	869,800	516,030	–	–	516,030	51%
1-2	49,582	295,749	146,060	–	149,689	51%
–	14,192	233,322	233,322	–	–	100%
–	7,106	117,522	117,522	–	–	100%
–	7,707	56,666	56,666	–	–	100%
–	15,178	86,138	–	–	86,138	51%
1-2	65,627	230,577	–	–	230,577	100%
–	19,671	80,854	–	80,854	–	80%
1-4	190,742	776,317	–	333,177	443,140	51%
1-2	71,200	234,422	234,422	–	–	100%
–	32,819	98,021	98,021	–	–	100%
1-9	197,584	645,921	247,595	179,236	219,090	51%
1-4	82,742	377,481	377,481	–	–	100%
1-3	86,324	243,296	243,296	–	–	100%
1-2	70,734	200,386	200,386	–	–	80%
–	46,474	155,432	155,432	–	–	100%
1-4	239,050	717,084	–	217,023	500,061	100%
–	65,021	150,772	–	150,772	–	100%
–	33,910	109,180	–	109,180	–	100%
–	5,567	10,131	–	–	10,131	100%
–	140,022	303,258	–	–	303,258	100%
–	89,998	260,577	–	260,577	–	100%
1-3	70,859	734,076	104,644	629,432	–	100%
–	20,400	61,200	–	–	61,200	100%
1-10	1,663,969	4,326,239	189,329	424,679	3,712,231	100%
1-3	169,331	295,754	–	–	295,754	100%
1-4	164,354	550,431	110,989	69,327	370,115	100%
1-4	192,711	325,487	96,192	171,360	57,935	100%
1-6	182,666	1,041,531	1,041,531	–	–	100%
1-7	150,071	761,542	761,542	–	–	100%
1-2	133,269	362,420	362,420	–	–	100%
1-6	120,570	633,275	340,848	–	292,427	80%
1-4	112,195	460,901	–	268,097	192,804	70%
1-2	57,837	342,534	–	129,086	213,448	100%
–	29,541	116,390	116,390	–	–	100%
1-8	256,187	813,638	603,127	210,511	–	100%
1-2	84,980	369,035	–	216,853	152,182	51%
1-10	324,330	986,637	–	159,499	827,138	100%

No.	Project	Address	Location	Type ⁽¹⁾
The Pan-Bohai Bay Rim				
54	Shenyang Kaisa Center ⁽⁶⁾	East of Qingnian Avenue, Shenhe District	Shenyang	Commercial
55	Yingkou Dragon Bay	Junction of Xinxin Road and Bohai Street, Laobian District	Yingkou	Residential
56	Yingkou Monarch Residence	West of Xuefu Road, East of Shifu Road, South of New Donghai Street, Laobian District	Yingkou	Residential
57	Anshan Lake View Waldorf	Shengli Bei Road, Lishan District	Anshan	Residential
58	Anshan Monarch Residence ⁽³⁾	South of Ziyu Dong Street, East of Anqian Road, Lishan District	Anshan	Residential
59	Anshan Kaisa Plaza ⁽²⁾⁽⁶⁾	Renmin Road, Tiexi District	Anshan	Commercial
60	Benxi Lake View Place	Binhe Bei Road, Mingshan District	Benxi	Residential
61	Panjin Kaisa Center	No. 1, Shifu Avenue, Xinglongtai District	Panjin	Residential
62	Huludao Suizhong Kaisa Dongdaihe ⁽³⁾	South of Binhai Road, Dongdaihe New Zone, Suizhong County	Huludao	Residential
63	Weifang Kaisa Golden World	North of Bailanghe Reservoir Dam, South of Weijiao Road	Weifang	Residential
64	Qingdao Kaisa Lake View Place	East of Zhongjinger Road, West of Wangsha Road and South of Baishahe, Xiazhuang Street, Chengyang District	Qingdao	Residential
65	Dandong Kaisa Mansion No. 1 ⁽³⁾	South of Huanghai Street, Zhenxing District	Dandong	Residential
66	Liaoyang Gongchangling Project	Tanghe Town, Gongchangling District	Liaoyang	Residential
67	Dalian Kaisa Center	Donggang Business District, Zhongshan District	Dalian	Commercial
68	Dalian Kaisa Plaza	No. 271, Tianjin Street, Zhongshan District	Dalian	Commercial
The Central China Region				
69	Changsha Lake View Place	Jinping Village, Tiaoma County	Changsha	Residential
70	Changsha Kaisa Times Square	Yingpan Dong Road, Furong District	Changsha	Residential
71	Changsha Meixi Lake Project	Meixi Lake, Yueju District	Changsha	Residential
72	Zhuzhou Golden World	Liyu Central Business Area, Tianyuan District	Zhuzhou	Residential
73	Wuhan Golden World	Junction of Baisha Road and Qingling Dong Road, Qingling County, Hongshan District	Wuhan	Residential
74	Wuhan Kaisa Mansion No. 1	North of Zhiyin Avenue and West of Yangcheng West Road, Hanyang District	Wuhan	Residential
The Yangtze River Delta				
75	Jiangyin Lake View Place	South of Xinhua Road, West of Dongwaihuan Road and North of Renmin Dong Road	Jiangyin	Residential
76	Jiangyin Gushan Mocha Town	South of Golden Gushan Garden and West of Xingfu Avenue, Gushan Town	Jiangyin	Residential
77	Jiangyin Kaisa Plaza ⁽³⁾	No. 1091, Ren Min Dong Road	Jiangyin	Residential
78	Jiangyin Zhouzhuang Golden World	East of Zhouxi Dong Road, Zhouzhuang Town	Jiangyin	Residential
79	Jiangyin Changqing Lake View Waldorf	East of Xinglong Road, South of Dongshun Road, Changqing Town	Jiangyin	Residential
80	Jiangyin Tonghui Garden	South of Tongfu Road, West of Tongjiang Road, North of Tonghui Road	Jiangyin	Residential
81	Jiangyin Fujiao Homeland	South of Binjiang Road, West of Tongdu Road, North of Chengxi Road	Jiangyin	Residential
82	Changzhou Phoenix Lake No. 1	South of Qingyang Road, Xuejia Town, Xinbei District	Changzhou	Residential
83	Taizhou Kaisa Mansion No. 1	West of No. 11 Road, North of Chenzhuang Road, Taizhou Economic Development Zone	Taizhou	Residential
84	Shanghai Shanhuwan Garden	No.4333 Alley, Haima Road, Haiwan Town, Fengxian District	Shanghai	Residential
85	Shanghai Shangpin Garden	Kangfeng North Road and Kangnian Road, Malu Town, Jiading District	Shanghai	Residential
86	Shanghai Kaisa Mansion No. 8	No. 99 Alley, Juting Road, Zhuanghang Town, Fengxian District	Shanghai	Residential
87	Shanghai Kaisa City Plaza	Intersection of Chengliu Road and Shengzhu East Road, Xuhang Town, Jiading District	Shanghai	Residential
88	Shanghai Pudong Project	Intersection of Middle Yanggao Road and Minsheng Road, Pudong District	Shanghai	Commercial
89	Shanghai Kaisa Monarch Residence	Intersection of Fumao Road and Songjian Road, Chonggu Town, Qingpu District	Shanghai	Residential
90	Taicang Lake View Waldorf	No. 1 Jinan Road, Science-Education New Town	Taicang	Residential
91	Hangzhou Jade Dragon Court	North of Zhennan Road, Zhijiang Holiday Resort Area, Xihu District	Hangzhou	Residential
92	Hangzhou Kaisa Monarch Residence	West of Donghu Road and North of Shitang Road, Qiaosi Street, Yuhang District	Hangzhou	Residential
93	Hangzhou Puyu Court	Jingfeng Community, Wuchang Street, Yuhang District	Hangzhou	Residential
94	Suzhou Kaisa Plaza	South of Zhuyuan Road, West of Tayuan Road, Shishan Street, Gaoxin District	Suzhou	Residential
95	Suzhou Kaisa Monarch Residence	East of Sudai Road, South of Xingye Road, Huangqiao Street, Xiangcheng District	Suzhou	Residential
96	Nanjing Kaisa City Plaza ⁽³⁾	Lot No. 20-7, Hexinan Area, Jianye District	Nanjing	Residential
Total⁽⁴⁾				

Notes:

- Residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities.
- The projects are renovation developments of once distressed assets and partially completed properties.
- Including
 - Shenzhen Dapeng Xiasha Project;
 - Dongguan Shilong Project;
 - Dongguan Fenggang Project;
 - a portion of land with a site area of 121,709 sq.m. for Anshan Monarch Residence;
 - a portion of land with a site area of 3,208 sq.m. for Anshan Kaisa Plaza;
 - a portion of land with a site area of 457,756 sq.m. for Huludao Suizhong Kaisa Dongdaihe;
 for which as at 31 December 2014, we have not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process.
- Based on our internal project plans but subject to the governmental approval.
- Including completed properties sold.
- Including certain commercial spaces held for investment. Such commercial spaces are held either under long term lease (for Shenzhen Woodland Height, with GFA of approximately 4,959 sq.m.) or medium term lease (for Shenzhen Woodland Height, Shenzhen Kaisa Center, Phase 1 of Huizhou Kaisa Center and a portion of Anshan Kaisa Plaza, with GFA attributable to the Group of approximately 7,927 sq.m., 19,170 sq.m., 12,008 sq.m. and 34,113 sq.m., respectively).
- Including certain commercial spaces and car parks held for investment under medium term lease, with an aggregate GFA of approximately 43,503 sq.m..
- Including certain office and commercial spaces held for investment. Such office and commercial spaces are held either under medium term lease (for Phase 2 of Huizhou Kaisa Center, Shenzhen Kaisa Global Center, Shenzhen Yantian Project, Jiangyin Kaisa Plaza and Shenyang Kaisa Center, with GFA of approximately 141,241 sq.m., 142,000 sq.m., 66,736 sq.m., 58,008 sq.m. and 113,219 sq.m., respectively).
- As of 31 December 2014, completed properties held for sale had a total GFA of approximately 1,347,480 sq.m..

Project Phase	Site Area (sq. m.)	Total GFA (sq. m.)	Total GFA			Interest Attributable to us
			Completed Properties (sq. m.)	Properties under Development (sq. m.)	Properties held for Future Development (sq. m.)	
–	21,423	292,331	–	292,331	–	100%
1–2	220,669	593,302	333,391	–	259,911	100%
–	71,922	233,745	233,745	–	–	100%
1–2	257,090	390,325	101,971	104,619	183,735	100%
1–2	129,739	389,216	–	–	389,216	100%
–	11,238	80,284	72,264	–	8,020	100%
–	122,200	323,120	253,271	69,849	–	100%
1–2	52,812	355,786	170,716	–	185,070	71%
1–4	1,269,571	1,976,565	47,581	914,084	1,014,900	100%
1–4	128,018	131,112	–	131,112	–	100%
1–3	229,864	393,353	–	267,868	125,485	100%
1–4	133,340	331,542	–	124,946	206,596	100%
–	372,427	256,975	–	–	256,975	100%
–	26,610	156,239	–	156,239	–	100%
–	15,955	78,454	78,454	–	–	100%
1–4	673,536	938,203	814,532	123,671	–	100%
–	21,770	108,731	108,731	–	–	100%
1–3	147,067	444,314	–	–	444,314	100%
1–3	222,182	597,728	597,728	–	–	100%
1–3	181,493	605,941	423,815	182,126	–	100%
1–2	40,351	156,136	–	156,136	–	100%
1–3	225,533	272,274	272,274	–	–	100%
1–4	76,465	132,849	132,849	–	–	100%
1–3	158,240	553,177	553,177	–	–	100%
1–2	103,589	220,546	220,546	–	–	100%
1–2	93,275	149,763	149,763	–	–	100%
–	41,440	73,615	73,615	–	–	51%
–	35,801	134,535	–	134,535	–	51%
1–2	101,819	253,356	253,356	–	–	100%
1–3	192,505	327,304	–	73,408	253,896	51%
1–4	104,796	140,151	140,151	–	–	100%
–	23,307	84,448	84,448	–	–	100%
1–2	143,053	201,885	–	116,474	85,411	100%
1–3	117,255	331,724	–	331,724	–	81%
–	11,088	49,896	–	–	49,896	51%
1–2	90,642	212,240	–	–	212,240	100%
1–3	87,741	201,346	201,346	–	–	100%
–	39,376	98,041	98,041	–	–	100%
–	36,595	100,849	–	100,849	–	51%
–	74,779	207,476	–	207,476	–	51%
1–2	33,234	123,216	–	72,448	50,768	51%
1–2	59,629	197,069	–	197,069	–	51%
1–3	109,832	415,986	–	115,073	300,913	96%
	13,699,442	37,026,042	14,937,258	8,125,839	13,962,945	

PROPERTIES UNDER DEVELOPMENT

The table below sets forth certain information of our property projects or project phases under development as at 31 December 2014. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	City	Project Phase	Total GFA or Estimated Total GFA (sq.m.)	Saleable GFA or Estimated Total Saleable GFA (sq.m.)
Shenzhen Kaisa City Plaza	Shenzhen	2	405,634	306,928
Shenzhen Kaisa City Plaza	Shenzhen	4(1)	201,214	3,000
Shenzhen Kaisa Yuefeng Garden	Shenzhen	2	37,291	36,697
Guangzhou Sky Mansion	Guangzhou	–	80,854	31,210
Guangzhou Kaisa Magnifique Plaza	Guangzhou	1	333,177	84,105
Foshan Shunde Kaisa Golden World	Foshan	6(1)	88,965	73,239
Foshan Shunde Kaisa Golden World	Foshan	8	90,272	89,211
Dongguan Le Grand Bleu	Dongguan	1	217,023	217,023
Dongguan Oasis Town	Dongguan	–	150,772	150,772
Dongguan Yulongshan Garden	Dongguan	–	109,180	109,180
Huizhou Kaisa Mansion No. 1	Huizhou	–	260,577	221,490
Huizhou Kaisa Center	Huizhou	2	450,720	383,112
Huizhou Kaisa Center	Huizhou	3	178,712	151,905
Huizhou Riverbank New Town	Huizhou	2	38,997	33,147
Huizhou Riverbank New Town	Huizhou	3	235,288	199,994
Huizhou Riverbank New Town	Huizhou	4	150,394	127,835
Zhuhai Lake View Waldorf Garden	Zhuhai	1	69,327	13,169
Zhuhai Golden World	Zhuhai	2	79,318	42,004
Zhuhai Golden World	Zhuhai	3	92,042	78,503
Chengdu Kaisa City Plaza	Chengdu	1	149,627	69,988
Chengdu Kaisa City Plaza	Chengdu	2	118,470	82,732
Chengdu Kaisa Leading Town	Chengdu	1	129,086	89,175
Nanchong Monarch Residence	Nanchong	7–8	210,511	155,021
Chongqing Kaisa Plaza	Chongqing	1	133,511	105,466
Chongqing Kaisa Plaza	Chongqing	2(1)	83,342	82,188
Chongqing Kaisa Bright Harbour	Chongqing	1	159,499	106,023
Shenyang Kaisa Center	Shenyang	–	292,331	96,278
Anshan Lake View Waldorf	Anshan	1	104,619	100,771
Benxi Lake View Place	Benxi	–	69,849	62,150
Huludao Suizhong Kaisa Dongdaihe	Huludao	1	633,596	482,917
Huludao Suizhong Kaisa Dongdaihe	Huludao	2	280,488	271,349
Weifang Kaisa Golden World	Weifang	1	27,922	15,855
Weifang Kaisa Golden World	Weifang	2	103,190	60,898
Qingdao Kaisa Lake View Place	Qingdao	1	179,701	134,155
Qingdao Kaisa Lake View Place	Qingdao	2	88,167	69,645
Dandong Kaisa Mansion No. 1	Dandong	1	124,946	103,515
Dalian Kaisa Center	Dalian	–	156,239	118,619
Changsha Lake View Place	Changsha	4	123,671	108,310
Wuhan Golden World	Wuhan	3	182,126	152,626
Wuhan Kaisa Mansion No. 1	Wuhan	1	156,136	119,219
Jiangyin Fuqiao Homeland	Jiangyin	–	134,535	106,846
Taizhou Kaisa Mansion No. 1	Taizhou	1	73,408	62,398
Shanghai Kaisa Mansion No. 8	Shanghai	1	116,474	82,368
Shanghai Kaisa City Plaza	Shanghai	1	124,978	80,906
Shanghai Kaisa City Plaza	Shanghai	2	78,431	53,808
Shanghai Kaisa City Plaza	Shanghai	3	128,315	83,859
Hangzhou Kaisa Monarch Residence	Hangzhou	–	100,849	71,676
Hangzhou Puyu Court	Hangzhou	–	207,476	140,336
Suzhou Kaisa Plaza	Suzhou	1	72,448	57,227
Suzhou Kaisa Monarch Residence	Suzhou	–	197,069	167,509
Nanjing Kaisa City Plaza	Nanjing	1	115,073	68,456
Total			8,125,839	5,914,815

Commencement Time	Status of Pre-sale Permit	Estimated Completion Time	Interest Attributable to us
July 2013	Yes	2016 4th quarter	80%
April 2014	Yes	2015 4th quarter	80%
August 2012	Yes	2015 1st quarter	100%
July 2014	Yes	2016 4th quarter	80%
August 2014	Yes	2016 4th quarter	51%
October 2011	Yes	2015 4th quarter	51%
August 2011	Not yet obtained	2018 4th quarter	51%
May 2014	Not yet obtained	2016 1st quarter	100%
January 2013	Yes	2015 2nd quarter	100%
May 2014	Not yet obtained	2016 2nd quarter	100%
April 2014	Yes	2016 2nd quarter	100%
April 2011	Yes	2015 4th quarter	100%
August 2013	Not yet obtained	2015 3rd quarter	100%
April 2011	Yes	2015 3rd quarter	100%
October 2011	Yes	2015 3rd quarter	100%
December 2013	Yes	2015 4th quarter	100%
March 2011	Yes	2015 4th quarter	100%
May 2012	Not yet obtained	2016 4th quarter	100%
December 2012	Not yet obtained	2016 4th quarter	100%
January 2014	Yes	2016 1st quarter	70%
February 2014	Not yet obtained	2016 1st quarter	70%
August 2014	Yes	2016 4th quarter	100%
February 2014	Yes	2015 4th quarter	100%
September 2013	Yes	2015 3rd quarter	51%
November 2014	Not yet obtained	2017 2nd quarter	51%
August 2014	Yes	2016 4th quarter	100%
May 2012	Yes	2016 4th quarter	100%
October 2011	Yes	2015 2nd quarter	100%
September 2011	Yes	2016 2nd quarter	100%
October 2011	Yes	2016 4th quarter	100%
August 2013	Yes	2017 4th quarter	100%
November 2012	Yes	2016 4th quarter	100%
December 2012	Not yet obtained	2017 4th quarter	100%
May 2013	Yes	2016 3rd quarter	100%
May 2014	Yes	2017 4th quarter	100%
September 2013	Yes	2016 2nd quarter	100%
September 2013	Yes	2016 3rd quarter	100%
April 2013	Yes	2015 4th quarter	100%
September 2013	Yes	2015 4th quarter	100%
November 2014	Yes	2017 4th quarter	100%
January 2014	Not yet obtained	2015 3rd quarter	51%
February 2013	Yes	2015 2nd quarter	51%
April 2013	Yes	2015 4th quarter	100%
November 2013	Yes	2016 1st quarter	100%
December 2013	Yes	2017 4th quarter	100%
March 2014	Yes	2017 4th quarter	51%
April 2014	Yes	2016 2nd quarter	51%
May 2014	Yes	2017 2nd quarter	51%
August 2014	Yes	2017 4th quarter	51%
November 2014	Not yet obtained	2017 4th quarter	51%
October 2014	Not yet obtained	2017 1st quarter	96%

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The table below sets forth certain information of our property projects held for future development as at 31 December 2014.

Project
Shenzhen Kaisa Global Center
Shenzhen Kaisa City Plaza
Shenzhen Yantian Project
Shenzhen Dapeng Xiasha Project
Shenzhen Kaisa Qianhai Plaza
Guangzhou Kaisa Mansion No. 1
Guangzhou Tongbao Project
Guangzhou Kaisa City Plaza
Guangzhou Kaisa City Plaza
Foshan Shunde Kaisa Golden World
Dongguan Le Grand Bleu
Dongguan Shilong Project
Dongguan Fenggang Project
Huizhou Yuan Zhou Project
Huizhou Riverbank New Town
Huizhou Huidong Yapojiao Project
Zhuhai Lake View Waldorf Garden
Zhuhai Golden World
Chengdu Kaisa Mansion No. 8
Chengdu Kaisa City Plaza
Chengdu Kaisa Leading Town
Chongqing Kaisa Plaza
Chongqing Kaisa Bright Harbour
Yingkou Dragon Bay
Anshan Monarch Residence
Anshan Lake View Waldorf
Anshan Kaisa Plaza
Panjin Kaisa Center
Huludao Suizhong Kaisa Dongdaihe
Qingdao Kaisa Lake View Place
Dandong Kaisa Mansion No. 1
Liaoyang Gongchangling Project
Changsha Meixi Lake Project
Taizhou Kaisa Mansion No. 1
Shanghai Kaisa Mansion No. 8
Shanghai Kaisa Monarch Residence
Shanghai Pudong Project
Suzhou Kaisa Plaza
Nanjing Kaisa City Plaza
Total

Note:

- For projects with multiple phases, the estimated time for completing the first phase of the project.

Location	Project Phase	Estimated Total GFA (sq.m.)	Estimated Completion Time ⁽¹⁾
Shenzhen	–	142,000	2020
Shenzhen	3	613,527	2020
Shenzhen	1–3	546,726	2019
Shenzhen	1–4	516,030	2019
Shenzhen	2	149,689	2018
Guangzhou	–	86,138	2017
Guangzhou	–	230,577	2019
Guangzhou	1(3)	153,548	2017
Guangzhou	2–4	289,592	2019
Foshan	6–9	219,090	2017
Dongguan	2–4	500,061	2016
Dongguan	–	10,131	2018
Dongguan	–	303,258	2020
Huizhou	–	61,200	2018
Huizhou	5–10	3,712,231	2017
Huizhou	1–3	295,754	2017
Zhuhai	2–3	370,115	2018
Zhuhai	3–4	57,935	2017
Chengdu	4–6	292,427	2018
Chengdu	3–4	192,804	2018
Chengdu	2	213,448	2017
Chongqing	2	152,182	2017
Chongqing	2–10	827,138	2018
Yingkou	2	259,911	2020
Anshan	1–2	389,216	2018
Anshan	2	183,735	2020
Anshan	–	8,020	2016
Panjin	2	185,070	2018
Huludao	2–4	1,014,900	2018
Qingdao	3	125,485	2019
Dandong	2–3	206,596	2018
Liaoyang	–	256,975	2019
Changsha	1–2	444,314	2017
Taizhou	2–3	253,896	2017
Shanghai	2	85,411	2017
Shanghai	1–2	212,240	2018
Shanghai	–	49,896	2017
Suzhou	1–2	50,768	2016
Nanjing	2–3	300,913	2018

13,962,945

THE PEARL RIVER DELTA

SHENZHEN

SHENZHEN KAISA CITY PLAZA (深圳佳兆業城市廣場)

Shenzhen Kaisa City Plaza is an urban redevelopment project and is located at Banxuegang Avenue, Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 242,172 sq.m. with a total GFA of approximately 1,548,278 sq.m. The project has currently obtained the final approval from the relevant departments of Shenzhen Government and can be used for commercial and residential purposes. This project is expected to be a large-scale integrated residential, commercial and hotel project, with a kindergarten, a nine-year integrated curriculum school and other ancillary facilities. The project is divided into four phases and is expected to comprise 29 high-rise buildings.



SHENZHEN KAISA YUEFENG GARDEN (深圳佳兆業悅峰花園)

Shenzhen Kaisa Yuefeng Garden is located at Bulong Road, Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 47,890 sq.m. with a total GFA of approximately 165,455 sq.m. This project is expected to be a residential complex and is divided into two phases.



SHENZHEN KAISA GLOBAL CENTER (深圳佳兆業環球中心)

Shenzhen Kaisa Global Center is located at Shennan Avenue in Futian District, Shenzhen. Shenzhen Science and Technology Museum Station of Shenzhen Metro Line No. 1, Shenzhen Ping'an Bank Building and Shenzhen New City Plaza are in the vicinity of this project. Shenzhen Kaisa Global Center occupies an aggregate site area of approximately 14,411 sq.m. with a total GFA of approximately 142,000 sq.m. Shenzhen Kaisa Global Center is expected to comprise one highrise office building with hotel, retail space and public car parking spaces.



SHENZHEN KAISA QIANHAI PLAZA (深圳佳兆業前海廣場)

Shenzhen Kaisa Qianhai Plaza is located at the junction of Yueliangwan Main Road and Mianshan Road in Nanshan District. This project is adjacent to Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (前海深港現代服務業合作區), occupying an aggregate site area of 49,582 sq.m. with a total GFA of approximately 295,749 sq.m. Shenzhen Kaisa Qianhai Plaza comprises six high-rise buildings and is divided into two phases.



SHENZHEN DAPENG XIASHA PROJECT (深圳大鵬下沙項目)

Shenzhen Dapeng Xiasha Project is located at Xiasha Community, Dapeng Street, Dapeng New Town. This project occupies an aggregate site area of 869,800 sq.m. with a total GFA of approximately 516,030 sq.m. Dapeng Xiasha Project is for comprehensive use and expected to be developed as a coastal eco-tourism resort comprising commercial streets, tourism and cultural attractions, hotel and business apartments. This project is divided into four phases.



HUIZHOU

HUIZHOU KAISA CENTER (惠州佳兆業中心)

Huizhou Kaisa Center is located in Jiangbei Community, Huicheng District, Huizhou. Huizhou Municipal Government Building, Huizhou Light Rail No. 1 and Huizhou-Dongguan Intercity Light Rail are in the vicinity. This project occupies an aggregate site area of approximately 70,859 sq.m. with a total GFA of approximately 734,076 sq.m. Huizhou Kaisa Center is expected to be a residential-commercial integrated project which comprises 2 high-rise residential buildings, one office building with a hotel and complementary commercial properties. The project is divided into three phases.



HUIZHOU RIVERBANK NEW TOWN

(惠州東江新城)

Huizhou Riverbank New Town is located in Boluo County, Huizhou and adjacent to Binjiang Park. This project occupies an aggregate site area of approximately 1,663,969 sq.m. with a total GFA of approximately 4,326,239 sq.m. This project is expected to be a residential-commercial integrated project, mainly comprising villas, townhouses, multi-level and high-rise residential, hotel and commercial ancillary properties. The project is expected to be divided into 10 phases.



GUANGZHOU

GUANGZHOU KAISA MANSION NO. 1

(廣州佳兆業壹號)

Guangzhou Kaisa Mansion No.1 is located at the intersection of Huangpu Avenue and Chebei Road, Chebei Nan Station of Guangzhou Metro Line No. 5, within the scope of the planned Guangzhou International Financial Town, in Tianhe District in Guangzhou. The project occupies an aggregate site area of approximately 15,178 sq.m. with a total GFA of approximately 86,138 sq.m.



GUANGZHOU TONGBAO PROJECT (廣州同寶項目)

Guangzhou Tongbao Project is located at Tongbao Road, North of Guangzhou Avenue, Baiyun District in Guangzhou, with Tonghe Station of Guangzhou Metro Line No. 3 in the vicinity. The project occupies an aggregate site area of approximately 65,627 sq.m. with a total GFA of approximately 230,577 sq.m., of which 70,155 sq.m. is for social housing and healthcare establishments. This project will be developed into residential products with saleable GFA of approximately 72,966 sq.m. This project is expected to comprise highrise residential buildings and villas with supplementary commercial space.



GUANGZHOU SKY MANSION (廣州佳兆業天御)

Guangzhou Kaisa Sky Mansion is located at Shatai Road, Baiyun District in Guangzhou, with Meihuayuan Station of Guangzhou Metro Line No. 3 in the vicinity. The project occupies a site area of approximately 19,671 sq.m., with a total GFA of approximately 80,854 sq.m., of which 20,586 sq.m. is for development of social housing. The project will be developed into residential products with saleable GFA of approximately 31,210 sq.m. The project is expected to comprise three high-rise residential buildings with a clubhouse.



GUANGZHOU KAISA CITY PLAZA (廣州佳兆業城市廣場)

Guangzhou Kaisa City Plaza is located at Nangang, Yunpu Industrial Zone, Huangpu District in Guangzhou. The project occupies a site area of approximately 190,742 sq.m., with a total GFA of approximately 776,318 sq.m., of which 157,800 sq.m. is for development of social housing. The project will be developed into residential and commercial integrated project with saleable GFA of approximately 425,831 sq.m. and it is divided into four phases.



ZHUHAI

ZHUHAI LAKE VIEW WALDORF GARDEN (珠海水岸華都花園)

Zhuhai Lake View Waldorf Garden is located at Shangsha Street, Wanzai, Xiangzhou District, Zhuhai, which is very close to the Customs of Wanzai, Zhuhai and Macau. This project occupies an aggregate site area of approximately 164,354 sq.m. with a total GFA of approximately 550,431 sq.m. This project is expected to be a residential complex comprising buildings and ancillary facilities, and is divided into four phases.



THE WESTERN CHINA REGION

CHONGQING

CHONGQING KAISA PLAZA (重慶佳兆業廣場)

Chongqing Kaisa Plaza is located at Longzhouwan Street, Banan District, Chongqing. The project occupies an aggregate site area of approximately 84,980 sq.m. with a total GFA of approximately 396,035 sq.m. This project is expected to be divided into two phases and composed of residential, commercial streets, office buildings and LOFT offices. It will be developed as to an urban complex.



CHONGQING KAISA BRIGHT HARBOUR (重慶佳兆業濱江新城)

Chongqing Kaisa Bright Harbour is located at Liujiaba, Dadukou District, Chongqing. The project occupies an aggregate site area of approximately 324,330 sq.m. with a total GFA of approximately 986,637 sq.m. This project is expected to be divided into ten phases and composed of high-rise residential, houses, commercial streets, educational institutions as well as research and development oriented industrial office.



CHENGDU

CHENGDU KAISA MANSION NO. 8 (成都佳兆業8號)

Chengdu Kaisa Mansion No.8 is located at Dongsheng Street, Shuangliu County, Chengdu. The project occupies an aggregate site area of approximately 120,570 sq.m. with a total GFA of approximately 633,275 sq.m. This residential project is expected to be divided into six phases.



CHENGDU KAISA CITY PLAZA (成都佳兆業城市廣場)

Chengdu Kaisa City Plaza is located at Wenjia Street, Qingyang District in Chengdu. This project occupies an aggregate site area of approximately 112,195 sq.m. with a total GFA of approximately 460,901 sq.m. This project will be developed into residential complex and is divided into four phases.



THE PAN-BOHAI BAY RIM

SHENYANG

SHENYANG KAISA CENTER (瀋陽佳兆業中心)

Shenyang Kaisa Center is located in Qingnian Avenue, Shenhe District, Shenyang, which is at the core of Jinlang Commercial Circle. This project occupies an aggregate site area of approximately 21,423 sq.m. with a total GFA of approximately 292,331 sq.m. This project is expected to be a residential-commercial project which comprises two residential buildings, one office building and commercial properties.



DALIAN

DALIAN KAISA CENTER (大連佳兆業中心)

Dalian Kaisa Center is located at Donggang Business District, Zhongshan District, Dalian. The project occupies an aggregate site area of approximately 26,610 sq.m. with a total GFA of approximately 156,239 sq.m. The commercial project is in the vicinity of metro station in Dalian's CBD.



QINGDAO

QINGDAO KAISA LAKE VIEW PLACE (青島佳兆業水岸新都)

Qingdao Kaisa Lake View Place is located at East of Zhongjing'er Road, Xiazhuang Street, Chengyang District in Qingdao. The project occupies an aggregate site area of approximately 229,864 sq.m. with a total GFA of approximately 393,353 sq.m. This project is expected to be a residential complex with supplementary commercial space and is divided into three phases.



HULUDAO

HULUDAO SUIZHONG KAISA DONGDAIHE (葫蘆島緩中佳兆業東戴河)

Huludao Suizhong Kaisa Dongdaihe is located at Binhai Economic Zone, Suizhong County, Huludao connecting the major routes between northern and northeast China and is in the vicinity of the scenic region of Shanhaiguan and occupies a quality coastline of 4 km that enjoys a splendid natural environment. This project occupies an aggregate site area of approximately 1,269,571 sq.m. with an expected total GFA of approximately 1,976,565 sq.m. This project is expected to be a large scale residential-commercial complex and is divided into four phases.



DANDONG**DANDONG KAISA MANSION
NO. 1**
(丹東佳兆業壹號)

Dandong Kaisa Mansion No. 1 is located at Huanghai Street, Zhenxing District, Dandong. This project occupies an aggregate site area of approximately 133,340 sq.m. with a total GFA of approximately 331,541 sq.m. This project is expected to be a residential project with commercial space and is divided into four phases.



THE CENTRAL CHINA REGION

WUHAN

WUHAN GOLDEN WORLD (武漢金域天下)

Wuhan Golden World is located at the junction of Baisha Road and Qingling East Road, Qingling County, Hongshan District, Wuhan. This project occupies an aggregate site area of approximately 181,493 sq.m. with a total GFA of approximately 605,941 sq.m. This project is expected to be a residential complex and is divided into three phases.



WUHAN KAISA MANSION NO. 1 (武漢佳兆業壹號花園)

Wuhan Kaisa Mansion No. 1 is located at North of Zhiying Avenue and West of Yangcheng West Road, Hanyang District, Wuhan. The project occupies an aggregate site area of approximately 40,351 sq.m. with planned GFA of approximately 156,136 sq.m., of which the GFA of approximately 7,645 sq.m. will be developed into social housing. This project will be developed into residential products with saleable GFA of approximately 119,219 sq.m. and is divided into two phases.



CHANGSHA**CHANGSHA KAISA TIMES SQUARE**
(長沙佳兆業時代廣場)

Changsha Kaisa Times Square is located at Yingpan Road, Furong District in Changsha. The project occupies an aggregate site area of approximately 21,770 sq.m. with a total GFA of approximately 108,731 sq.m. This project will be developed into a residential project with commercial space.

**CHANGSHA MEIXI LAKE PROJECT**
(長沙梅溪湖項目)

Changsha Meixi Lake Project is located at Meixi Lake, Yuelu District, Changsha. This project occupies an aggregate site area of approximately 147,067 sq.m. with a total GFA of approximately 444,314 sq.m. This project will be developed into residential products and will be developed in three phases.



THE YANGTZE RIVER DELTA

SHANGHAI

SHANGHAI SHANGPIN GARDEN (上海尚品雅苑)

Shanghai Shangpin Garden is located at Malu Town, Jiading District in Shanghai. The project occupies an aggregate site area of approximately 23,307 sq.m. with a total GFA of approximately 84,448 sq.m. This project is expected to be a residential project.



SHANGHAI KAISA MANSION NO. 8 (上海佳兆業8號)

Shanghai Kaisa Mansion No. 8 is located at Juting Road, Zhuanghang Town, Fengxian District in Shanghai. The project occupies an aggregate site area of approximately 143,053 sq.m., with a total GFA of approximately 201,885 sq.m. This project is expected to be a residential project and is divided into two phases.



SHANGHAI KAISA CITY PLAZA (上海佳兆業城市廣場)

Shanghai Kaisa City Plaza is located at Xuhang Town, Jiading District, Shanghai. This project occupies an aggregate site area of approximately 117,255 sq.m. with a total GFA of approximately 331,724 sq.m. This project is expected to be a residential-commercial integrated project which comprises primarily residential buildings, office buildings, one hotel and commercial properties. The project is divided into three phases.



SHANGHAI PUDONG PROJECT (上海浦東項目)

Shanghai Pudong Project is located at the intersection of Minsheng Road and Middle of Yanggao Road, in Pudong New District, Shanghai. The project occupies an aggregate site area of approximately 11,088 sq.m. with a total GFA of approximately 49,896 sq.m. This project is expected to be developed into a high-rise office building.



HANGZHOU

HANGZHOU JADE DRAGON MOUNTAIN (杭州玫瑰雅苑)

Hangzhou Jade Dragon Court is located at north of Zhennan Road, Zhijiang Holiday Resort Area in Hangzhou. This project occupies an aggregate site area of approximately 39,376 sq.m. with a total GFA of approximately 98,041 sq.m. This project is expected to be a residential complex.



HANGZHOU KAISA MONARCH RESIDENCE (杭州佳兆业君汇上品)

Hangzhou Kaisa Monarch Residence is located at Donghu Road, Qiaosinan Station of Hangzhou Metro Line No. 1, in Yuhang District in Hangzhou. The project occupies an aggregate site area of approximately 36,595 sq.m. with planned GFA of approximately 100,849 sq.m. The project is expected to be a residential complex.



HANGZHOU PUYU COURT (杭州璞玉雅園)

Hangzhou Puyu Court is located at Jingfeng Community, Wuchang Street, Yuhang District, Hangzhou. The project occupies an aggregate site area of approximately 74,779 sq.m. with planned GFA of approximately 207,476 sq.m. The project is expected to be a residential complex and is divided into two phases.



JIANGYIN

JIANGYIN KAISA PLAZA (江陰佳兆業廣場)

Jiangyin Kaisa Plaza is located at Jiangyin, Jiangsu Province. This project occupies an aggregate site area of approximately 158,240 sq.m. with a total GFA of approximately 553,177 sq.m. Jiangyin Kaisa Plaza is expected to be a commercial-residential project comprising apartments, office buildings and a hotel. The project is expected to be divided into three phases.



NANJING

NANJING KAISA CITY PLAZA (南京佳兆業城市廣場)

Nanjing Kaisa City Plaza is located at South of Hexinan Area in Jianye District. This project occupies an aggregate site area of 109,832 sq.m. with a total GFA of approximately 415,986 sq.m. This project is expected to be a residential complex and is divided into three phases.



SUZHOU

SUZHOU KAISA PLAZA (蘇州佳兆業廣場)

Suzhou Kaisa Plaza is located at South of Zhuyuan Road, West of Tayuan Road, Shishan Street in Gaoxin District. This project occupies an aggregate site area of 33,234 sq.m. with a total GFA of approximately 123,216 sq.m. This project is expected to be a residential complex and is divided into two phases.



SUZHOU KAISA MONARCH RESIDENCE

(蘇州佳兆業君滙上品)

Suzhou Kaisa Monarch Residence is located at East of Sudai Road, South of Xingye Road, Huangqiao Street in Xiangcheng District. This project occupies an aggregate site area of 59,629 sq.m. with a total GFA of approximately 197,069 sq.m. This project is expected to be a residential complex and is divided into two phases.



DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this report, the board of directors (the “**Board**”) of the Company consists of eight directors (the “**Directors**”), three of whom are independent non-executive Directors. The Board has the general powers and duties for the management and conduct of the business.

The table below sets forth certain information regarding the Directors:

Name	Age	Position
KWOK Ying Shing	52	Chairman and Executive Director (resigned on 31 December 2014 and re-appointed on 13 April 2015)
SUN Yuenan	53	Vice Chairman and Executive Director
ZHENG Yi	36	Executive Director (appointed on 13 April 2015) and Chief Executive Officer (appointed on 11 June 2015)
YU Jianqing	51	Executive Director (appointed on 31 December 2014)
CHEN Shaohuan	51	Non-Executive Director
ZHANG Yizhao	46	Independent Non-Executive Director
RAO Yong	57	Independent Non-Executive Director
LIU Xuesheng	53	Independent Non-Executive Director

Chairman and Executive Director

KWOK Ying Shing (郭英成), aged 52, is the Chairman of the Company, an executive Director, chairman of the Nomination Committee and a member of the Remuneration Committee. He is one of the founders of the Group and was the Chairman and a Director since its inception in 1999. He resigned as the Chairman and an executive Director on 31 December 2014 and was re-appointed as the Chairman and an executive Director on 13 April 2015. Mr. Kwok is primarily responsible for overall strategy, investment planning and human resource strategy of the Group. Mr. Kwok has extensive experience in real estate development, investment and financing management. He is the brother of Mr. Kwok Ying Chi, a former Director and Mr. Kwok Chun Wai.

Executive Directors

SUN Yuenan (孫越南), aged 53, is an executive Director and a Vice Chairman and an authorised representative of the Company for the purpose of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and Companies Ordinance. Mr. Sun is primarily responsible for investment and management of the Group. Mr. Sun joined the Group in July 2001 as chief administrative director of Shenzhen Kaisa Property and has held various positions within the Group, including senior vice president of the Group, deputy general manager of Shenzhen Kaisa Property and general manager of Guangzhou Jinmao Property. Mr. Sun has extensive regulatory and business administration experience in the real estate industry. From 1993 to 2001, Mr. Sun served in various positions, including deputy chief of administrative office, deputy chief of legal division and deputy chief of personnel division, in Hengyang Municipal Bureau of Land Resources, which oversaw land resources in the city of Hengyang, Hunan Province. Mr. Sun received a bachelor’s degree in law from the Correspondence Institute of the Academy of the Central Committee of the Communist Party of China in December 2001.

ZHENG Yi (鄭毅), aged 36, is an executive Director and the Chief Executive Officer of the Company. He is currently a President of the Group, who is in charge of general management of Kaisa Holding Group, Urban Development Group and Investment and Financing Group. Mr. Zheng joined Kaisa in July 2007 and has served as Investment Deputy Manager, President Secretary and President of the Real Estate Department among other positions. Prior to joining Kaisa, Mr. Zheng worked in Land and Real Estate Trading Center of Shenzhen. Mr. Zheng received the bachelor's degree in law from Zhongnan University of Economics and Law in the PRC in July 2003.

YU Jianqing (喻建清), aged 51, is an executive Director and an authorised representative of the Company for the purpose of the Listing Rules and Companies Ordinance. Mr. Yu is primarily responsible for operation management. He graduated from Hengyang Institute of Technology (now known as University of South China) with a bachelor's degree in industrial and civil construction in July 1985, and obtained his MBA degree from The University of Northern Virginia in the United States in October 2006. Mr. Yu is in charge of the general management of Real Estate Group, Innovation Institute, Property Management Group and Technology Group. Mr. Yu joined Kaisa in March 2002 and has served as Chief Engineer of Kaisa Real Estate (Shenzhen), Vice General Manager of Kaisa Real Estate (Guangzhou), General Manager of Kaisa Real Estate (Chengdu), Senior Vice President, Operations President and Co-President among other positions. From March 2002 to October 2008, Mr. Yu served as the general manager of Guangzhou Branch, the general manager of Chengdu Branch and various other positions of the Group. From October 2008 to October 2011, Mr. Yu served as the president of Dongguan Huijing Group, a company which is principally engaged in property development and was mainly responsible for its overall operation management. From February 2012 to January 2013, Mr. Yu served as the president of Shenzhen Furui Group, a company which is principally engaged in property development and was mainly responsible for its overall operation management. Mr. Yu re-joined the Group as the general manager of the Beijing Branch of the Group in January 2013 and was promoted as the senior vice president of the Group in April 2013.

Non-Executive Director

CHEN Shaohuan (陳少環), aged 51, has been a non-executive Director of the Company since 26 December 2013. She received a Diploma in Economics and Management from the Social Science Faculty of South China University of Technology in the People's Republic of China in July 1987. Ms. Chen has joined Sino Life Insurance Co., Ltd. (生命人壽保險股份有限公司) ("**Sino Life Insurance**") since December 2013 and is currently the deputy general manager of the asset management centre of Sino Life Insurance. Prior to joining Sino Life Insurance, Ms. Chen was the manager of the investment division of Shenzhen Fengsheng Investment Group Company Limited* (深圳市豐盛投資集團有限公司) from June 1995 to November 2013. Ms. Chen was also the deputy general manager of a subsidiary of Shenzhen Wuzhi Group Company* (深圳市物資總公司) engaging in construction material business from September 1983 to May 1995.

Independent Non-Executive Directors

ZHANG Yizhao (張儀昭), age 46, has been an independent non-executive Director of the Company since 17 November 2009. Mr. Zhang is also the chairman of the Remuneration Committee and a member of each of the Audit Committee, the Nomination Committee and the Independent Committee. He is also a director of China Carbon Graphite Group Inc. (OTC BB: CHGI) and HH Biotechnology Holdings Company (OTC BB: HHBT). Mr. Zhang has over 19 years of experience in accounting and internal control, corporate finance, and portfolio management. Previously, Mr. Zhang was the CFO or director at various public companies listed in the US, Hong Kong and Tokyo. Mr. Zhang also had experiences in portfolio management and asset trading at Guangdong South Financial Services Corporation from 1993 to 1999. He is a Certified Public Accountant of the State of Delaware, and a member of the American Institute of Certified Public Accountants (AICPA). He also has the Chartered Global Management Accountant (CGMA) designation. Mr. Zhang graduated with a bachelor's degree in economics from Fudan University, Shanghai in 1992 and received a Master of Business Administration with concentrations in financial analysis and accounting from the State University of New York at Buffalo in 2003.

RAO Yong (饒永), aged 57, has been an independent non-executive Director of the Company since 17 November 2009. Mr. Rao is also the chairman of the Audit Committee and a member of each of the Remuneration Committee, the Nomination Committee and the Independent Committee. Mr. Rao is currently a director of Shenzhen Pengcheng Certified Public Accountants Co. Ltd. He is a member of the Chinese Institute of Certified Public Accountants (CICPA) and a certified public valuer in China. Mr. Rao has over 28 years of experience in accounting and auditing. Mr. Rao was a director of the Audit Bureau of Shenzhen City from 1991 to 1997 and a head of the Audit Bureau of Wuzhou City, Guangxi Province from 1987 to 1990. Mr. Rao has also been a director of The Chinese Institute of Certified Public Accountants since 1996, a director of the Shenzhen Institute of Certified Public Accountants since 1996 and its president since 2005, a forensic accounting expert of Shenzhen City since 2002 and the deputy secretary-general of the Asset Evaluation Association of Shenzhen City since 1997. Mr. Rao received a diploma in accounting from Guangxi College of Finance and Economics, China in July 1980.

LIU Xuesheng (劉雪生), aged 53, has been an independent non-executive Director of the Company since 28 February 2017. Mr. Liu joined Shenzhen Institute of Certified Public Accountants (深圳市註冊會計師協會) ("SZICPA") since February 1999 and is currently the deputy secretary general. Prior to joining the SZICPA, Mr. Liu was the accountant of OCT Group (深圳華僑城集團) from April 1992 to February 1999. Mr. Liu graduated from Jiangxi Institute of Finance and Economics (江西財經學院) (now known as the Jiangxi University of Finance and Economics (江西財經大學)) with a bachelor degree in 1989 and graduated from Shanghai University of Finance and Economics (上海財經大學) majoring in accounting and obtained a master degree in economics in 1992. He was admitted as Certified Public Accountants in the People's Republic of China in 1995. Mr. Liu is currently an independent non-executive director of Telling Telecommunication Holdings Co., Ltd. (天音通信控股股份有限公司), Huafu Top Dyed Melange Yarn Co., Ltd. (華孚色紡股份有限公司) and EDAN Instruments, INC. (深圳市理邦精密儀器股份有限公司), which are companies listed on the Shenzhen Stock Exchange. From June 2008 to June 2011, Mr. Liu was the independent non-executive director of Dongjiang Environmental Company Limited (stock code: 895), a company listed in Hong Kong.

SENIOR MANAGEMENT

As at the date of this report, the senior management members are MAI Fan, HABIBULLAH Abdul Rahman, XING Tao, HUANG Qin, LUO Jun, SONG Wei and WONG Kwok Kwan. The table below sets forth certain information regarding the senior management members:

Name	Age	Position
MAI Fan	38	Co-president (appointed in 19 September 2016)
HABIBULLAH Abdul Rahman	53	Chief Financial Officer and Company Secretary (appointed on 24 May 2016)
XING Tao	52	Executive Vice President
HUANG Qin	47	Senior Vice President (appointed on 16 February 2016)
LUO Jun	36	Vice President (appointed on 8 October 2016)
SONG Wei	32	Vice President (appointed on 8 October 2016)
WONG Kwok Kwan	42	Vice President (appointed on 3 January 2017)

Please refer to the section headed "(A) The Board of Directors" of the corporate governance report for further information on the changes in the senior management of the Group during the year and up to the date of this report.

MAI Fan (麥帆), aged 38, is Co-president of the Group. Mr. Mai is primarily responsible for financing, medical treatment, shipping, culture, football club business. Mr. Mai also shares his vision in Kaisa's strategy, fund, risk, human resources, administration, finance, tax, information, Internet+, brand and investor relations work. He joined Kaisa in August 2015, serving as the General Manager of the Group Office, the Deputy General Manager of the Group's Risk Management and Assistant President of the Group. Prior to joining us, Mr. Mai worked in the Shenzhen Municipal Highway Bureau and the Government of Futian District, Shenzhen. Mr. Mai graduated from the Department of Law of the Sun Yat-sen University in 2001.

HABIBULLAH Abdul Rahman (黃志強), aged 53, is Chief Financial Officer of the Group and the company secretary of the Company. He is primarily responsible for the corporate finance, tax and capital management. He has over 25 years' experience in accounting and finance fields. He received his Master in Business Administration from Henley Business School UK and his Master in Social Science from the Chinese University of Hong Kong. He is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in June 2015, he worked as an audit manager in an international accounting firm in Hong Kong and the chief financial officer and financial controller in various listed companies in Hong Kong.

XING Tao (邢濤), aged 52, is an Executive Vice President of the Group. Mr. Xing is primarily responsible for the R&D and design management work for the Group. Prior to joining the Group in April 2010, from September 2001 to May 2010, Mr. Xing was a vice president in Horoy Holdings Limited, a real estate company. From February 1992 to September 2001, Mr. Xing was a technical manager in Western Real Estate Company of Shenzhen Wabo Group. From July 1986 to February 1992, Mr. Xing was a construction supervisor in the Shenzhen branch of Design & Research Institute of Wuhan Iron & Steel Group. In 1986, Mr. Xing received a higher diploma in architecture from Jiangnan University.

HUANG Qin (黃琴), aged 47, is a Senior Vice President of the Group. She is primarily responsible for the Group's administration, human resources, investor and public relations. Ms. Huang joined the Group again as an assistant president of the Commercial Group in October 2013. She joined Kaisa in November 2004 and has served as General Manager and President of Kaisa Real Estate (Shanghai), Assistant President of the Commercial Group, Group Director and Group Vice President among other positions. Prior to joining Kaisa, Ms. Huang pursued her professional career in human resources management in Head Office of Suning Group, Zhonghai Real Estate (Shenzhen), Head Office of Vanke and Shenzhen Langju Industrial Group Co., Ltd. Ms. Huang graduated from Beijing Wuzi University in 1991 with a bachelor's degree in management.

LUO Jun (羅軍), aged 36, is a Vice President of the Group. Mr. Luo is primarily responsible for providing commerce, tourism, hotel and catering management. Prior to joining the Group in August 2007, Mr. Luo pursued his professional career in marketing plan in World Union Properties and Inland Real Estate Company (Shenzhen). Mr. Luo has received a bachelor's degree in accountancy from Nanjing University of Finance and Economics in 2003.

SONG Wei (宋偉), aged 32, is a Vice President of the Group. Mr. Song is primarily responsible for urban renewal work. Prior to joining the Group in November 2015, Mr. Song has successively engaged in news planning in Hubei Daily Media Group and Evergrande Real Estate Group. Mr. Song has achieved a bachelor's degree in Journalism & Communication from Hubei University in 2007.

WONG Kwok Kwan (黃國鈞), aged 42, is a Vice President of the Group, the Chairman of Kaisa Commercial Group and the President of Kaisa WeWa Space Ltd.. He is primarily responsible for the management of commerce and office asset, co-working and co-hiring businesses. Mr. WONG joined Kaisa in January 2017. Prior to joining the Group, Mr. WONG was responsible for management and professional work for many initial public offering transactions, financial valuations and consultancy service in Chesterton Petty and Savills. Mr. WONG graduated from Tsinghua University and the Chinese University of Hong Kong in 2010 with a Postgraduate Diploma in Finance and Master of Business Administration in Finance respectively. Mr. WONG is a PRC certified real estate appraiser and a Member of Royal Institution of Chartered Surveyors.

CORPORATE SOCIAL RESPONSIBILITY REPORT



Kaisa Yushu Education Fund



Kaisa Dapeng Coral Conversation Program



Bantian School of the Normal College of Shenzhen University

With a strong believe in the saying that “quality is the cornerstone of an enterprise” and a development direction centred around “customers’ value, the Group has been actively shouldering its social responsibilities as a corporate citizen over the last 15 years. In 2014, while maintaining stable growth in its operation, the Group made ongoing efforts in fulfilling its responsibilities in aspects including industry development, people’s livelihood and charitable deeds. It had been active in shouldering its social responsibilities and is committed to creating happy and harmonious living environment for people.

RESPONSIBILITIES IN INDUSTRY

The fundamental social responsibility of the Group is to provide high-quality products and services to its customers. In 2014, the Group adhered to the highest industry standards in benchmarking its high-quality products and customer services, bringing positive contribution in building a happy living community and

a harmonious society. Regarding control over product quality, the Group adopted an integrated all-process supply chain management and introduced Building Information Modeling (建筑信息模型) technology for standardised management of its procurement, thereby ensuring product quality from inception. Meanwhile, product quality and protection were built upon the two systems namely product quality control standardisation system and safety civilisation standardisation system, based on which staff of the Group conducted stringent control measures including monthly inspections and sporadic sample checks to ensure product quality. During the year, the average counts under site inspections and measurements at the Group’s projects under construction were higher than the industry averages.



Kaisa Public Welfare Foundation



The Group entered into a strategic cooperation agreement with Shenzhen University



Education Foundation under South University of Science and Technology

In pursuit of the best customer experience, the Group delivered customer services by many different means, including maintaining 400 customer service hotlines, conducting third-party mystery customer surveys, open days at construction sites, customer experience days, management visits and property owner seminars. Kaisa maintained a mechanism for open communications with customers so that Kaisa could better understand customer needs. In addition, Kaisa hosted various community activities including sports days for property owners, Shouldering Your Wife Contest etc. to create healthy and harmonious atmospheres among customers in their respective communities.

The Group persistently committed to energy-saving, environment-friendly, green and low-carbon property development, and invested heavily on the research and development of energy-saving technologies and green products. In March 2014, the Group signed the Shaoguan Declaration for Ecological and Civilised Construction (《生态文明建設之韶關宣言》), together with the other signatories, in Shaoguan, Guangdong, advocating

city development and construction under the notion of sustainable development with low-carbon and environment-friendly elements. To date, Kaisa Institute of Architectural Design (佳兆業建築設計研究院) has been reaping fruitful results in low-carbon and green constructions in planning, layout design, public area design, underground chamber design, material development for gardening, interior refurbishment and doors and windows.

RESPONSIBILITIES IN PEOPLE'S LIVELIHOOD

The Group had responded positively to the call of building for the better livelihood of people from the nation. Among the residence developed by Kaisa, 79% were small units to meet owner-occupier demand and living standard upgrade demand. Meanwhile, Kaisa actively participated in building affordable housing encouraged by the government, 7 projects with a total GFA of 750,000 sq.m. fell in this category.

During the year, the Group actively undertook its economic responsibilities as a corporate citizen by paying taxes and providing nearly 100,000 jobs in the labour market.

The Group provided its employees with an incentivising and challenging working environment, training and learning opportunities that meet their different needs in their entire career path, remuneration packages which were competitive in the industry, and rich cultural lives for off-duty enjoyment. The Group also uphold the importance of sharing of knowledge and learning from one another. It encouraged job rotation which facilitated staff development, and in turn created a win-win situation between employees and the organisation. In 2014, in pursuit of the corporate mission of “Kaisa Brings You Joyful Living”, and improvement of health quality and career ethics of all of our staff members in general, the Group embarked on a campaign for sports and physical exercises of all staff members. In addition, it was made mandatory, under new rules, for senior management members to take leaves, as part of our concerns about their physical health.

RESPONSIBILITIES IN CHARITABLE DEEDS

Since its establishment, the Group has taken up the role of advocating, promoting and practicing charitable deeds and shown its care and support towards charity organisations in areas of education, healthcare, sports, cultural and environmental protection, it also helped the disaster victims, poor people and underprivileged groups with love and compassion. As at 31 December 2014, the Group had, on a cumulative basis, donated nearly RMB500 million for charity.

In 2014, leveraging the charity platform “Three Funds and One Foundation” (三金一會), that comprises Kaisa Public Welfare Foundation (佳兆業公益基金會), Kaisa Sanitation Workers Caring Fund (佳兆業環衛工關愛基金), Kaisa Medical Workers Caring Fund (佳兆業白衣天使關愛基金) and Kaisa Yushu Education Fund (佳兆業玉樹助學基金), and by forming a regular, supervised, standardised and transparent operating mechanism and riding on Kaisa’s brand awareness, the Group kept on promoting charity development with solid actions.

HEALTHCARE

The Group cares about the development of medical and healthcare services in particular. With a intention of raising public awareness towards the occupational environment of the medical staffs, it called for the consciousness of improving the mental and physical wellbeing of the frontline staffs. “Kaisa Medical Workers Caring Project” (佳兆業白衣天使關愛工程) has become the most comprehensive and the only campaign without nomination barriers for selecting outstanding medical staffs. In 2014, the project continued to grant awards to outstanding medical staffs, and also providing timely support to nurses suffering from cancer who had massive difficulties at the time.

EDUCATION

The Group considers supporting the development of education as a key measure of contribution to society, and has made generous donations in numerous occasions. In May 2014, the Group entered into a strategic cooperation agreement with Shenzhen University, to facilitate extensive cooperation in running education institutes, and engaging the property sector, the internet, finance etc. On 1 September 2014, Bantian School of the Normal College of Shenzhen University (深圳大學師範學院附屬坂田學校), with investments from the Group, commenced operation.

In June 2014, the Group made a donation to an education foundation under South University of Science and Technology, and also made donations to primary education in Mainland China through the Liaison Office of the Central People’s Government in the Hong Kong S.A.R. In June 2014, the Group arranged a visit to Yushu again and delivered its donations for helping 150 primary school students at Ha Xiu Xiang Centre Boarding School (哈秀鄉中心寄宿學校). In 2014, 450 students have received donations under Kaisa Yushu Education Fund.

ENVIRONMENTAL PROTECTION

With a view to enhancing the environment and promoting sustainable development in society, the Group has always been enthusiastic about supporting environmental protection initiatives. From 2014 onwards, the Group has, for three consecutive years, provided sponsorships to support Shenzhen Dapeng International Outdoor Carnival activities. In November 2014, a ceremony for launching "Dapeng Coral Conservation Program" vessel and planting artificial coral reefs and coral seedlings was held in Dapeng Bay in Shenzhen, marking a milestone development for the coral conservation program which the Group has been supporting for three consecutive years.

HELPING THE POOR AND THE SOCIALLY VULNERABLE

Caring for underprivileged groups, attending to people's happiness, upholding social values and building a harmonious society represent the key objectives in Kaisa's charitable deeds. In May 2014, Kaisa Sanitation Workers Caring Fund under the Group extended its reach again by donating to Zeng Zuocai, a sanitation worker who was injured in a traffic accident. In March 2014, the Group donated to Shenzhen Guangming New District Charity Association (深圳光明新區慈善會), for setting up the Guangming New District Community Foundation (光明新區社區基金會). The Group intended to share happiness with residents by fostering new approaches to charity activities such as community foundations. In July 2014, the Group made a donation to Shenzhen Foundation of Brave Deeds for Righteous Missions (深圳市見義勇為基金會) for recognizing, reassuring and rewarding people who acted bravely for righteous missions.

SPORTS AND CULTURE

By sponsoring and introducing a diversified array of cultural and sports activities, the Group promotes development of the sports and cultural sector with solid actions. In 2014, the Group continued to sponsor key international tournaments including WTA Shenzhen Open Tennis Tournament (Final) (WTA深圳網球公開賽決賽), Kaisa Trophy 4th Asia Trophy Women's Volleyball Tournament (佳兆業杯第四屆亞洲杯女子排球賽) and ATP Shenzhen Tennis Tournament (ATP深圳網球公開賽). Mini-flute Music Festival (迷笛音樂節), Strawberry Music Festival (草莓音樂節), Azalea Music Festival (樂杜鵑音樂節), Dahe Dance (大河之舞) and numerous concerts organised by the Group have contributed positively to incubating Shenzhen's local music bands and enriching the cultural and sporting lives of Shenzhen residents.

CORPORATE GOVERNANCE REPORT

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

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

The Company is committed to achieving high standards of corporate governance. An internal corporate governance policy was adopted by the Board aiming at providing greater transparency, quality of disclosure as well as more effective risk and internal control. The execution and enforcement of the Company's corporate governance system is monitored by the Board with regular assessments. The Company believes that its commitment to high-standard practices will translate into long-term value and ultimately maximise returns to shareholders. The Company's management pledges to build long-term interests for shareholders via, for example, conducting business in a socially responsible and professional manner. The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as its own code to govern its corporate governance practices. The Company was conducting its business according to the principles of the CG Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

For the year ended 31 December 2014, the Company has complied with the code provisions of the CG Code set out in Appendix 14 to the Listing Rules save for the deviations which are explained below.

- (a) Code provision E.1.2 provides that the chairman of the Board should attend the annual general meeting. Neither Mr. SUN Yuenan nor Ms. CHEN Shaohuan attended the annual general meeting held on 31 March 2014 as they had other prior business engagements.
- (b) Code Provision A.3.2 provides that an issuer should maintain on its website and on the Stock Exchange's website an updated list of its directors identifying their role and function and whether they are independent non-executive directors. During the year ended 31 December 2014, the Company failed to maintain on its website and the Stock Exchange's website an updated list of Directors due to an inadvertent error of the administrative staff of the Company.

Other non-compliances with the Listing Rules

- (a) Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors of such listed issuer. Since the resignation of Mr. FOK Hei Yu on 31 December 2014, the number of independent non-executive Directors has fallen below the minimum number of three and does not consist of one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules during the period from 31 December 2014 to 27 February 2017. In order to comply with Rules 3.10(1) and 3.10A of the Listing Rules, Mr. LIU Xuesheng was appointed as an independent non-executive Director on 28 February 2017.
- (b) The Company was not able to timely comply with the financial reporting provisions under the Listing Rules in (i) announcing the annual results for the financial year ended 31 December 2014; and (ii) publishing the annual report for the year ended 31 December 2014. Such delay has constituted non-compliance with Rules 13.46(2)(a) and 13.49 of the Listing Rules.
- (c) The Company failed to hold its annual general meeting for the year ended 31 December 2014 within the times stipulated under the Listing Rules and the articles of association of the Company. An annual general meeting will be convened in June 2017 in which the Board will cause the audited consolidated financial statements of the Group for the year ended 31 December 2014 to be laid before the Shareholders for their consideration. Circular and the notice for the annual general meeting will be dispatched as soon as reasonably practicable.

(A) THE BOARD OF DIRECTORS

Board Composition

The members of the Board during the financial year under review were as follows:

Members of the Board

Executive directors:

Mr. KWOK Ying Shing (resigned on 31 December 2014)

Mr. SUN Yuenan

Dr. TAM Lai Ling (resigned on 29 December 2014)

Mr. CHEN Gengxian (resigned on 4 April 2014)

Mr. YE Lieli (appointed on 11 December 2014)

Mr. JIN Zhigang

Mr. LEI Fugui (appointed on 11 December 2014)

Mr. YU Jianqing (appointed on 31 December 2014)

Non-executive Directors:

Mr. KWOK Ying Chi (re-designated and resigned on 31 December 2014)

Ms. CHEN Shaohuan

Independent non-executive Directors:

Mr. ZHANG Yizhao

Mr. RAO Yong

Mr. FOK Hei Yu (resigned on 31 December 2014)

After the end of the financial year under review, the following changes in composition of the Board took place:

Dates	Particulars
13 April 2015	<ul style="list-style-type: none"> Mr. KWOK Ying Shing was appointed as an executive Director and designated as the Chairman of the Board each of Mr. SUN Yuenan and Mr. YE Lieli ceased to be the Co-Chairman of the Board and has been re-designated as the Vice Chairman of the Board Mr. ZHENG Yi was appointed as an executive Director
11 June 2015	<ul style="list-style-type: none"> Mr. YE Lieli resigned as an executive Director and the Vice Chairman of the Board Mr. JIN Zhigang resigned as an executive Director Mr. ZHENG Yi was appointed as the Chief Executive Officer of the Company
1 November 2016	<ul style="list-style-type: none"> Mr. LEI Fugui resigned as an executive Director
28 February 2017	<ul style="list-style-type: none"> Mr. LIU Xuesheng was appointed as an independent non-executive Director

After the end of the financial year under review, the following changes in members of the senior management took place:

Dates	Particulars
28 February 2015	<ul style="list-style-type: none"> • Mr. ZHANG Ji resigned as an executive vice president
18 March 2015	<ul style="list-style-type: none"> • Mr. LOU Liangshang resigned as vice president
27 April 2015	<ul style="list-style-type: none"> • Ms. HUANG Qin was appointed as vice president
28 April 2015	<ul style="list-style-type: none"> • Mr. GUO Huasu resigned as an executive vice president
4 May 2015	<ul style="list-style-type: none"> • Mr. YU Weixuan resigned as vice president
11 June 2015	<ul style="list-style-type: none"> • Ms. WEI Na resigned as an executive vice president
23 June 2015	<ul style="list-style-type: none"> • Mr. WAN Bing was appointed as an executive vice president
26 October 2015	<ul style="list-style-type: none"> • Mr. NG Wai Cheong resigned as company secretary
23 December 2015	<ul style="list-style-type: none"> • Mr. SIU Ho Fai was appointed as company secretary
16 February 2016	<ul style="list-style-type: none"> • Mr. WAN Bing was appointed as Chief Financial Officer
24 May 2016	<ul style="list-style-type: none"> • Mr. MAI Fan was appointed as the assistant to the President
24 May 2016	<ul style="list-style-type: none"> • Ms. HUANG Qin was appointed as senior vice president
24 May 2016	<ul style="list-style-type: none"> • Mr. HABIBULLAH Abdul Rahman was appointed as Chief Financial Officer and company secretary
24 May 2016	<ul style="list-style-type: none"> • Mr. SIU Ho Fai resigned as company secretary
24 May 2016	<ul style="list-style-type: none"> • Mr. WAN Bing resigned as Chief Financial Officer
19 September 2016	<ul style="list-style-type: none"> • Mr. MAI Fan was appointed as Co-President
8 October 2016	<ul style="list-style-type: none"> • Mr. SONG Wei was appointed as vice president
8 October 2016	<ul style="list-style-type: none"> • Mr. LUO Jun was appointed as vice president
8 October 2016	<ul style="list-style-type: none"> • Mr. WAN Bing resigned as an executive vice president
3 January 2017	<ul style="list-style-type: none"> • Mr. WONG Kwok Kwan was appointed as vice president

Biographical details of the Directors and the senior management of the Company are disclosed in the section headed “Directors and Senior Management” of this annual report. Save as disclosed in the such section, to the best knowledge of the Company, there are no relationships (including financial, business, family or other material relationships) among the directors and senior management.

For the year ended 31 December 2014, each of Mr. CHEUNG Hung Kwong and Mr. NG Wai Cheong received not less than 15 hours of relevant professional training to update his knowledge and skills. Mr. CHEUNG Hung Kwong resigned as company secretary and Mr. NG Wai Cheong was appointed as company secretary on 31 December 2014. The biographical details of Mr. CHEUNG Hung Kwong and Mr. NG Wai Cheong, please refer to the annual report for the year ended 31 December 2013 and the announcement dated 31 December 2014.

As at 31 December 2014, the Board consisted of eight Directors including Mr. SUN Yuenan (Co-chairman), Mr. YE Lieli (Co-chairman), Mr. JIN Zhigang (chief executive officer), Mr. LEI Fugui and Mr. YU Jianqing as the executive Directors, Ms. CHEN Shaohuan as a non-executive Director and Mr. ZHANG Yizhao and Mr. RAO Yong as the independent non-executive Directors. The overall management of the Company’s operation is vested in the Board.

Directors’ Responsibilities

The Board takes on the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As of 31 December 2014, the Board comprised eight Directors, including five executive Directors, one non-executive Director and two independent non-executive Directors. Their names and biographical details are set in the section entitled “Directors and Senior Management” in this annual report.

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

Delegation by the Board

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

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2014.

The Company has also established written guidelines on no less exacting terms than the Model Code for securities transactions by the relevant employees of the Group, who are likely to be in possession of inside information of the Company.

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2014, roles of the chairman and chief executive officer were separate and exercised by different individuals. During the period from 1 January 2014 to 30 December 2014, in order to reinforce their respective independence, accountability and responsibility, the roles of the chairman and the chief executive officer were performed by Mr. KWOK Ying Shing and Mr. JIN Zhigang, respectively. Following the resignation of Mr. KWOK Ying Shing, Mr. SUN Yuenan and Mr. YE Lieli were appointed as the co-chairmen of the Board on 31 December 2014.

The chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practice adopted by the Company. He is also responsible for instilling corporate culture and developing strategic plans for the Company. Under code provisions A.2.1 and A.2.2 of the CG Code, the chairman would ensure that all Directors are properly briefed on issues arising at Board meetings and would be responsible for ensuring that Directors receive adequate information, which must be complete and reliable, in a timely manner. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval.

Independent Non-Executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. They bring an impartial view on the Company's strategies, performance and control.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advice to the Board.

The Board also considers that the independent non-executive Directors can provide independent advice on the Company's business strategies, results and management so as to safeguard the interests of the Company and its shareholders.

For the year ended 31 December 2014, the Company has received an annual confirmation of independence from each independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors of such listed issuer. Since the resignation of Mr. FOK Hei Yu on 31 December 2014, the number of independent non-executive Directors fell below the minimum number of three and does not consist of one-third of the Board as required under Rules 3.10(1) and 3.10A of the Listing Rules during the period from 31 December 2014 to 27 February 2017. In order to comply with Rules 3.10(1) and 3.10A of the Listing Rules, Mr. LIU Xuesheng was appointed as an independent non-executive Director on 28 February 2017.

Board Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications.

For the year ended 31 December 2014, the Company has adopted the practice of holding Board meetings regularly for at least four times a year at approximately quarterly intervals. At least 14 days' notice will be given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice will be given.

For the year ended 31 December 2014, it is considered that the Directors are well acknowledged to the business and the operation of the Group.

All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings. They can separately get access to the senior executives and the company secretary at all time and may seek independent professional advice at the Company's expense. Minutes of board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Pursuant to code provision A.1.5 of the CG Code minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by the Directors or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

Pursuant to code provision A.1.7 of the CG Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by way of a physical meeting, rather than a written resolution. Independent non-executive Directors who have no material interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the Articles, as well as relevant rules and regulations. For the year ended 31 December 2014, there were no significant changes to the Articles.

Appointment, Re-election and Removal of Directors

Each of the executive Directors and non-executive Directors (including independent non-executive Directors) has entered into a service contract or a letter of appointment with the Company for a specific term. Such term is subject to his re-election by the Company at an annual general meeting (the "AGM") upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting of the members of the Company and shall then be subject to re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. In accordance with Article 83(3) of the Articles, Mr. KWOK Ying Shing, Mr. ZHENG Yi, Mr. YU Jianqing and Mr. LIU Xuesheng shall hold office until the forthcoming AGM, and being eligible, would offer themselves for re-election at the forthcoming AGM.

In accordance with the Articles, at every AGM of the Company, one third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election. In accordance with Article 84(1) of the Articles, Mr. KWOK Ying Shing, Mr. SUN Yuenan, Mr. YU Jianqing, Mr. ZHENG Yi, Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao shall retire by rotation at the forthcoming AGM and each of them, being eligible, would offer themselves for re-election at the forthcoming AGM.

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

Training and Support for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director or alternative Director would receive an induction package covering the Group's businesses and the statutory regulatory obligations of a director of a listed company. The Group also provided briefings and other training to develop and refresh Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management, where appropriate, to ensure awareness of best corporate governance practices.

Briefings on directors' duties were given to the newly appointed executive Directors.

During the year ended 31 December 2014, the Directors also participated in the following trainings:

Directors	Types of training
Executive Directors	
Mr. KWOK Ying Shing (resigned on 31 December 2014)	C
Mr. SUN Yuenan	C
Mr. JIN Zhigang	C
Mr. LEI Fugui (appointed on 11 December 2014)	C
Mr. YE Lieli (appointed on 11 December 2014)	C
Mr. YU Jianqing (appointed on 31 December 2014)	A,C
Mr. CHEN Gengxian (resigned on 4 April 2014)	C
Dr. TAM Lai Ling (resigned on 29 December 2014)	A,C
Non-Executive Director	
Ms. CHEN Shaohuan	A,C
Mr. KWOK Ying Chi (resigned on 31 December 2014)	C
Independent Non-Executive Directors	
Mr. ZHANG Yizhao	B,C
Mr. RAO Yong	C
Mr. FOK Hei Yu (resigned on 31 December 2014)	C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: reading newspapers, journals, Company's newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

In 2013, the Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

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

Board Committees

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

Nomination Committee

The Nomination Committee is primarily responsible for, among other things, considering and recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required.

Its written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the Nomination Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The Nomination Committee will select and recommend candidates for directorship after consideration of referrals and engagement of external recruitment professionals, when necessary.

The composition of the Nomination Committee during the financial year under review was as follows:

Chairman ^(Note):

Mr. KWOK Ying Shing, executive Director (resigned on 31 December 2014)

Mr. SUN Yuenan, executive Director (appointed on 31 December 2014)

Members:

Mr. ZHANG Yizhao, independent non-executive Director

Mr. RAO Yong, independent non-executive Director

Mr. FOK Hei Yu, independent non-executive Director (resigned on 31 December 2014)

Note: After the end of the financial year under review, Mr. Sun Yuenan resigned as the chairman of the Nomination Committee and Mr. Kwok Ying Shing was appointed as the chairman of the Nomination Committee on 7 August 2015.

The Nomination Committee was primarily responsible for the following duties during the year ended 31 December 2014:

- to review the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on selection of individuals nominated for directorships;

- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Company; and
- to assess the independence of independent non-executive Directors.

Audit Committee

The Audit Committee is responsible for, among other things, the review and supervision of the Group's financial reporting process, internal controls and review of the Company's financial statements. Their written terms of reference are in line with the provisions under the CG Code and explains the role and the authority delegated to the Audit Committee by the Board.

The Audit Committee consists of three members, all of whom are non-executive Director and independent non-executive Directors. The composition of the Audit Committee during the financial year under review was as follows:

Chairman:

Mr. RAO Yong, independent non-executive Director

Members:

Mr. ZHANG Yizhao, independent non-executive Director

Mr. FOK Hei Yu, independent non-executive Director (resigned on 31 December 2014)

Ms. CHEN Shaohuan, non-executive Director (appointed on 31 December 2014)

The Audit Committee was primarily responsible for the following duties during the year ended 31 December 2014:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to review and monitor integrity of the Company's financial statements, annual report and accounts and half-year reports and to review significant financial reporting judgements contained in them;
- to review the Company's financial controls, internal control and risk management systems;
- to discuss the risk management and internal control systems with management of the Company and ensure that the management has performed its duty to have an effective risk management and internal control systems;
- to review the financial and accounting policies and practices of the Company and its subsidiaries; and
- to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised.

Remuneration Committee

The Remuneration Committee is responsible for, among other things making recommendations to the Directors' remuneration and other benefits. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that level of their remuneration and compensation are reasonable. Their written terms of reference are in line with the provisions of the CG Code. Pursuant to code provision B.1.4 of the CG Code, the remuneration committee would make available its terms of reference, explaining its role and the authority delegated to it by the Board. The composition of the Remuneration Committee during the financial year under review was as follows:

Chairman:

Mr. FOK Hei Yu, independent non-executive Director (resigned on 31 December 2014)

Mr. ZHANG Yizhao, independent non-executive Director (redesignated on 31 December 2014)

Members ^(Note):

Mr. KWOK Ying Shing, executive Director (resigned on 31 December 2014)

Mr. SUN Yuenan, executive Director (appointed on 31 December 2014)

Mr. RAO Yong, independent non-executive Director

Note: After the end of the financial year under review, Mr. Sun Yuenan resigned as the member of the Remuneration Committee and Mr. Kwok Ying Shing was appointed as the member of the Remuneration Committee on 7 August 2015.

The Remuneration Committee was primarily responsible for the following duties during the year ended 31 December 2014:

- to make recommendations to the Board on the Company's policy and structure for all remunerations of Directors and senior management of the Company and on the establishment of formal and transparent procedures for developing policies on all such remunerations;
- to have the delegated responsibilities to determine the specific remuneration packages of all executive Directors and senior management members of the Company;
- to review and approve performance-based remunerations by reference to corporate goals and objectives resolved by the Board from time to time;
- to review and approve compensation payable to executive Directors and senior management of the Company in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is fair and not excessive for the Company;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is reasonable and appropriate; and
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 34 to the financial statements. During the year ended 31 December 2014, the Remuneration Committee determined the remuneration packages of the executive Directors and senior management members of the Company, and reviewed the collective performance and individual performance as well as the performance-based bonus payment of them.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year 2014 is set out below:

Remuneration bands (RMB)	Number of persons
1 to 1,000,000	1
1,000,001 to 2,000,000	10
2,000,001 to 3,000,000	2
3,000,001 to 4,000,000	–
4,000,001 to 5,000,000	–
	13

Meeting Attendance

The attendance of Directors at Board meetings, meetings of the Board committees and general meetings during the year ended 31 December 2014, as well as the number of such meetings held, is set out as follows:

Meetings attended/held

Directors	Board	Nomination Committee	Audit Committee	Remuneration Committee	General Meetings
Executive Directors ^(Notes)					
Mr. KWOK Ying Shing ¹	5/6	1/1		1/1	2/2
Mr. SUN Yuenan	7/7				0/2
Mr. LEI Fugui ²	1/1				
Mr. YU Jianqing ³	0/1				
Mr. CHEN Gengxian ⁴	1/2				0/2
Dr. TAM Lai Ling ⁵	5/6				2/2
Mr. YE Lieli ⁷	0/1				
Mr. JIN Zhigang ⁸	6/7				2/2
Non-Executive Director					
Ms. CHEN Shaohuan	4/7				0/2
Mr. KWOK Ying Chi ⁶	5/6				2/2
Independent Non-Executive Directors					
Mr. ZHANG Yizhao	5/7	1/1	1/1	1/1	2/2
Mr. RAO Yong	3/7	1/1	1/1	1/1	2/2
Mr. FOK Hei Yu ⁹	4/6	1/1	1/1	1/1	2/2

Notes:

1. Mr. KWOK Ying Shing resigned as executive Director on 31 December 2014 and was re-appointed as executive Director on 13 April 2015.
2. Mr. LEI Fugui was appointed as executive Director on 11 December 2014 and resigned as executive Director on 1 November 2016.
3. Mr. YU Jianqing was appointed as executive Director on 31 December 2014.
4. Mr. CHEN Gengxian resigned as executive Director on 4 April 2014.
5. Dr. TAM Lai Ling resigned as executive Director on 29 December 2014.
6. Mr. KWOK Ying Chi was re-designated as non-executive Director on 31 December 2014 and resigned as non-executive Director on the same day.
7. Mr. YE Lieli was appointed as executive Director on 11 December 2014 and resigned as executive Director on 11 June 2015.
8. Mr. JIN Zhigang resigned as executive Director on 11 June 2015.
9. Mr. FOK Hei Yu resigned as independent non-executive Director on 31 December 2014.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Directors are responsible for the preparation of the financial statements of the Group. In the preparation of financial statements, the Hong Kong financial reporting standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the CG Code, management would provide sufficient explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The working scope and reporting responsibilities of Grant Thornton Hong Kong Limited, the Company's external auditor, are set out on pages 86 to 87 of the "Independent Auditor's Report" in this annual report.

External Auditors' Remuneration

PricewaterhouseCooper resigned as the auditors of the Company and Grant Thornton Hong Kong Limited was appointed as the Group's external auditors on 24 June 2016. Reasons for the resignation of PricewaterhouseCooper are set out in the announcement of the Company dated 15 July 2016.

During the year under review, the fee payable to external auditors in respect of its audit services and non-audit services provided to the Company were RMB 34.1 million and RMB 1.3 million, respectively.

Internal Control

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations.

The Directors conducted a review of the overall effectiveness of the internal control system of the Group for the year ended 31 December 2014. An internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries and reported to the Board on any material issues and make recommendations to the Board. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

During the course of audit performed by the external auditors, they reported on the weaknesses of the Group's internal control and accounting procedures which came to their attention.

Grant Thornton Advisory Services Limited ("**GT Advisory**"), an external professional adviser, was engaged by the Company in August 2016 to conduct an independent internal control review and to assist the management to improve the internal control systems of the Group. After a review of the work done by GT Advisory, the Board considered that the Company's improved internal control system is adequate and effective.

(C) NON-COMPETITION UNDERTAKING

A deed of non-competition dated 25 November 2009 (the "**Deed of Non-Competition**") was entered into between the Company and the then controlling Shareholders, namely Mr. KWOK Ying Shing, Mr. KWOK Chun Wai and Mr. KWOK Ying Chi (the "**Kwok Family**"), Da Chang Investment Company Limited ("**Da Chang**"), Da Feng Investment Company Limited ("**Da Feng**"), Da Zheng Investment Company Limited ("**Da Zheng**") and Chang Yu Investment Company Limited ("**Chang Yu**") who have undertaken to the Company that he/it will not directly or indirectly be involved in or undertake any business that directly or indirectly competes with our Group's business or undertaking, or hold shares or interest in any companies or business that compete directly or indirectly with our Group's business.

The Company has received an annual written confirmation from each of the controlling Shareholders in respect of the compliance by them and their close associates with the Deed of Non-Competition.

Each of the then controlling shareholders (within the meaning of the Listing Rules) of the Company confirmed to the Company that each of them and his/its close associates has complied with the non-competition undertaking given by him/it to the Company under the Deed of Non-competition.

The Directors (including independent non-executive Directors) have reviewed the status of compliance and enforcement of the non-competition undertaking and confirmed that all the undertakings thereunder have been complied with throughout the year ended 31 December 2014.

Other than the Group's business, none of the Directors or their respective associates have any interests in any business that competes or is likely to compete with the Group's business during the year ended 31 December 2014.

(D) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Board believes that effective investor relations can contribute towards lower cost of capital, higher market liquidity for the Company's stock and a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner. Keeping them aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

Shareholders may put forward their written enquiries to the Board. In this regard, the Shareholders may send those enquiries or requests as mentioned to the following:

Address: Suite 2001, 2015-16, 20/F, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong

Fax: (852) 3900 0990

Telephone: (852) 8202 6888

Pursuant to the code provisions of the CG Code, in respect of each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and invite for the chairman of the Audit Committee, Remuneration Committee and Nomination Committee and any other committee (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the AGM. The chairman of the independent Board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by way of a poll.

Shareholder (s) holding not less than one-twentieth of the paid up capital of the Company can make a requisition to convene an extraordinary general meeting. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder (s) and deposited at the registered office of the Company. Besides, Section 115A of the Companies Ordinances of Hong Kong provides that (i) shareholder (s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK\$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder (s) at the registered office of the Company.

There are no provisions allowing shareholders to putting forward proposals at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders who wish to put forward proposals may follow the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out in the above paragraph.

The constitutional documents of the Company are available on the websites of the Company and the Stock Exchange. There were no changes in the constitutional documents of the Company for the year ended 31 December 2014.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries are principally engaged in property development, property investment and property management, hotel and catering operations and cinema, department stores and cultural centre operations. The activities and particulars of the Company's subsidiaries are set out in note 47 to the consolidated financial statements. An analysis of the Group's turnover and operating profit for the year by principal activities is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 88 in this annual report.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2014 (2013: HK\$15 cents per share).

PROPERTY AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 21 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity. Details of the distributable reserves of the Company as at 31 December 2014 are set out in note 22 to the consolidated financial statements.

BORROWINGS

Details of the borrowings are set out in note 24 to the consolidated financial statements.

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

Save for the Senior Notes January 2014 and Senior Notes June 2014, during the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHARITABLE DONATIONS

The charitable donations made by the Group during the year amounted to RMB55.0 million (2013: RMB55.6 million).

DIRECTORS

During the year ended 31 December 2014 and up to the date of this report, the Directors were as follows:

Executive Directors

Mr. KWOK Ying Shing (resigned on 31 December 2014 and re-appointed on 13 April 2015)

Mr. SUN Yuenan

Mr. LEI Fugui (appointed on 11 December 2014 and resigned on 1 November 2016)

Mr. YU Jianqing (appointed on 31 December 2014)

Mr. ZHENG Yi (appointed on 13 April 2015)

Mr. CHEN Gengxian (resigned on 4 April 2014)

Dr. TAM Lai Ling (resigned on 29 December 2014)

Mr. YE Lieli (appointed on 11 December 2014 and resigned on 11 June 2015)

Mr. JIN Zhigang (resigned on 11 June 2015)

Non-Executive Director

Ms. CHEN Shaohuan

Mr. KWOK Ying Chi (redesignated and resigned on 31 December 2014)

Independent Non-Executive Directors

Mr. ZHANG Yizhao

Mr. RAO Yong

Mr. FOK Hei Yu (resigned on 31 December 2014)

Mr. LIU Xuesheng (appointed on 28 February 2017)

In accordance with Article 84(1) of the Company's Articles, Mr. KWOK Ying Shing, Mr. SUN Yuenan, Mr. YU Jianqing, Mr. ZHENG Yi, Ms. CHEN Shaohuan, Mr. RAO Yong and Mr. ZHANG Yizhao shall retire from the office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with Article 83(3) of the Company's Articles, Mr. KWOK Ying Shing, Mr. ZHENG Yi, Mr. YU Jianqing and Mr. LIU Xuesheng will hold office until the forthcoming AGM and, being eligible, offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors. Pursuant to Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors of such listed issuer. Upon the resignation of Mr. FOK Hei Yu on 31 December 2014 as Independent Non-executive Director, the Board comprises eight directors including five executive Directors, one non-executive Director and two independent non-executive Directors. Accordingly, the number of independent non-executive Directors has fallen below the minimum number of three and does not consist of one-third of the Board as required under Rules 3.10(1) and Rule 3.10A of the Listing Rules during the period from 31 December 2014 to 27 February 2017. In order to comply with Rules 3.10(1) and 3.10A of the Listing Rules, Mr. LIU Xuesheng was appointed as an independent non-executive Director on 28 February 2017.

SHARE CAPITAL AND DEBENTURES

During the year ended 31 December 2014, the Company issued:

- (a) 125,803,000 new Shares pursuant to the exercise of share options under the Share Option Scheme at a weighted average issue price of HK\$2.75 per Share;
- (b) 80,109,910 scrip dividend shares at share price of HK\$2.68 per share; and
- (c) the Senior Notes January 2014 and the Senior Notes June 2014, particulars of which is set forth the section headed "Management Discussion and Analysis".

Save as disclosed above, there were no changes in the number of the issued Shares and debenture of the Company during the year ended 31 December 2014.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

The biography of all the Directors and members of the senior management of the Company are set out on pages 53 to 57.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into service contract with the Company for a term of three years, and which will continue thereafter until terminated by either party thereto giving to the other party not less than three months' prior notice in writing. Each of the non-executive Director and the independent non-executive Directors has entered into letter of appointment with the Company and is appointed for a period of one year commencing on the date of listing/appointed (as the case maybe), which will continue subject to re-election at the Company's general meeting, and such letter of appointment could be terminated by giving not less than three months' prior notice in writing. None of the Directors has entered into a service contract with the Company which is not determinable within one year without payment of compensation other than statutory compensation.

RESUMPTION PROGRESS

Trading in the Shares on the Stock Exchange has been suspended since March 2015. The Stock Exchange imposed on the Company certain conditions to the resumption of the trading in the Shares. For details of those conditions, please refer to the announcement of the Company dated 23 July 2015. The Board is in the course of taking necessary actions and steps to fulfill those resumption conditions and will keep the shareholders and potential investors of the Company informed of the progress, as and when appropriate.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 22 November 2009. A summary of the principal terms of the Share Option Scheme is set out as follows:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options of the Company to eligible participants with the view to achieving following objectives.

- (i) motivate the Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants of the Share Option Scheme

Participants of the Share Option Scheme include any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, advisers and agents to the Company or any of its subsidiaries (the "**Eligible Participants**").

(3) Total number of Shares available for issue under the Share Option Scheme

The total number of Shares which may be issued upon exercise of all Share options granted and yet to be exercised under the Share Option Scheme and other schemes of the Company must not exceed in aggregate 30% of the Shares in issue. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and options under the other schemes of the Company is not permitted to exceed 10% limit, unless with the prior approval from the shareholders of the Company. The Share Option Scheme limit was refreshed at the extraordinary general meeting held on 31 March 2014. As at 31 December 2014, the maximum number of the Shares available for issue upon exercise of all Share options which may be granted under the Share Option Scheme is 496,511,100 Shares, representing approximately 9.67% of the issued share capital of the Company as at the date of the report.

During the year ended 31 December 2014, a total of 14,000,000 options were granted under the Share Option Scheme. For the year ended 31 December 2014, a total of 125,803,000 options were exercised, no options were cancelled, and a total of 38,512,000 options were forfeited/lapsed.

(4) Maximum entitlement of each Participant

The maximum number of Shares issued and to be issued upon exercise of the options pursuant to the Share Option Scheme and any other share option schemes of the Company to each participant of the Share Option Scheme in any 12-month period up to and including the date of grant of the options shall not exceed 1% of the total number of Shares in issue as at the date of grant.

(5) Period within which the securities must be taken up under an option

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant.

(6) Payment on acceptance of option offer

HK\$1.00 is payable by the participant of the Share Option Scheme to the Company upon acceptance of the option offered as consideration for the grant.

(7) Basis of determining the subscription price

The subscription price per Share under the Share Option Scheme is determined by the Board and notified to each participant and shall be no less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(8) Remaining life of the Share Option Scheme

The Share Option Scheme will remain valid until 9 December 2019 after which no further options may be granted. In respect of all options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary below sets out the details of options granted as at 31 December 2014 pursuant to the Share Option Scheme:

Grantee	Balance as of 1 January 2014 (Note 1)	Grant during the year ended 31 December 2014 (Note 2&3)	Exercised during the year ended 31 December 2014 (Note 4)	Cancelled/ Forfeited/ Lapsed during the year ended 31 December 2014	Balance as of 31 December 2014
Directors					
SUN Yuenan	20,020,000	–	–	–	20,020,000
JIN Zhigang	14,520,000	–	(7,508,000)	–	7,012,000
YU Jianqing	–	6,000,000	–	–	6,000,000
ZHANG Yizhao	1,000,000	–	–	–	1,000,000
RAO Yong	1,000,000	–	–	–	1,000,000
Other employees					
In aggregate	350,647,000	8,000,000	(118,295,000)	(38,512,000)	201,840,000
Total	387,187,000	14,000,000	(125,803,000)	(38,512,000)	236,872,000

Notes:

- (1) For the information on the date of grant, exercise period and exercise price in relation to the outstanding Share options as at 1 January 2014, please refer to Note 43 to the Consolidated Financial Statements. Save as disclosed above, the outstanding share options are exercised during the following periods: (i) up to 20% of the Share options granted to the grantees at any time after the expiration of 12 months from the respective date of grant; (ii) up to 20% of the Share options granted to the grantees at any time after the expiration of 24 months from the respective date of grant; (iii) up to 20% of the Share options granted to the grantees at any time after the expiration of 36 months from respective date of grant; (iv) up to 20% of the Share options granted to the grantees at any time after the expiration of 48 months from the respective date of grant; and (v) all the remaining the Share options granted to the grantees at any time after the expiration of 60 months from respective date of grant.
- (2) On 21 February 2014, the Company granted 11,000,000 Share options to an employee and a consultant of the Company and its subsidiaries under the Share Option Scheme, at an exercise price of HK\$2.61. The Shares options are exercised during the following periods: (i) Up to 20% of the Share options granted to them at any time after the expiration of 12 months from 21 February 2014; (ii) Up to 20% of the Share options granted to them at any time after the expiration of 24 months from 21 February 2014; (iii) Up to 20% of the Share options granted to them at any time after the expiration of 36 months from 21 February 2014; (iv) Up to 20% of the Share options granted to them at any time after the expiration of 48 months from 21 February 2014; (v) all the remaining the Share options granted to them at any time after the expiration of 60 months from 21 February 2014, and in each case, not later than 20 February 2024. The closing price of the Shares immediately before the date on which the Share options were granted was HK\$2.60 per Share. For further details, please refer to the announcement of the Company dated 23 February 2014 and Note 43 to the Consolidated Financial Statements.
- (3) On 21 August 2014, the Company granted 3,000,000 Share options to an employee of the Company and its subsidiaries under the Share Option Scheme, at an exercise price of HK\$2.84. The Shares options are exercised during the following periods: (i) up to 20% of the Share options granted to him at any time after the expiration of 12 months from 21 August 2014; (ii) Up to 20% of the Share options granted to him at any time after the expiration of 24 months from 21 August 2014; (iii) up to 20% of the Share options granted to him at any time after the expiration of 36 months from 21 August 2014; (iv) Up to 20% of the Share options granted to him at any time after the expiration of 48 months from 21 August 2014; (v) all the remaining the Share options granted to him at any time after the expiration of 60 months from 21 August 2014, and in each case, not later than 20 August 2024. The closing price of the Shares immediately before the date on which the Share options were granted was HK\$2.83 per Share. For further details, please refer to the announcement of the Company dated 21 August 2014 and Note 43 to the Consolidated Financial Statements.
- (4) The weighted average closing price of the Shares immediately before the dates on which the Share options were exercised by each of Mr. CHEN Gengxian, Mr. JIN Zhigang, and other employees was HK\$2.86 per Share, HK\$2.86 per Share and HK\$2.72 per Share, respectively.

As at 31 December 2014, a total of 74,430,000 options were exercisable.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

Directors' and Chief Executive's Interests in Securities

As at 31 December 2014, the interests and short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares:

Name of Director	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (Note 2) %
KWOK Ying Shing	Settlor/Beneficiary of the Kwok Family Trust (as defined below)	2,529,196,133	49.25%

Notes:

- (1) These interests refer to the Shares that are beneficially owned through the Kwok Family Trust (as defined below). See "Substantial Shareholders".
- (2) The percentage were calculated based on 5,135,427,910 Shares in issue as at 31 December 2014.

(ii) Long positions in the underlying Shares:

Name of Director	Capacity	Number of the underlying Shares	Approximate percentage of shareholding of the issued share capital of the Company (Note) %
SUN Yuenan	Beneficial owner	20,020,000	0.39%
JIN Zhigang	Beneficial owner	7,012,000	0.14%
YU Jianqing	Beneficial owner	6,000,000	0.12%
ZHANG Yizhao	Beneficial owner	1,000,000	0.02%
RAO Yong	Beneficial owner	1,000,000	0.02%

Note:

The percentage were calculated based on 5,135,427,910 Shares in issue as at 31 December 2014, assuming all the options granted under the Share Option Scheme have been exercised.

(iii) Interests in associated corporations of the Company (long positions)

Name of Director	Name of associated corporation	Capacity	Number of shares	Percentage of shareholding in the associate corporation (%)
KWOK Ying Shing (Note)	Da Chang	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Da Feng	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Da Zheng	Settlor/Beneficiary of the Kwok Family Trust	1	100%
	Chang Yu	Settlor/Beneficiary of the Kwok Family Trust	1,000	100%

Note:

As at 31 December 2014, the entire issued share capital of each of Da Chang Investment Company Limited (“**Da Chang**”), Da Feng Investment Company Limited (“**Da Feng**”) and Da Zheng Investment Company Limited (“**Da Zheng**”) was held by Chang Yu Investment Company Limited (“**Chang Yu**”) which was in turn wholly owned by Good Health Investments Limited (“**Good Health**”), which was owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited, as nominees and trustees for Credit Suisse Trust Limited, which was acting as the trustee of a discretionary trust (the “**Kwok Family Trust**”) set up by Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi (the “**Kwok Family**”), the beneficiaries of which include the Kwok Family and its immediate family members. As at 31 December 2014, Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi were settlers of the Kwok Family Trust and were therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng.

Save for those disclosed above, as at 31 December 2014, none of the Directors or chief executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme as set out in note 43 to the consolidated financial statements, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement 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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in the Cooperation Agreement (as defined below) in which Ms. CHEN Shaohuan was interested by virtue of her capacity as an employee in either Sino Life, Sino Life's substantial shareholder and/or Sino Life's associates, no contract of significance to which the Company, its holding company or their subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year ended 31 December 2014.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contracts of significance between the controlling shareholders of the Company or any of its subsidiaries and the Group was made during the year ended 31 December 2014.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

On 21 March 2014, 佳兆業集團(深圳)有限公司 (Kaisa Group (Shenzhen) Co., Ltd.*) ("**Kaisa Shenzhen**") and 生命人壽保險股份有限公司 (Sino Life Insurance Co., Ltd*) ("**Sino Life**") entered into the cooperation agreement (the "**Cooperation Agreement**"), pursuant to which Kaisa Shenzhen and Sino Life agreed to establish the joint venture company (the "**Joint Venture Company**") which will be owned as to 51% by Kaisa Shenzhen and 49% by Sino Life (the "**Formation of JV**") for the purpose of holding and developing a parcel of land situated at G16301-0701, Xiasha Village, Dapeng Road, Dapeng New District, Shenzhen, the PRC (the "**Land**") with a site area of 429,559.64 square metres with gross floor area of 516,030 square metres per maximum allowed plot ratio for a term of 40 years. The Land was classified as commercial land. On 9 April 2014, Kaisa Shenzhen and Sino Life jointly and successfully bid for the Land (the "**Acquisition of the Land**"). The consideration for the Acquisition of the Land is RMB5,400 million. Sino Life is a connected person of the Company by virtue of it being a substantial shareholder of the Company. The Formation of JV and the Acquisition of the Land would therefore constitute a connected transaction of the Company under the Listing Rules.

Significant related party transactions entered by the Group for the year ended 31 December 2014 are set out in note 45 to the consolidated financial statements, which are in compliance with the requirements of the Listing Rules.

REMUNERATION POLICY

The remuneration policy (which includes the payment of the emoluments to the employees) of the employees of the Group is set up by the Remuneration Committee on the basis of the employees' performance, qualifications and experiences. Details of the remuneration of the Directors are set out in note 34 to the consolidated financial statements, having regard to the Company's operating results, individual performance of the Directors and senior management are comparable market statistics. The Company adopted the Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Scheme are set out in this report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its 5 largest suppliers and sold less than 30% of its goods and services to its 5 largest customers.

During the year ended 31 December 2014, none of the Directors, their close associates, a shareholder of the Company (who to the knowledge of the Directors own more than 5% of the issued share capital) have any interest in any of the Group's five largest suppliers or customers.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2014, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities," had notified the Company of its interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at 31 December 2014, so far as the Directors were aware, persons other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	Capacity	Number of shares (Note 1)	Approximate percentage of the issued share capital of the Company (%)
Da Chang	Beneficial owner	1,000,307,622 (L) (Notes 2 and 6)	19.48%
Da Feng	Beneficial owner	1,035,026,457 (L) (Notes 2 and 6)	20.15%
Da Zheng	Beneficial owner	493,862,054 (L) (Notes 2 and 6)	9.62%
Chang Yu	Interest in a controlled corporation	2,529,196,133 (L) (Notes 2 and 6)	49.25%
Good Health	Interest in a controlled corporation	2,529,196,133 (L) (Notes 2, 3 and 6)	49.25%
Credit Suisse Trust Limited	Interest in a controlled corporation	2,529,196,133 (L) (Notes 4 and 6)	49.25%
Kwok Chun Wai	Settlor/Beneficiary of the Kwok Family Trust	2,529,196,133 (L) (Notes 4 and 6)	49.25%
Funde Sino Life Insurance Co., Ltd.	Beneficial owner Interest in a controlled corporation	649,700,957 (L) 887,995,149 (L) (Notes 5 and 6)	29.94%
Fund Resources Investment Holding Group Company Limited	Beneficial owner	887,995,149 (L)	17.29%
Credit Suisse Group AG	Interest in a controlled corporation	257,358,486 (L) 157,526,411 (S)	5.01%
Kwok Ying Chi	Settlor/Beneficiary of the Kwok Family Trust	2,529,196,133 (L)	49.25%

Notes:

1. The letter “L” denotes the person’s long position in the Shares and the letter “S” denotes the person’s short position in the Shares.
2. As at 31 December 2014, the entire issued share capital of each of Da Chang, Da Feng and Da Zheng was held by Chang Yu which is in turn wholly-owned by Good Health.
3. To the best knowledge of the Directors, Good Health was owned as to 50% by Seletar Limited and as to 50% by Serangoon Limited as nominees and trustees for Credit Suisse Trust Limited as at 31 December 2014. Reference is made reference to the forms of the disclosure of interests filed by Credit Suisse Trust Limited on 16 December 2014.
4. As at 31 December 2014, each of Mr. KWOK Chun Wai, Mr. KWOK Ying Shing and Mr. KWOK Ying Chi is a settlor of the Kwok Family Trust and was therefore taken to be interested in the Shares held by Da Chang, Da Feng and Da Zheng by virtue of the SFO.
5. 887,995,149 Shares were held by Fund Resources Investment Holding Group Company Limited, which was wholly owned by Funde Sino Life Insurance Co., Ltd. as at 31 December 2014. By virtue of SFO, Funde Sino Life Insurance Co., Ltd is deemed to be interested in Shares held by Fund Resources Investment Holding Group Company Limited. Reference is made to the form of the disclosure of interests filed by Sino Life Insurance Co., Ltd on 3 December 2014.
6. The percentage were calculated based on 5,135,427,910 Shares in issue as at 31 December 2014.

Save for those disclosed above, as at 31 December 2014, to the best of the Directors’ knowledge, no other persons had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

PERMITTED INDEMNITY PROVISION

Under the articles of association of the Company, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2014.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, during the year ended 31 December 2014, the public float of the Company fell below the prescribed public float requirements under the Listing Rules. The public float was restored through the transfer of 217,392,000 Shares, representing approximately 4.23% of the issued share capital of the Company, by Da Chang to an independent third party on 23 February 2017.

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

AUDITORS

The consolidated financial statements for the years ended 31 December 2012 and 2013 were audited by PricewaterhouseCoopers.

PricewaterhouseCoopers was re-appointed as auditor of the Company at the annual general meeting held on 31 March 2014 and resigned as the auditor of the Company with effect from 24 June 2016. For further details of the resignation, please refer to the announcement of the Company dated 15 July 2016.

Grant Thornton Hong Kong Limited was appointed as the auditors of the Company on 24 June 2016. Grant Thornton Hong Kong Limited will only hold office until the conclusion of the next following annual general meeting of the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board

KWOK Ying Shing

Chairman

Hong Kong, 25 March 2017

INDEPENDENT AUDITORS' REPORT



TO THE MEMBERS OF KAISA GROUP HOLDINGS LTD.

(incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Kaisa Group Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as, the "Group") set out on pages 88 to 185, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

Except for the inability to obtain sufficient appropriate audit evidence as explained below, 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

As described in note 2.1(a) to the consolidated financial statements, the Company has established an Independent Committee of the Board of Directors and the Independent Committee has engaged Messrs. Lam & Co., as the legal advisors to the Independent Committee, and FTI Consulting (Hong Kong) Limited ("FTI Consulting"), as an independent investigation consultant, to undertake an independent investigation (the "Investigation") on certain issues ("Incident").

The findings of the Investigation led to the recognition of a loss arising from the Incident (as detailed in note 2.1(a)) to the consolidated financial statements, of RMB482,736,000 (the "Loss arising from the Incident") which was recognised in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 as the directors of the Company are of the opinion that this is the earliest practicable period to recognise the loss having taken into account the findings of the Investigation.

Due to the irregular nature of the Incident, we are unable to obtain sufficient assurance to ascertain the nature and commercial substance of the underlying transactions leading to the Loss arising from the Incident; and as to whether the nature of these underlying transactions involved in the Incident was properly disclosed in the consolidated financial statements for the year ended 31 December 2014.

Any adjustments that might have been found necessary in respect of the Incident would affect the disclosure of the Loss arising from the Incident in the Group's consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2014 and the other assets in the consolidated statements of financial position as at 1 January 2014 and 2013 and the categorisation of the related cash flows in the consolidated statements of cash flows for the years ended 31 December 2014 and 2013.

DISCLAIMER OF OPINION

Because of the significance of the possible effects of the matters described in the Basis for Disclaimer of Opinion on the adequacy of disclosure of the nature of the Loss arising from the Incident and the categorisation of cash flows arising from the Incident, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Group's loss and cash flows for the year ended 31 December 2014. Accordingly, we do not express an opinion on whether the consolidated financial statements give a true and fair view of the Group's loss and cash flows for the year ended 31 December 2014.

UNQUALIFIED OPINION ON THE FINANCIAL POSITION

In our opinion, the Company's and the Group's statements of financial position give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 in accordance with the Hong Kong Financial Reporting Standards.

In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

25 March 2017

Lin Ching Yee Daniel

Practising Certificate No.: P02771

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000 (restated)
Revenue	5	19,600,176	19,523,056
Cost of sales	31	(16,729,262)	(13,152,594)
Gross profit		2,870,914	6,370,462
Other losses, net	30	(1,742,408)	(428,681)
Selling and marketing costs	31	(798,518)	(861,877)
Administrative expenses	31	(1,170,986)	(952,013)
Changes in fair value of investment properties	7	3,626,772	728,712
Changes in fair value of financial derivatives	18	(85,772)	51,450
Loss arising from the Incident	29	(482,736)	–
Operating profit		2,217,266	4,908,053
Share of results from associates	9	(634)	–
Finance income		25,039	317,519
Finance costs		(775,804)	(741,303)
Finance costs, net	32	(750,765)	(423,784)
Profit before income tax		1,465,867	4,484,269
Income tax expenses	35	(2,765,935)	(2,293,213)
(Loss)/profit and total comprehensive (loss)/income for the year		(1,300,068)	2,191,056
(Loss)/profit for the year and total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		(1,287,484)	2,174,639
Non-controlling interests		(12,584)	16,417
		(1,300,068)	2,191,056
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic	36	(0.255)	0.442
– Diluted	36	(0.255)	0.391

The notes on pages 94 to 185 are an integral part of these consolidated financial statements. Details of dividends payable and proposed for the year are set out in note 38.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	At 31 December		At 1 January
		2014	2013	2013
		RMB'000	RMB'000 (restated)	RMB'000 (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property and equipment	6	848,179	579,528	307,948
Investment properties	7	16,256,160	9,595,200	7,539,500
Land use rights	8	169,228	165,342	60,485
Investments in associates	9	778,461	–	–
Long-term bank deposits	20	64,695	–	–
Deferred income tax assets	25	58,824	197,560	208,941
		18,175,547	10,537,630	8,116,874
Current assets				
Properties under development	11	69,335,835	46,416,918	32,193,551
Completed properties held for sale	12	11,320,631	6,192,231	3,174,683
Available-for-sale financial assets	13	56,823	–	–
Other assets	14	–	3,358,856	129,570
Debtors, deposits and other receivables	15	3,697,214	3,270,459	2,472,289
Deposits for land acquisition	16	3,776,684	9,662,066	3,462,425
Prepayments for proposed development projects	17	9,617,786	4,025,563	3,608,772
Prepaid taxes		262,507	197,760	191,806
Financial derivatives	18	627	51,450	–
Restricted cash	19	1,078,291	1,676,463	669,784
Short-term bank deposits	20	189,860	263,723	–
Cash and cash equivalents	20	3,131,154	6,765,970	4,682,502
		102,467,412	81,881,459	50,585,382
Current liabilities				
Advance proceeds received from customers and deposits received	26	15,771,087	13,844,861	10,446,568
Accrued construction costs		14,118,865	8,020,540	5,414,517
Income tax payable		3,879,450	2,817,056	1,480,732
Borrowings	24	61,256,102	45,446,443	21,849,610
Financial derivatives	18, 24(i)	34,735	–	59,084
Other payables	27	3,787,568	2,661,171	1,771,684
Amounts due to non-controlling interests of subsidiaries	28	672,318	70,793	451,899
		99,520,125	72,860,864	41,474,094
Net current assets		2,947,287	9,020,595	9,111,288
Total assets less current liabilities		21,122,834	19,558,225	17,228,162

	Notes	At 31 December		At 1 January
		2014 RMB'000	2013 RMB'000 (restated)	2013 RMB'000 (restated)
Non-current liabilities				
Borrowings	24	4,466,896	1,913,250	2,018,296
Deferred income tax liabilities	25	2,206,959	1,300,266	1,143,247
		6,673,855	3,213,516	3,161,543
Net assets				
		14,448,979	16,344,709	14,066,619
EQUITY				
Share capital	21	450,450	434,139	432,246
Share premium	21	4,253,704	3,861,789	3,817,526
Reserves	22	9,958,817	11,969,010	9,772,806
Equity attributable to equity holders of the Company				
Non-controlling interests				
		14,662,971	16,264,938	14,022,578
		(213,992)	79,771	44,041
Total equity				
		14,448,979	16,344,709	14,066,619

The notes on pages 94 to 185 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 88 to 185 were approved by the Board of Directors on 25 March 2017 and were signed on its behalf.

Kwok Ying Shing
Director

Zheng Yi
Director

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	At 31 December		At 1 January
		2014	2013	2013
		RMB'000	RMB'000 (restated)	RMB'000 (restated)
ASSETS AND LIABILITIES				
Non-current asset				
Investments in subsidiaries	10	21,248,654	17,140,746	14,832,036
Current assets				
Debtors, deposits and other receivables	15	1,545	2,302	2,214
Amount due from a subsidiary	10	–	1,000,000	–
Financial derivatives	18	627	51,450	–
Cash and cash equivalents	20	326,463	285,366	102,206
		328,635	1,339,118	104,420
Current liabilities				
Financial derivatives	18, 24(i)	34,735	–	59,084
Other payables	27	27,958	33,838	9,904
Borrowings	24	16,061,361	12,683,831	9,624,174
		16,124,054	12,717,669	9,693,162
Net current liabilities		(15,795,419)	(11,378,551)	(9,588,742)
Net assets		5,453,235	5,762,195	5,243,294
EQUITY				
Share capital	21	450,450	434,139	432,246
Share premium	21	4,253,704	3,861,789	3,817,526
Reserves	22	749,081	1,466,267	993,522
Total equity		5,453,235	5,762,195	5,243,294

The notes on pages 94 to 185 are an integral part of these consolidated financial statements.

The financial statements on pages 88 to 185 were approved by the Board of Directors on 25 March 2017 and were signed on its behalf.

Kwok Ying Shing
Director

Zheng Yi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Capital and reserves attributable to equity holders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 21)	Share premium RMB'000 (note 21)	Reserves RMB'000 (note 22)	Total RMB'000		
Balances as at 1 January 2013, as previously reported	432,246	3,817,526	10,100,417	14,350,189	703,994	15,054,183
Impact of prior year adjustments and reclassifications (note 2.1)	–	–	(327,611)	(327,611)	(659,953)	(987,564)
Balances as at 1 January 2013, as restated	432,246	3,817,526	9,772,806	14,022,578	44,041	14,066,619
Total comprehensive income for the year	–	–	2,174,639	2,174,639	16,417	2,191,056
Transactions with owners						
Acquisition of additional interests in subsidiary (note 41(a))	–	–	–	–	(23,128)	(23,128)
Capital injection by non-controlling interests	–	–	–	–	25,700	25,700
Partial disposal of interest in a subsidiary without loss of control (note 42(a))	–	–	59	59	1,741	1,800
Acquisitions of subsidiaries (note 41(b))	–	–	–	–	15,000	15,000
Exercise of shares options (note 21(a))	1,893	44,263	(12,944)	33,212	–	33,212
Share-based payments	–	–	34,450	34,450	–	34,450
Balances as at 31 December 2013 and 1 January 2014, as restated	434,139	3,861,789	11,969,010	16,264,938	79,771	16,344,709
Total comprehensive loss for the year	–	–	(1,287,484)	(1,287,484)	(12,584)	(1,300,068)
Transactions with owners						
Issue of scrip dividend shares	6,354	163,921	(170,275)	–	–	–
Dividend paid	–	–	(420,772)	(420,772)	–	(420,772)
Capital injection by non-controlling interests	–	–	–	–	3,600	3,600
Acquisition of additional interests in a subsidiary (note 41(a))	–	–	(92,632)	(92,632)	(97,368)	(190,000)
Acquisitions of subsidiaries (note 41(b))	–	–	–	–	(186,460)	(186,460)
Disposal of interests in subsidiaries	–	–	(786)	(786)	(951)	(1,737)
Exercise of shares options (note 21(b))	9,957	227,994	(66,473)	171,478	–	171,478
Share-based payments	–	–	28,229	28,229	–	28,229
Balance at 31 December 2014	450,450	4,253,704	9,958,817	14,662,971	(213,992)	14,448,979

The notes on pages 94 to 185 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000 (restated)
Cash flows from operating activities			
Cash used in operations	37	(12,546,048)	(11,373,671)
Income tax paid		(722,859)	(794,443)
Interest paid		(3,493,518)	(2,658,768)
Net cash used in operating activities		(16,762,425)	(14,826,882)
Cash flows from investing activities			
Purchase of property and equipment		(144,646)	(273,665)
Additions to investment properties		(2,119,318)	(1,361,988)
Additions to land use rights		–	(90,829)
Acquisitions of subsidiaries, net of cash acquired	41(b)	(2,239,014)	(4,591,158)
Proceeds from disposal of subsidiaries		23,783	47
Payment for consideration payable related to purchase a subsidiary		–	(52,000)
Proceeds from disposal of property and equipment		2,280	2,062
Decrease/(increase) in short-term bank deposits		73,863	(263,723)
Increase in long-term bank deposits		(64,695)	–
Interest received		25,039	37,570
Acquisition of an associate		(22,500)	–
Acquisition of available-for sale financial assets		(56,823)	–
Net cash used in investing activities		(4,522,031)	(6,593,684)
Cash flows from financing activities			
Proceeds from bank and other borrowings		20,789,381	36,614,448
Repayments of bank and other borrowings		(8,300,594)	(14,224,973)
Proceeds from loan from a related company		1,500,000	–
Acquisition of additional interests in a subsidiary	41(a)	–	(52,900)
Proceeds from issuance of Senior Notes	24(a)	3,908,263	8,268,307
Dividend paid		(420,772)	–
Redemption of Senior Notes	24(a)	–	(4,062,247)
Redemption of Senior Secured Guaranteed Bonds	24(c)	–	(2,000,000)
Redemption of Exchangeable Term Loan	24(d)	–	(754,260)
Redemption of Convertible Bonds	24(b)	–	(200)
Premium paid for early redemption of debts	24(g)	–	(334,392)
Capital injection by non-controlling interests		3,600	25,700
Proceeds from partial disposal of interest in a subsidiary without loss of control	42(a)	–	1,800
Proceeds from issuance of share options	21	171,478	33,212
Net cash generated from financing activities		17,651,356	23,514,495
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		6,765,970	4,682,502
Exchange adjustments		(1,716)	(10,461)
Cash and cash equivalents at end of year	20	3,131,154	6,765,970

The notes on pages 94 to 185 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

Kaisa Group Holdings Ltd. (the “Company”) was incorporated in the Cayman Islands on 2 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. During the year, the Company was engaged in investment holding and the subsidiaries of the Company were principally engaged in property development, property investment, property management, hotel and catering operations and cinema, department store and cultural centre operations.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 25 March 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(a) The Incident

As described in details in the announcement of the Company dated 29 April 2015, the Company has established the Independent Committee of the Board of Directors, consisting of two independent non-executive directors of the Company (the “Independent Committee”) and the Independent Committee has engaged Messrs. Lam & Co., as the legal advisors to the Independent Committee, and FTI Consulting (Hong Kong) Limited (“FTI Consulting”), as an independent investigation consultant, to undertake an independent investigation (the “Investigation”) on certain issues. FTI Consulting issued a report in relation to its findings on the Investigation to Messrs. Lam & Co. on 7 October 2016. Key findings of the Investigation have been published by the Company on 19 December 2016 (the “Key Findings Announcement”).

According to the findings of the Investigation in relation to Audit Issues 1, 2, 3 and 5 as described in the report issued by the FTI Consulting (collectively referred to as the “Incident”), FTI Consulting has identified: (1) certain former employees of the Group (the “Former Employees”) attempted to obscure the existence of certain borrowing agreements (the “Uncovered Borrowings”) through an elaborate scheme which involved (i) the creation of fictitious agreements and documents; (ii) substantial improper and unauthorised payments; (iii) the use of fund remittance agents to disguise the true purpose of the improper and unauthorised payments; (iv) incorrect accounting treatment of the payments and the outstanding liability in the Group’s accounting records; and (v) collusion between multiple parties, including the Former Employees, suppliers, fund remittance agents and certain other third parties; (2) certain payment transactions, which have been approved by a number of the Former Employees were found to have no clear business purpose and certain receipt transactions by the Group were either not properly authorised or had no identifiable business purpose; and (3) the Group acquired the equity interests in 19 project companies during the financial year of 2014 for a total purported consideration of approximately RMB8.1 billion, while none of these transactions was properly authorised and approved. FTI Consulting has been unable to find any payments (or other types of consideration) made by the Group for the acquisition of any of these 19 project companies. Written confirmations were obtained from representatives of the sellers of the 19 project companies that there was no outstanding consideration due from the Company or any subsidiaries of the Group as at 31 December 2014. Subsequent to the end of reporting period, the Directors of the Company have authorised these 19 acquisition transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) The Incident (Continued)

In the preparation of the consolidated financial statements for the year ended 31 December 2014, the Directors of the Company have taken into account all the findings of the Investigation and are satisfied that appropriate adjustments have been made to the consolidated financial statements, including the prior year adjustments described below, to correct and present the significant accounting errors in relation to the Incident.

The findings of the Investigation relating to the Incident led to the recognition of a loss arising from the Incident as a whole of RMB482,736,000 which was recognised in the consolidated profit or loss for the year ended 31 December 2014 as the Directors of the Company are of the opinion that this is the earliest practicable period to recognise the loss having taken into account the findings of the Investigation relating to the Incident.

(b) Going concern basis

As of 31 December 2014, the Group had short-term bank deposits and cash and cash equivalents of RMB3,321,014,000 in aggregate and outstanding interest-bearing borrowings of RMB61,256,102,000 which were classified as current liabilities.

The Directors of the Company have taken steps to improve the Group's liquidity and solvency position. Based on the management's estimation of the future cash flows of the Group and taking into account the subsequent events described below, the Directors of the Company are confident that the Group is able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

- (a) As at 31 December 2014, there were different types of restrictions imposed by the government authorities and/or the courts in the People's Republic of China (the "PRC") on the Group's 39 property projects, as described as Audit Issue 6 in the report issued by FTI Consulting. These restrictions have been fully released and no longer have any impact of the Group's ability to sell and lease out properties during its normal course of business, except for 2 projects which remained partially restricted with the aggregate carrying amount of approximately RMB501,296,000 as at 31 December 2014.
- (b) The negotiations on, inter alia, the repayment terms and securing new loans and facilities for re-financing with a number of the PRC banks and non-banking financial institutions (collectively referred to as the "Onshore Debt Restructuring") have been completed. Most of the banks and financial institutions have been agreed for renewal and extension of loans and banking facilities which includes the extension of repayment terms, securing new loans and facilities for re-financing, etc;
- (c) The offshore debt restructuring, including the restructuring of the existing Senior Notes, the convertible bonds and the other offshore facilities, was completed on 21 July 2016 through the Company's proposed schemes of arrangement which had been respectively sanctioned by the Grand Court of the Cayman Islands and the High Court of Hong Kong. The United States Court had also granted the order to recognise the scheme sanctioned by the High Court of Hong Kong under Chapter 15 of Title 11 of the United States Code;
- (d) The subsequent sales of properties in the normal course of business of the Group up to the date of this report; and
- (e) A projection of the future sales of properties in the normal course of business of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Prior year adjustments

The effects of the prior year adjustments to reflect the findings of the Investigation in relation to the Incident are set out below.

The effects of the prior year adjustments as a result of the Incident on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 are as follows:

	As previously reported RMB'000	Prior year adjustments RMB'000	Notes	As restated RMB'000
Cost of sales	(12,923,218)	(229,376)	(2c)	(13,152,594)
Other losses, net	(84,291)	(344,390)	(3)	(428,681)
Finance costs	(643,478)	(97,825)	(2d)	(741,303)
Profit attributable to:				
Equity holders of the Company	2,857,449	(682,810)		2,174,639
Non-controlling interests	5,198	11,219	(1)	16,417
	2,862,647	(671,591)		2,191,056
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)				
– Basic	0.581			0.442
– Diluted	0.534			0.391

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Prior year adjustments (Continued)

The effects of the prior year adjustments as a result of the Incident on the consolidated statement of financial position as at 31 December 2013 are as follows:

	As previously reported RMB'000	Prior year adjustments RMB'000	Notes	As restated RMB'000
ASSETS				
Properties under development	45,168,917	1,592,391	(2a)	46,416,918
		(344,390)	(3)	
Completed properties held for sale	6,134,899	57,332	(2b)	6,192,231
Other assets	–	3,358,856	(7)	3,358,856
Debtors, deposits and other receivables	3,323,539	(29,890)	(2f)	3,270,459
		(450,000)	(4)	
		426,810	(5)	
LIABILITIES				
Advance proceeds received from customers and deposits received	29,638,940	(15,794,079)	(1)	13,844,861
Borrowings – current	4,023,758	1,120,537	(1)	45,446,443
		40,302,148	(6)	
Other payables	1,977,465	31,487	(1)	2,661,171
		225,409	(2e)	
		426,810	(5)	
Borrowings – non-current	18,200,998	24,014,400	(1)	1,913,250
		(40,302,148)	(6)	
EQUITY				
Reserves attributable to equity holders of the Company	13,001,645	(339,025)	(1)	11,969,010
		(349,220)	(2c), (2d)	
		(344,390)	(3)	
Non-controlling interests	4,460,591	(4,380,820)	(1)	79,771

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Prior year adjustments (Continued)

The effects of the prior year adjustments as a result of the Incident on the consolidated statement of financial position as at 1 January 2013 are as follows:

	As previously reported RMB'000	Prior year adjustments RMB'000	Notes	As restated RMB'000
ASSETS				
Properties under development	31,670,226	287,325	(2a)	32,193,551
		236,000	(5)	
Completed properties held for sale	3,169,518	5,165	(2b)	3,174,683
Other assets	–	129,570	(7)	129,570
Debtors, deposits and other receivables	2,380,689	(8,400)	(2f)	2,472,289
		100,000	(5)	
LIABILITIES				
Advance proceeds received from customers and deposits received	17,243,847	(6,797,279)	(1)	10,446,568
Borrowings – current	3,150,338	8,224,210	(1)	21,849,610
		10,239,062	(6)	
		236,000	(5)	
Financial derivatives – current	–	59,084	(6)	59,084
Other payables	1,697,391	(45,386)	(1)	1,771,684
		19,679	(2e)	
		100,000	(5)	
Borrowings – non-current	12,257,358	(10,239,062)	(6)	2,018,296
Financial derivatives – non-current	59,084	(59,084)	(6)	–
EQUITY				
Reserves attributable to equity holders of the Company	10,100,417	(305,592)	(1)	9,772,806
		(22,019)	(2c), (2d)	
Non-controlling interests	703,994	(659,953)	(1)	44,041

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Prior year adjustments (Continued)

Notes:

- (1) As at 31 December 2013 and 1 January 2013, interest-bearing borrowings in relation to the Uncovered Borrowings amounting to approximately RMB25,134,937,000 and RMB8,224,210,000, respectively, were wrongly recorded or were not recorded. Hence, the following reclassifications/adjustments were made to reflect the interest-bearing borrowings.

	31 December 2013 RMB'000	1 January 2013 RMB'000
Decrease in advance proceeds received from customers and deposits received	15,794,079	6,797,279
Decrease in capital reserve	323,667	301,452
Decrease in non-controlling interests	4,380,820	659,953
(Increase)/decrease in other payables	(31,487)	45,386
Decrease in retained earnings	15,358	4,140
Total	20,482,437	7,808,210

Also, the loss attributable to non-controlling interests of RMB11,219,000 due to incorrect classification of some of the Uncovered Borrowings in prior periods have been reclassified to profit attributable to equity holders of the Company.

- (2) The interest arising from the Uncovered Borrowings for the years ended 31 December 2013 and 2012 amounted to RMB1,976,924,000 and RMB314,509,000, respectively. The following adjustments were made to reflect these interests:
- (a) capitalised in properties under development of RMB1,592,391,000 and RMB287,325,000 as at 31 December 2013 and 1 January 2013 respectively;
 - (b) capitalised in completed properties held for sale of RMB57,332,000 and RMB5,165,000 as at 31 December 2013 and 1 January 2013 respectively;
 - (c) recognised as part of cost of sales of RMB229,376,000 and RMB2,340,000 when the related properties were sold during the years ended 31 December 2013 and 2012 respectively;
 - (d) recognised as finance cost of RMB97,825,000 and RMB19,679,000 for the years ended 31 December 2013 and 2012 respectively;
 - (e) recognised as interest payables of RMB225,409,000 and RMB19,679,000 as at 31 December 2013 and 1 January 2013 respectively; and
 - (f) adjustments were also made to reclassify interests paid of RMB29,890,000 and RMB8,400,000 from other receivables to properties under development as at 31 December 2013 and 1 January 2013 respectively.
- (3) Adjustment to recognise impairment on properties under development and completed properties held for sale of about RMB344,390,000 for the year ended 31 December 2013 after interest costs being capitalised to the related properties.

As explained in sub-paragraph (2) above, certain interest costs arising from the Uncovered Borrowings were directly attributable to the construction of the Group's property development projects and hence were capitalised as part of construction costs. At the end of each reporting periods, the management of the Company assessed the recoverability of the revised carrying amounts of properties under development and completed properties held for sales by reference to the net realisable values of these properties. When the revised carrying amounts of the properties (after taking into account the revisions caused by capitalisation of interest costs on the Uncovered Borrowings) were determined to have exceeded their estimated net realisable values, additional impairment loss had been recognised accordingly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Prior year adjustments (Continued)

Notes: (Continued)

- (4) To reclassify prepayments with no clear business propose from debtors, deposits and other receivables.
- (5) Adjustments to correct errors mainly including (i) certain borrowings of RMB236,000,000 wrongly netted-off against properties under development; and (ii) debit balances included in other payables of RMB426,810,000 and RMB100,000,000 which should be included in debtors, deposits and other receivables as at 31 December 2013 and 1 January 2013, respectively.
- (6) Adjustments to reclassify certain borrowings of RMB40,302,148,000 as at 31 December 2013 and RMB10,239,062,000 as at 1 January 2013 and the related financial derivatives of RMB59,084,000 as at 1 January 2013 from non-current liabilities to current liabilities due to the adjustments to record the Uncovered Borrowings causing the debt covenants of the relevant loan agreements to be breached.
- (7) Adjustments to reflect the net payments and receipts with no clear business purpose. The loss eventually uncovered from the transactions as described above was RMB482,736,000.

2.2 Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and financial liabilities (including financial derivatives) at fair value through profit or loss, which are carried at fair value.

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

(i) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK(IFRIC) - Int 21	Levies

The application of the above new and amended standards which are effective for the financial year beginning on 1 January 2014 did not have material financial impact to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Statement of compliance (Continued)

(ii) New standards, amendments to standards and interpretation that have been issued but were not yet effective

The following new/revised standards, amendments and improvements have been issued but were not effective for the financial year beginning on 1 January 2014 that are relevant to and have not been adopted early by the Group:

		Effective for the accounting period beginning on or after
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 – 2012 Cycle	1 July 2014
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle	1 July 2014
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers	1 January 2018
HKAS 1 (Amendments)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 7 (Amendments)	Statement of Cash Flows	1 January 2017
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The Directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRSs. Certain of these new/revised HKFRSs may have impact on the consolidated financial statements.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

(i) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Consolidation (Continued)

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

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

(iii) Disposal of subsidiaries

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

(iv) Investments in subsidiaries

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.4 Associates

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of results from associates' in profit or loss.

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

Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

2.5 Segment reporting

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

2.6 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance costs – net'. All other foreign exchange gains and losses are presented in profit or loss within 'other (losses)/gains – net'.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(iii) Group companies

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

- assets and liabilities for each statement of financial position of the group entities are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

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

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 Impairment of non-financial assets

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

2.8 Land use rights

The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets. The amortisation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Property and equipment

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

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

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Hotel properties	20–25 years
Buildings	20–25 years
Motor vehicles	5–10 years
Furniture, fitting and equipment	3–8 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other (losses)/gains – net" in profit or loss.

2.10 Investment properties

Properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are under construction but with a plan to use as investment properties in the future.

Investment properties comprise land and buildings held under operating leases.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. The operating lease is accounted for as if it were a finance lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Investment properties (Continued)

Investment properties are measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred. Changes in fair values of investment properties are recognised in profit or loss as valuation gain or loss.

Where fair value of investment properties under construction are not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment properties reflect, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the properties. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Investment properties are derecognised either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposals.

When an investment properties undergo a change in use, evidenced by commencement of development with a view to sale, the properties are transferred to properties under development at their fair value at the date of change in use.

If an investment properties become owner-occupied, or commence to be further developed for sale, it is reclassified as land use rights or properties under development and property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If the land use rights and the attached properties for own-use become an investment properties because their uses have changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of the land use rights and the attached properties under HKAS 16. Any revaluation reserve balance of the property is transferred to retained earnings in the statement of profit or loss and other comprehensive income upon the subsequent disposal of the investment properties.

For a transfer from completed properties for sale to investment properties that will be carried at fair value, any difference between the fair value of the properties at that date and its previous carrying amount shall be recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are classified as “debtors, deposits and other receivables”, “restricted cash”, “short-term bank deposits”, “long-term bank deposits” and “cash and cash equivalents” in the statement of financial position.

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

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

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss.

Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group’s right to receive payments is established.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of financial assets carried at amortised cost

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

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

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

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

For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

2.13 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on marketing conditions.

Development cost of property comprises construction costs, land use rights in relation to properties under development for subsequent sale, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Completed properties held for sale

Completed properties remaining unsold at each reporting date are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

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

2.15 Trade and other receivables

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

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

2.16 Financial derivatives

Financial derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values.

Financial derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the profit or loss.

2.17 Cash and cash equivalents

Cash and cash equivalent include cash in hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

Restricted cash, short-term bank deposits and long-term bank deposits are not included in cash and cash equivalents.

2.18 Share capital

Ordinary shares are classified as equity.

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

2.19 Trade and other payables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Borrowings

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

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

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

2.21 Senior Notes and Senior Secured Guaranteed Bonds

Senior Notes and Senior Secured Guaranteed Bonds issued by the Company are recognised at fair value at date of issue, net of transaction costs incurred. After initial recognition, the Senior Notes and Senior Secured Guaranteed Bonds are carried at amortised cost using the effective interest method.

2.22 Convertible bonds

(i) Convertible bonds with equity component

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry or when the Company redeems some or all of the convertible bonds upon exercise of the put option by the bond holders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Convertible bonds (Continued)

(ii) Convertible bonds without equity component

All other convertible bonds which do not exhibit the characteristics mentioned in (i) above are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract. At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the profit or loss. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

When the convertible bonds are converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the convertible bonds are redeemed, any difference between the redemption amount and the carrying amounts of both components are recognised in the profit or loss.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised as an expense in the financial period which they are incurred.

2.24 Current and deferred income tax

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Current and deferred income tax (Continued)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2.25 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

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

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds. Other than the contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees in Hong Kong.

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

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Employee benefits (Continued)

(iv) Share-based payments

The Group operates equity-settled share option schemes. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market performance vesting conditions. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium) when the options are exercised.

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

2.26 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services, stated net of discounts, returns and value added tax, in the ordinary course of the Group's activities. Revenue is shown after eliminating sales with the group entities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Sales of properties

(1) *Completed properties held for sale*

Revenue from sales of completed properties held for sale is recognised when the risks and rewards of properties are transferred to the purchasers, which occurs when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured.

(2) *Properties under development/held for sale and proposed development projects*

Revenue from sales of properties under development and proposed development projects is recognised when the risks and rewards of properties or projects are transferred to the purchasers, which occurs when the relevant properties or projects have been delivered to the purchasers and collectability of related receivables is reasonably assured.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as advance proceeds received from customers and deposits received under current liabilities.

(ii) Rental income

Rental income from properties letting under operating leases is recognised on a straight-line basis over the lease terms.

(iii) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iv) Hotel operation income

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

(v) Catering income

Revenue from restaurant operations is recognised when food, beverages and services are delivered or rendered to customers and collectability of the related receivables is reasonably assured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Interest income

Interest income is recognised using the effective interest method.

2.29 Leases

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

(i) The Group is the lessee

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

(ii) The Group is the lessor

When assets are leased out under an operating lease, the assets are included in the consolidated statement of financial position based on the nature of the assets. Rental income from operating lease is recognised on a straight-line basis over the term of the lease.

2.30 Dividend distribution

Dividend distribution to the equity holders of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable.

2.31 Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for the property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation of fee recognised.

Financial guarantee liabilities are derecognised from the consolidated statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3. FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's major financial instruments include available-for-sale financial assets, debtors, deposits and other receivables, cash and cash equivalents, restricted cash, short-term bank deposits, long-term bank deposits, accrued construction costs, other payables, amounts due to non-controlling interests of subsidiaries, financial derivatives and borrowings. Details of these financial instruments are disclosed in respective notes. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

3.1 Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Risk management is carried out by the Group's management under the supervision of the Board. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Board provides guidance for overall risk management.

(i) Market risk

(1) Foreign currency exchange risk

The Group

The Group's businesses are principally conducted in RMB, except that borrowings are denominated in other foreign currencies. The major non-RMB assets and liabilities are borrowings and bank deposits denominated in Hong Kong dollar ("HKD") and the United States dollar ("USD").

The Company and all of its subsidiaries' functional currency is RMB, so the bank balances and borrowings denominated in foreign currencies are subject to retranslation at each reporting date. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against HKD and USD, with all other variables held constant, the Group's post-tax loss for the year would have been approximately RMB638,785,000 lower/higher (2013: post-tax profit for the year of RMB471,003,000 higher/lower), mainly as a result of net foreign exchange gains/losses on translation of HKD and USD denominated bank deposits and bank borrowings.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(1) Foreign currency exchange risk *(Continued)*

The Company

As at 31 December 2014, if RMB had strengthened/weakened by 5% against HKD and USD, with all other variables held constant, the Company's post-tax loss for the year would have been approximately RMB610,327,000 lower/higher (2013: post-tax profit for the year of RMB431,757,000 higher/lower), mainly as a result of net foreign exchange gains/losses on translation of HKD and USD denominated bank deposits and bank borrowings.

(2) Interest rate risk

The Group

The Group has been exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry prevailing market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from interest bearing bank deposits, bank and other borrowings, Convertible Bonds and Senior Notes. Bank deposits and bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Convertible Bonds, Senior Notes and other borrowing issued at fixed rates expose the Group to fair value interest rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2014, if interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Group's post-tax loss for the year would have been RMB114,552,000 higher/lower (2013: post-tax profit for the year of RMB69,573,000 (as restated) lower/higher). Majority of the interest expenses would be capitalised as a result of such interest expenses directly attributable to the property construction.

The Company

The Company's interest rate risk arises from interest bearing bank deposits, bank and other borrowings, Convertible Bonds and Senior Notes. Bank deposits at variable rates expose the Company to cash flow interest-rate risk. Convertible Bonds, Senior Notes and other borrowing issued at fixed rates expose the Company to fair value interest rate risk.

As at 31 December 2014, if interest rates had been increased/decreased by 100 basis points and all other variables were held constant, the Company's post-tax loss for the year would have been RMB7,338,000 higher/lower (2013: post-tax profit for the year of RMB5,045,000 (as restated) lower/higher).

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(ii) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of restricted cash, bank deposits, cash and cash equivalents, debtors, deposits and other receivables and deposits for land acquisition represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group reviews the recoverable amount of debtors, deposits and other receivables and deposits for land acquisition on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

In order to minimise the credit risk, management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each debtor at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is limited.

The credit risk on liquid funds is limited because the counterparties are state-owned financial institutions and reputable banks with high credit rankings.

The Group has arranged bank financing for certain purchasers of property units for an amount up to 70% of the total purchase price of the property, and provided guarantees to banks to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding principal the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(iii) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term bank loans to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

The Group has certain alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction plans for properties under development, implementing cost control measures, accelerating sales with more flexible pricing, seeking partners to develop quality projects and renegotiating payment terms with counterparties for certain land acquisitions. The Group will, based on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table represents both interest and principal cash flows.

The Group

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2014					
Borrowings	61,679,945	2,982,967	688,145	1,753,681	67,104,738
Accrued construction costs	14,118,865	–	–	–	14,118,865
Other payables	3,787,568	–	–	–	3,787,568
Amounts due to non-controlling interests of subsidiaries	672,318	–	–	–	672,318
Total	80,258,696	2,982,967	688,145	1,753,681	85,683,489
At 31 December 2013, as restated					
Borrowings	45,598,450	131,853	1,164,829	1,227,067	48,122,199
Accrued construction costs	8,020,540	–	–	–	8,020,540
Other payables	2,661,171	–	–	–	2,661,171
Amounts due to non-controlling interests of subsidiaries	70,793	–	–	–	70,793
Total	56,350,954	131,853	1,164,829	1,227,067	58,874,703

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The Company

	On demand or within 1 year RMB'000	Total RMB'000
At 31 December 2014		
Borrowings	16,795,130	16,795,130
Other payables	27,958	27,958
Total	16,823,088	16,823,088
At 31 December 2013, as restated		
Borrowings	14,102,894	14,102,894
Other payables	33,838	33,838
Total	14,136,732	14,136,732

As disclosed in note 24(i), the Group and the Company was technically in breach of certain restrictive covenants during the years ended 31 December 2013 and 2014. Given that the Group's creditors have the unconditional right to call in the borrowings at any time in the events of default and potential default and therefore, for the purpose of the above maturity profile, these amounts were classified under "On demand or within 1 year".

3.2 Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24 and equity attributable to equity holders of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company assess the annual budget prepared by the treasury department which reviews the planned construction projects proposed by engineering department and prepared the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the consolidated statement of financial position) less cash and cash equivalents, bank deposits and restricted cash. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The gearing ratios of the Group at 31 December 2014 and 2013 were as follows:

	2014 RMB'000	2013 RMB'000 (restated)
Total borrowings (note 24)	65,722,998	47,359,693
Less: Cash and cash equivalents (note 20), bank deposits (note 20) and restricted cash (note 19)	(4,464,000)	(8,706,156)
Net debt	61,258,998	38,653,537
Total equity	14,448,979	16,344,709
Gearing ratio	423.97%	236.49%

The gearing ratio for 2014 was higher than that for 2013 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

3.3 Fair value estimation

The different levels of the financial instruments carried at fair value, by valuation method, have been defined as follows:

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

The carrying amounts of the Group's current financial assets, including debtors, deposits and other receivables, deposits for land acquisition, restricted cash, short-term bank deposits, long-term bank deposits and cash and cash equivalents, and the Group's current financial liabilities including current borrowings, accrued construction costs, other payables and amounts due to non-controlling interests of subsidiaries approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. For disclosures of investment properties that are measured at fair value in note 7.

The following table presents the Group's financial assets/(liabilities) that are measured at fair value at 31 December 2014 and 2013.

	2014 Assets RMB'000	2014 Liabilities RMB'000	2013 Assets RMB'000	2013 Liabilities RMB'000
Level 2				
Available-for-sale financial assets	56,823	–	–	–
Financial derivatives from forward exchange contracts	627	(34,735)	51,450	–
	57,450	(34,735)	51,450	–

There were no transfers between level 1, 2 and 3 during the year.

The Group does not have any financial assets/liabilities that are subject to offsetting, enforceable master netting arrangement and similar agreements during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

4.1 Fair value of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in the statement of profit or loss and other comprehensive income. It obtains independent valuations at least annually. In making the judgment, consideration is given to assumptions that are mainly based on market conditions existing at the reporting date, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. Changes in subjective input assumptions can materially affect the fair value estimate. The key assumptions used in the valuation in determining fair value for the Group's portfolio of properties are set out in note 7.

As at 31 December 2014, the aggregate value of RMB16,256,160,000 (2013: RMB9,595,200,000) are stated at fair value based on the valuation performed by independent professional valuers.

4.2 Provision for properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and committed contracts and estimated net sales value based on prevailing 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 judgment and estimates.

As at 31 December 2014, based on management's best estimates, the Group has made a provision of RMB1,979,480,000 (2013: RMB566,739,000 (as restated)) for properties under development and completed properties held for sale.

4.3 Prepayments for proposed development projects and deposits for land acquisitions

The Group assesses the carrying amounts of deposits for land acquisitions and prepayments for proposed development projects according to their net recoverable amounts based on the realisability of these land use rights and property development projects, taking into account estimated net sales values based on prevailing 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 judgment and estimates.

As at 31 December 2014 and 2013, based on management's best estimates, there was no provision has been provided for prepayments for proposed development projects and deposits for land acquisitions.

4.4 Impairment of property and equipment and land use rights

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is lower than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses 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 and judgements are applied in determining these future cash flows and the discount rate. The Group estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

As at 31 December 2014, based on management's best estimates, the Group has made a provision of RMB164,452,000 (2013: Nil) for property and equipment and land use rights.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.5 Income taxes, land appreciation taxes, withholding taxes and deferred income taxes

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

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

Deferred income tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, the deferred income tax charge and deferred income tax liabilities would have been increased by the same amount of approximately RMB471,150,000 (2013: RMB376,276,000).

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

4.6 Other assets

As described in Note 2.1 to the consolidated financial statements, the Investigation uncovered that certain former employees of the Group attempted to obscure the existence of the Uncovered Borrowings through an elaborate scheme. The scheme involved, inter alia, the creation of multiple fictitious transactions, fictitious agreements and documents, false accounting journal entries and involvement of multiple third parties and fund remittance agents.

In view of the complexity of the elaborate scheme described above, the Directors of the Company believed that it is not practicable to determine the loss that materialised in each of the years 2012, 2013 and 2014. This is mainly due to the fact that the receipts and payments under the scheme were interrelated and were made over these years.

Taking into account the specific facts and circumstances surrounding the Incident, the Directors of the Company concluded that it is impracticable to determine the Loss arising from the Incident materialised in each of 2012, 2013 and 2014. Accordingly, it is only appropriate to recognise the full amount of the loss of RMB482,736,000 in the consolidated profit or loss account for the year ended 31 December 2014 which is the earliest practicable period.

5. SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each operating segment based on a measure of profit before changes in fair value of financial derivatives, corporate and other unallocated expenses, loss arising from the Incident, finance income, finance costs and income tax expenses.

The executive directors considered the business from services perspective. From services perspective, the management assessed the performance of sales of properties, rental income, property management services and hotel and catering operations and regarded these being the reportable segments. In preparing the segment information for the year ended 31 December 2014, the executive directors of the Company considered that the business relating to cinema, department store, and cultural centre operations that were commenced in 2013 as a segment reportable segment. Accordingly, the comparative information has been re-presented to achieve the consistent presentation. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risk and returns.

Revenue for the year consists of the following:

	2014 RMB'000	2013 RMB'000
Sales of properties		
– Completed properties held for sale	16,289,809	15,196,535
– Properties under development/held for sale and proposed development projects	2,713,860	3,893,750
Rental income	234,112	178,575
Property management services	227,525	166,010
Hotel and catering operations	66,115	50,156
Cinema, department store and cultural centre operations	68,755	38,030
	19,600,176	19,523,056

5. SEGMENT INFORMATION (Continued)

The segment information provided to the current executive directors of the Company for the reportable segments for the year ended 31 December 2014 is as follows:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and culture centre operations RMB'000	Total RMB'000
Revenue	19,003,669	265,801	530,734	80,307	72,591	19,953,102
Less: inter-segment revenue	–	(31,689)	(303,209)	(14,192)	(3,836)	(352,926)
Revenue from external customers	19,003,669	234,112	227,525	66,115	68,755	19,600,176
Segment results before changes in fair value of investment properties and share of results from associates	(693,175)	87,185	23,268	(136,750)	(68,232)	(787,704)
Share of results from associates (note 9)	(634)	–	–	–	–	(634)
Changes in fair value of investment properties (note 7)	–	3,626,772	–	–	–	3,626,772
Segment results	(693,809)	3,713,957	23,268	(136,750)	(68,232)	2,838,434
Changes in fair value of financial derivatives (note 18)						(85,772)
Corporate and other unallocated expenses						(53,294)
Loss arising from the Incident (note 29)						(482,736)
Finance income						25,039
Finance costs						(775,804)
Finance costs – net (note 32)						(750,765)
Profit before income tax						1,465,867
Income tax expenses (note 35)						(2,765,935)
Loss for the year						(1,300,068)

5. SEGMENT INFORMATION (Continued)

The segment information provided to the current executive directors of the Company for the reportable segments for the year ended 31 December 2013 is as follows:

	Property development RMB'000 (restated)	Property investment RMB'000 (restated)	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000 (restated)	Total RMB'000 (restated)
Revenue	19,090,285	203,119	494,117	50,156	38,030	19,875,707
Less: Inter-segment revenue	–	(24,544)	(328,107)	–	–	(352,651)
Revenue from external customers	19,090,285	178,575	166,010	50,156	38,030	19,523,056
Segment results before changes in fair value of investment properties	4,269,103	45,060	22,437	(33,885)	(30,520)	4,272,195
Changes in fair value of investment properties (note 7)	–	728,712	–	–	–	728,712
Segment results	4,269,103	773,772	22,437	(33,885)	(30,520)	5,000,907
Changes in fair value of financial derivatives (note 18)						51,450
Corporate and other unallocated expenses						(144,304)
Finance income						317,519
Finance costs						(741,303)
Finance costs – net (note 32)						(423,784)
Profit before income tax						4,484,269
Income tax expenses (note 35)						(2,293,213)
Profit for the year						2,191,056

	Property development RMB'000 (restated)	Property investment RMB'000	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000	Unallocated RMB'000	Total RMB'000 (restated)
Other information:							
Depreciation (note 6)	40,419	3,935	3,557	12,825	–	7,811	68,547
Amortisation of land use rights (note 8)	3,742	–	–	1,480	–	–	5,222
Write-down of completed properties held for sale and properties under development (note 30)	550,734	–	–	–	–	–	550,734

5. SEGMENT INFORMATION (Continued)

	Property development RMB'000 (restated)	Property investment RMB'000 (restated)	Property management RMB'000	Hotel and catering operations RMB'000	Cinema, department store and cultural centre operations RMB'000 (restated)	Elimination RMB'000 (restated)	Total RMB'000 (restated)
Segment assets	159,845,935	10,420,310	2,514,776	222,412	156,559	(84,546,529)	88,613,463
Unallocated							3,805,626
Total assets							92,419,089
Segment liabilities	108,745,573	3,360,968	1,518,295	154,690	191,023	(83,319,683)	30,650,866
Unallocated							45,423,514
Total liabilities							76,074,380
Other information:							
Capital expenditure (notes 6, 7 and 8)	306,551	1,370,443	7,610	20,529	20,520	—	1,725,653
Unallocated							829
							1,726,482

No material revenues are derived from any single external customer (2013: none).

Segment assets consist primarily of property and equipment, investment properties, investments in associates, land use rights, properties under development, completed properties held for sale, debtors, deposits and other receivables, deposits for land acquisition, prepayments for proposed development projects, restricted cash, short-term bank deposits, long-term bank deposits and cash and cash equivalents. They exclude available-for-sale financial assets, other assets, financial derivatives, deferred income tax assets and prepaid taxes.

Segment liabilities consist primarily of advance proceeds received from customers and deposits received, accrued construction costs, operating borrowings, other payables and amounts due to non-controlling interests of subsidiaries. They exclude deferred income tax liabilities, financial derivatives, income tax payable and corporate borrowings.

6. PROPERTY AND EQUIPMENT

	Hotel properties RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
At 1 January 2013					
Cost	119,464	74,916	63,979	151,743	410,102
Accumulated depreciation	(2,174)	(19,035)	(28,180)	(52,765)	(102,154)
Net carrying amounts	117,290	55,881	35,799	98,978	307,948
At 1 January 2013					
Opening net carrying amounts	117,290	55,881	35,799	98,978	307,948
Transfer from completed properties held for sale	–	69,797	–	–	69,797
Acquisitions of subsidiaries (note 41(b))	–	–	–	2	2
Additions	–	177,834	8,756	87,075	273,665
Disposals	–	–	(622)	(2,668)	(3,290)
Disposal of subsidiaries	–	–	–	(47)	(47)
Depreciation (note 31)	(4,761)	(10,450)	(13,055)	(40,281)	(68,547)
Closing net carrying amounts	112,529	293,062	30,878	143,059	579,528
At 31 December 2013					
Cost	119,464	322,547	70,656	232,051	744,718
Accumulated depreciation	(6,935)	(29,485)	(39,778)	(88,992)	(165,190)
Net carrying amounts	112,529	293,062	30,878	143,059	579,528

6. PROPERTY AND EQUIPMENT (Continued)

	Hotel properties RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Total RMB'000
At 1 January 2014					
Opening net carrying amounts	112,529	293,062	30,878	143,059	579,528
Transfer from properties under development	315,509	—	—	—	315,509
Transfer from investment properties (note 7)	—	156,869	—	—	156,869
Transfer to investment properties (note 7)	—	(100,500)	—	—	(100,500)
Acquisitions of subsidiaries (note 41(b))	—	—	844	974	1,818
Additions	—	—	14,928	129,718	144,646
Disposals (note 37(i))	—	—	(1,527)	(2,213)	(3,740)
Disposal of subsidiaries	—	—	(383)	(1,000)	(1,383)
Impairment (note 30)	(33,469)	(66,307)	—	(44,215)	(143,991)
Depreciation (note 31)	(11,072)	(11,547)	(12,874)	(65,084)	(100,577)
Closing net carrying amounts	383,497	271,577	31,866	161,239	848,179
At 31 December 2014					
Cost	434,973	378,916	78,269	356,698	1,248,856
Accumulated depreciation and impairment	(51,476)	(107,339)	(46,403)	(195,459)	(400,677)
Net carrying amounts	383,497	271,577	31,866	161,239	848,179

As at 31 December 2014, the Group's certain hotel properties and buildings with net carrying amounts of approximately RMB356,913,000 (2013: RMB104,604,000 (as restated)) were pledged as collateral for the Group's borrowings (note 24).

As at 31 December 2014, the net carrying amounts of property and equipment of approximately RMB136,000 in aggregate were partially restricted. As at the date of approval of this report, these restrictions have been fully released.

Depreciation of RMB100,577,000 (2013: RMB68,547,000) has been charged in administrative expenses during the year.

During the year ended 31 December 2014, in view of the continuously unsatisfactory result of the Group's certain catering operations, the directors have performed an impairment review of furniture, fitting and equipment. Accordingly, an impairment loss of approximately RMB44,215,000 was recognised in respect of furniture, fitting and equipment for the year ended 31 December 2014.

In additions, during the year ended 31 December 2014, in view that the hotels and cinema operations cash generating units ("CGUs") of the Group, were making recurring losses, the directors of the Company have reviewed the recoverability of the carrying amount of the Group's hotel properties and buildings. The recoverable amounts of the assets and liabilities of the CGUs had been determined on the basis of the value in use of the CGUs. The discount rate in measuring the amounts of value in use was 9.51%. The directors determined that the carrying amounts of the hotels and cinema operations CGUs exceeded their recoverable amounts. Accordingly, an impairment loss on the hotel and buildings of approximately RMB33,469,000 and RMB66,307,000 was recognised in profit or loss, respectively for the year ended 31 December 2014.

7. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
As at 1 January 2013	5,383,000	2,156,500	7,539,500
Additions	1,361,988	–	1,361,988
Transfer to properties under development	(35,000)	–	(35,000)
Transfer upon completion	(1,206,200)	1,206,200	–
Increase in fair value (note 5, 37)	578,212	150,500	728,712
As at 31 December 2013 and 1 January 2014	6,082,000	3,513,200	9,595,200
Additions	2,119,318	–	2,119,318
Transfer from completed properties held for sale	–	986,201	986,201
Transfer from property and equipment (note 6)	–	100,500	100,500
Transfer from land use rights (note 8)	–	51,331	51,331
Transfer to properties under development	(9,355)	–	(9,355)
Transfer to property and equipment (note 6)	–	(156,869)	(156,869)
Transfer to land use rights (note 8)	–	(56,938)	(56,938)
Transfer upon completion	(327,000)	327,000	–
Increase in fair value	2,912,040	714,732	3,626,772
As at 31 December 2014	10,777,003	5,479,157	16,256,160

The following amounts have been recognised in the consolidated statement of profit or loss and other comprehensive income for investment properties:

	2014 RMB'000	2013 RMB'000
Rental income	197,211	130,418
Direct operating expenses arising from investment properties that generate rental income	41,807	34,232

Valuation processes of the Group

The Group obtains independent valuations from Savills Valuation and Professional Services Limited, for its investment properties at least annually. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the audit committee. Discussions of valuation processes and results are held between the management, audit committee and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

7. INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group (Continued)

At each financial year end the finance department:

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

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of completed commercial properties are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of commercial properties under development are generally derived using the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

Significant inputs used to determine fair value

As at 31 December 2014, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

	2014	2013
Capitalisation rate	4.0%-6.5%	3.5%–6.5%
Discount rate	5.6%-6.0%	5.6%–6.4%
Expected vacancy rate	0.0%-10.0%	0.0%–5.0%
Monthly rental (RMB/sqm/month)	27-530	19–481
Budgeted construction cost (RMB/sqm)	2,500-6,500	2,900–8,000
Anticipated developer's profit margin	15.0%-30.0%	10.0%–25.0%

7. INVESTMENT PROPERTIES (Continued)

Valuation techniques (Continued)

Capitalisation and discount rates are estimated by valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Prevailing market rents per square meter are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs per square meter to completion and developer's profit margin required are estimated by the valuer based on market conditions at 31 December 2014. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

As at 31 December 2014 and 2013, the Group's investment properties are measured at level 3 category of fair value measurement and during the year ended 31 December 2014, there were no transfers into or out of level 3.

The Group's interests in investment properties are analysed as follows:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
In the PRC, held on:		
Leases of over 50 years	–	133,000
Leases of between 10 to 50 years	16,256,160	9,462,200
	16,256,160	9,595,200

As at 31 December 2014, the investment properties with fair value totaling RMB4,953,633,000 (2013: RMB2,580,706,000 (as restated)) were pledged as collateral for the Group's borrowings (note 24).

As at 31 December 2014, the value of investment properties of approximately RMB5,307,200,000 in aggregate were partially restricted. As at the date of approval of this report, these restrictions have been fully released.

8. LAND USE RIGHTS

	At 31 December	
	2014	2013
	RMB'000	RMB'000
At beginning of year	165,342	60,485
Transfer from completed properties held for sale	–	19,250
Transfer from properties under development	24,756	–
Transfer from investment properties (note 7)	56,938	–
Transfer to investment properties (note 7)	(51,331)	–
Additions	–	90,829
Impairment (note 30)	(20,461)	–
Amortisation – expensed in administrative expenses (note 5, 31)	(6,016)	(5,222)
At end of year	169,228	165,342
In the PRC, held on:		
Leases of over 50 years	27,704	8,383
Leases of between 10-50 years	141,524	156,959
At end of year	169,228	165,342

As at 31 December 2014, land use rights with net carrying amounts totaling RMB53,970,000 (2013: RMB40,854,000 (as restated)) were pledged as collateral for the Group's borrowings (note 24).

9. INVESTMENTS IN ASSOCIATES

	At 31 December	
	2014	2013
	RMB'000	RMB'000
Share of net assets	778,461	–

Set out below is the associate of the Group as at 31 December 2014, which in the opinion of the directors, is material to the Group. The associate as listed below has share capital consisting solely of registered capital, which is held directly by the Group.

9. INVESTMENTS IN ASSOCIATES (Continued)

The following table contains only the particulars of material associate as at 31 December 2014, which is unlisted corporate entity whose quoted market price is not available:

Name of entity	Place of business/ country of establishment	Attributable equity interest held by the Group	Nature of the relationship	Measurement method
Xing Huo Ju Long Technology Investment Co., Ltd. ("Xing Huo") 星火巨龍科技投資有限公司(「星火」)	PRC	49%	Note	Equity

Note: Xing Huo is engaged in property investment in the PRC. Xing Huo is a strategic partner for the Group's growth in the property development business in the PRC.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information of Xing Huo, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements are disclosed below:

	Xing Huo 2014 RMB'000
Current assets	7,911
Current liabilities	(196,776)
Non-current assets	235,442
Net assets	46,577
Total comprehensive income for the year	—

The information above reflects the amounts presented in the financial statements of Xing Huo (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

9. INVESTMENTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in Xing Huo recognised in the consolidated financial statements:

	Xing Huo 2014 RMB'000
Net assets of Xing Huo	46,577
Carrying amount of the Group's interest in Xing Huo (49%)	22,823
Fair value adjustments on a leasehold land	733,772
Carrying amount of the Group's interest in Xing Huo	756,595

Set out below are the financial information of associate that is not material:

	2014 RMB'000
The Group's share of loss for the year (note 5)	(634)
Aggregate carrying amount of the Group's interest in the associate	21,866

10. INVESTMENTS IN SUBSIDIARIES — COMPANY

	At 31 December	
	2014 RMB'000	2013 RMB'000
Non-current assets		
Unlisted shares, at cost	7	7
Share options issued to employees of subsidiaries (note 22(c))	239,078	221,958
Amount due from a subsidiary (note b)	21,009,569	16,918,781
	21,248,654	17,140,746
Current asset		
Amount due from a subsidiary (note c)	—	1,000,000

Notes:

- (a) Details of the subsidiaries are set out in note 47.
- (b) The amount due from a subsidiary represents equity funding by the Company to a subsidiary as the Company does not expect repayment in the foreseeable future.
- (c) The amount due from a subsidiary classified as current assets is unsecured, interest-free and repayable on demand.

11. PROPERTIES UNDER DEVELOPMENT

	At 31 December		At 1 January
	2014 RMB'000	2013 RMB'000 (restated)	2013 RMB'000 (restated)
Amount comprises:			
Construction costs	22,013,117	19,571,702	11,840,962
Interest capitalised	6,574,128	3,924,626	4,900,559
Land use rights	42,033,972	23,393,966	15,452,030
	70,621,217	46,890,294	32,193,551
Less: Provision for properties under development	(1,285,382)	(473,376)	—
	69,335,835	46,416,918	32,193,551

The properties under development are all located in the PRC.

For the year ended 31 December 2014, RMB1,035,582,000 (2013: RMB473,376,000 (as restated)) of properties under development was impaired to reflect the decrease in net realisable value of certain properties under development (note 30).

As at 31 December 2014, the net carrying amounts of properties under development of approximately RMB37,255,601,000 (2013: RMB15,562,600,000 (as restated)) were pledged as collateral for the Group's borrowings (note 24).

As at 31 December 2014, the net carrying amounts of properties under development of approximately RMB8,226,706,000 in aggregate were partially restricted. As at the date of approval of this report, these restrictions have been fully released, except for 2 projects with aggregate carrying amount of approximately RMB501,296,000 which were remained partially restricted.

12. COMPLETED PROPERTIES HELD FOR SALE

	At 31 December 2014 RMB'000	2013 RMB'000 (restated)	At 1 January 2013 RMB'000 (restated)
Completed properties held for sale	12,014,729	6,285,594	3,215,893
Less: Provision for completed properties held for sale	(694,098)	(93,363)	(41,210)
	11,320,631	6,192,231	3,174,683

Completed properties held for sale are all located in the PRC.

For the year ended 31 December 2014, RMB637,636,000 (2013: RMB77,358,000 (as restated)) of completed properties held for sale was impaired to reflect the decrease in the net realisable value of certain completed properties (note 30).

As at 31 December 2014 and 2013, the net carrying amounts of completed properties held for sale of approximately RMB1,539,886,000 (2013: RMB2,312,049,000 (as restated)) were pledged as collateral for the Group's borrowings (note 24).

As at 31 December 2014, the net carrying amounts of completed properties held for sale of approximately RMB3,593,245,000 in aggregate were partially restricted. As at the date of approval of this report, these restrictions have been fully released.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets include the following:

	At 31 December 2014 RMB'000	2013 RMB'000
Unlisted equity investments stated at cost	56,823	—

Unlisted equity investments as at 31 December 2014 represented approximately 4.37% equity interest in CertusNet Inc. ("CertusNet"), a company incorporated in the PRC. CertusNet has a registered capital of RMB75 million. The Company did not have significant influence over CertusNet as at 31 December 2014 because of limited nomination rights relative to other shareholders. The Group disposed all its equity interest in CertusNet to an independent third party in March 2015.

14. OTHER ASSETS

As discussed in note 2.1 to the consolidated financial statements, other assets in the consolidated statement of financial position represent the balance, as at the reporting date, of net cash amounts paid out of the Group under the Incident that were in excess of the amounts accounted for payments/repayments of interest and principals of the Uncovered Borrowings and the acquisitions of 19 project companies.

15. DEBTORS, DEPOSITS AND OTHER RECEIVABLES

	Group			Company	
	At 31 December 2014 RMB'000	2013 RMB'000 (restated)	At 1 January 2013 RMB'000 (restated)	At 31 December 2014 RMB'000	2013 RMB'000
Trade receivables (note a)	720,331	1,763,782	1,296,022	–	–
Other receivables	701,319	496,966	326,000	–	–
Other deposits	307,033	445,130	329,323	1,545	2,302
Prepayments (note b)	1,346,722	12,622	139,580	–	–
Prepaid other taxes	621,809	551,959	381,364	–	–
	3,697,214	3,270,459	2,472,289	1,545	2,302

As at 31 December 2014, the carrying amounts of debtors, deposits and other receivables approximates their fair values.

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables as at the respective reporting dates is as follows:

	At 31 December		At 1 January
	2014 RMB'000	2013 RMB'000 (restated)	2013 RMB'000 (restated)
Within 90 days	524,245	988,272	199,815
91–180 days	26,561	24,618	18,235
181–270 days	89,322	15,422	614,810
271–365 days	5,607	684,672	–
Over 365 days	74,596	50,798	463,162
	720,331	1,763,782	1,296,022

Included in the Group's trade receivables balances of Nil, RMB683,870,000 and RMB1,070,450,000 as at 31 December 2014, 2013 and 1 January 2013, respectively, were not yet due. The balances represented receivables from sales of commercial and residential properties, properties under development/held for sale and proposed development projects from independent third parties. These receivables were repayable within one year after the completion of certain legal documents, which were expected to be settled in the next year.

15. DEBTORS, DEPOSITS AND OTHER RECEIVABLES (Continued)

(a) (Continued)

Ageing of trade receivables which were past due but not impaired:

	At 31 December		At 1 January
	2014	2013	2013
	RMB'000	RMB'000	RMB'000
Overdue within 90 days	524,245	988,272	199,815
Overdue within 91–180 days	26,561	24,618	18,235
Overdue within 181–270 days	89,322	15,422	160
Overdue within 271–365 days	5,607	802	–
Overdue over 365 days	74,596	50,798	7,362
	720,331	1,079,912	225,572

Receivables that were past due but not impaired related to the balances primarily represented receivables from sales of residential properties to independent third parties of which the majority of the balances were due from customers in the process of applying mortgage loans. Generally, no credit terms were granted to these customers. These relate to a number of independent customers for whom there was no recent history of default.

Up to the date of approval of these financial statements, the amounts of RMB685,371,000 and RMB1,762,871,000 of the trade receivables as at 31 December 2014 and 2013 have been settled, respectively.

- (b) Prepayments mainly represent prepayments for purchases of construction materials and services.
- (c) The maximum credit risk exposure is the amount shown on the consolidated statement of financial position.
- (d) The carrying amounts of the Group's receivables are mainly denominated in Renminbi.

16. DEPOSITS FOR LAND ACQUISITION

Deposits for land acquisition arise from the acquisition of land in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained. The carrying amounts of the Group's deposits for land acquisition are mainly denominated in Renminbi.

As at 31 December 2014, the net carrying amounts of deposits for land acquisition of approximately RMB1,381,546,000 in aggregate were partially restricted. As at the date of approval of this report, these restrictions have been fully released.

17. PREPAYMENTS FOR PROPOSED DEVELOPMENT PROJECTS

The Group has entered into a number of contractual arrangements relating to redevelopment of certain areas, transfer of projects and other development projects with independent third parties and has made prepayments in accordance with the terms of these respective contracts. These prepayments would be converted into properties under development upon the completion of the contracts.

18. FINANCIAL DERIVATIVES

	Group and Company			
	At 31 December		2013	2013
	2014	2014	2013	2013
	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
Measured at fair value and included in the consolidated statement of financial position as current assets or liabilities:				
Forward foreign exchange contracts	627	34,735	51,450	—

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2014 was RMB2,117,209,000 (2013: RMB1,800,000,000).

19. RESTRICTED CASH

Restricted cash mainly comprised of:

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for construction materials and construction fees of the relevant property projects when approvals are obtained from local State-Owned Land and Resource Bureau. As at 31 December 2014, such guarantee deposits amounted to RMB400,915,000 (2013: RMB1,194,873,000). They will be released after pre-sale properties are completed or their property ownership certificates are issued, whichever is the earlier.
- (b) As at 31 December 2014, the Group's cash of RMB657,195,000 (2013: RMB470,148,000) was deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities (note 39) granted by the banks to the purchasers of the Group's properties.
- (c) As at 31 December 2014, the Group's cash of RMB20,181,000 (2013: RMB11,442,000) was deposited in certain banks as guarantee deposits for issuance of notes payables.

20. RESTRICTED CASH, BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	At 31 December 2014	2013	At 31 December 2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash (note 19)	1,078,291	1,676,463	–	–
Long-term bank deposits	64,695	–	–	–
Short-term bank deposits	189,860	263,723	–	–
Cash and cash equivalents	3,131,154	6,765,970	326,463	285,366
Cash and bank balances	4,464,000	8,706,156	326,463	285,366

Note:

The effective interest rates and maturities of bank deposits in the PRC are ranged from 0.2% to 6.7% (2013: 3.05% to 4.40%) per annum and from 4 to 24 months (2013: 6 to 12 months) as at 31 December 2014.

20. RESTRICTED CASH, BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

(Continued)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	At 31 December		At 31 December	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Denominated in – RMB	4,077,088	8,386,663	85	723
Denominated in – HKD	53,977	23,349	18,593	1,487
Denominated in – USD	332,935	296,144	307,785	283,156
	4,464,000	8,706,156	326,463	285,366
Less: Restricted cash (note 19)	(1,078,291)	(1,676,463)	–	–
Less: Long-term bank deposits	(64,695)	–	–	–
Less: Short-term bank deposits	(189,860)	(263,723)	–	–
Cash and cash equivalents	3,131,154	6,765,970	326,463	285,366

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

21. SHARE CAPITAL AND SHARE PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:						
Ordinary share of HK\$0.10 each						
As at 1 January 2013,						
31 December 2013 and 2014		50,000,000,000	5,000,000	4,405,545	–	4,405,545
Issue and fully paid:						
At 1 January 2013		4,905,840,000	490,584	432,246	3,817,526	4,249,772
Exercise of share options	(a)	23,675,000	2,368	1,893	44,263	46,156
As at 31 December 2013		4,929,515,000	492,952	434,139	3,861,789	4,295,928
At 1 January 2014		4,929,515,000	492,952	434,139	3,861,789	4,295,928
Exercise of share options	(b)	125,803,000	12,580	9,957	227,994	237,951
Issue of scrip dividend shares	(c)	80,109,910	8,011	6,354	163,921	170,275
As at 31 December 2014		5,135,427,910	513,543	450,450	4,253,704	4,704,154

Notes:

- (a) For the year ended 31 December 2013, 23,675,000 shares were issued upon exercise of share options. Total proceeds were HK\$41,507,000 (equivalent to approximately RMB33,212,000). The weighted average share price at the time of exercise was HK\$2.38 per share. The related transactions costs were deducted from the proceeds received.
- (b) For the year ended 31 December 2014, 125,803,000 shares were issued upon exercise of share options. Total proceeds were HK\$216,644,000 (equivalent to approximately RMB171,478,000). The weighted average share price at the time of exercise was HK\$2.75 per share. The related transactions costs were deducted from the proceeds received.
- (c) The Company offered to its shareholders a scrip dividend alternative under which the shareholders could elect to receive ordinary shares of HK\$0.15 each in lieu of cash dividend during the following special cash dividend declaration and ordinary shares were issued in accordance with the scrip dividend scheme. On 29 May 2014, total scrip dividend shares issued during the year ended 31 December 2014 were 80,109,910 at share price of HK\$2.68 per share.

All ordinary shares issued during the year ranked pari passu in all respects with the existing shares.

22. RESERVES

	Group							Total RMB'000
	Merger reserve	Exchange reserve	Statutory reserves	Share option reserve	Capital reserve	Conversion option reserve	Retained earnings	
	RMB'000 (note a)	RMB'000	RMB'000 (note b)	RMB'000 (note c)	RMB'000	RMB'000 (note 24(b))	RMB'000	
Balance as at 1 January 2013, as previously reported	382	24,835	505,185	133,011	(93,022)	220,824	9,309,202	10,100,417
Impact of prior adjustments and reclassification (note 2.1)	–	–	–	–	(301,452)	–	(26,159)	(327,611)
Balance as at 1 January 2013, as restated	382	24,835	505,185	133,011	(394,474)	220,824	9,283,043	9,772,806
Total comprehensive income for the year	–	–	–	–	–	–	2,174,639	2,174,639
Partial disposal of subsidiaries without loss of control (note 42(a))	–	–	–	–	59	–	–	59
Exercise of share options (note 21(a))	–	–	–	(12,944)	–	–	–	(12,944)
Share-based payments (note c)	–	–	–	34,450	–	–	–	34,450
Transfer to statutory reserve	–	–	68,293	–	–	–	(68,293)	–
Balance as at 31 December 2013 and 1 January 2014, as restated	382	24,835	573,478	154,517	(394,415)	220,824	11,389,389	11,969,010
Total comprehensive loss for the year	–	–	–	–	–	–	(1,287,484)	(1,287,484)
Issue of scrip dividend shares	–	–	–	–	–	–	(170,275)	(170,275)
Dividend paid	–	–	–	–	–	–	(420,772)	(420,772)
Acquisition of additional interest in a subsidiary (note 41(a))	–	–	–	–	(92,632)	–	–	(92,632)
Disposal of interests in subsidiaries	–	–	(786)	–	–	–	–	(786)
Exercise of share options (note 21(b))	–	–	–	(66,473)	–	–	–	(66,473)
Share-based payments (note c)	–	–	–	28,229	–	–	–	28,229
Share options lapsed	–	–	–	(11,107)	–	–	11,107	–
Transfer to statutory reserve	–	–	185,351	–	–	–	(185,351)	–
Balance as at 31 December 2014	382	24,835	758,043	105,166	(487,047)	220,824	9,336,614	9,958,817

22. RESERVES (Continued)

	Company			Total RMB'000
	Share option reserve	Conversion option reserve	Retained earnings	
	RMB'000 (note c)	RMB'000 (note 24(b))	RMB'000	
Balance as at 1 January 2013	133,011	220,824	639,687	993,522
Total comprehensive income for the year (note 23)	–	–	451,239	451,239
Exercise of share options (note 21(a))	(12,944)	–	–	(12,944)
Share-based payments (note c)	34,450	–	–	34,450
Balance as at 31 December 2013 and 1 January 2014	154,517	220,824	1,090,926	1,466,267
Total comprehensive loss for the year (note 23)	–	–	(76,788)	(76,788)
Issue of scrip dividend shares	–	–	(170,275)	(170,275)
Dividend paid	–	–	(420,772)	(420,772)
Exercise of share options (note 21(b))	(66,473)	–	–	(66,473)
Share-based payments (note c)	28,229	–	–	28,229
Share options lapsed	(11,107)	–	–	(11,107)
Balance as at 31 December 2014	105,166	220,824	423,091	749,081

Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to the group reorganisation in December 2007 and the nominal value of the share capital of the Company issued in exchange thereof. The reorganisation qualifies as common control combinations and has been accounted for using merger accounting.
- (b) In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 10% and 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the "Statutory Reserves"), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the registered capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves are solely determined by the Board of Directors of these foreign investment enterprises.

In accordance with the Laws of the PRC on Enterprises Operated Exclusively with Foreign Capital and the companies' articles of association, an appropriation to the Statutory Reserves, after net of accumulated losses of previous years, have to be made prior to profit distribution to the investor. The appropriation for the Statutory Reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital.

For the year ended 31 December 2014, the Board of Directors of the Company's subsidiaries in the PRC, including both local and foreign investment enterprises, appropriated RMB185,351,000 (2013: RMB68,293,000) to the Statutory Reserves.

- (c) Share option reserve represents value of employee services in respect of share options granted under the share option scheme (note 43).

23. (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB76,788,000 (2013: profit of RMB451,239,000).

24. BORROWINGS

	Notes	Group			Company		
		At 31 December		At	At 31 December		At
		2014	2013	1 January	2014	2013	1 January
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		(restated)	(restated)		(restated)	(restated)	
Borrowings included in non-current liabilities							
Bank borrowings – secured	(e)	2,722,000	1,913,250	1,079,750	–	–	–
Bank borrowings – unsecured	(e)	244,896	–	938,546	–	–	–
Loan from a related company	(f)	1,500,000	–	–	–	–	–
		4,466,896	1,913,250	2,018,296	–	–	–
Borrowings included in current liabilities							
Bank borrowings – secured	(e)	15,479,000	9,073,000	3,133,000	–	–	–
Bank borrowings – unsecured	(e)	5,306,603	2,611,704	632,226	733,768	504,529	–
Other borrowings – secured	(e)	20,585,517	10,183,072	5,668,210	–	914,535	–
Other borrowings – unsecured	(e)	4,557,389	12,313,900	2,792,000	–	–	–
Senior Notes	(a), (g)	13,890,208	9,887,432	5,612,915	13,890,208	9,887,432	5,612,915
Convertible Bonds	(b)	1,437,385	1,377,335	1,324,613	1,437,385	1,377,335	1,324,613
Senior Secured Guaranteed Bonds	(c), (g)	–	–	2,012,020	–	–	2,012,020
Exchangeable Term Loan	(d), (g)	–	–	674,626	–	–	674,626
		61,256,102	45,446,443	21,849,610	16,061,361	12,683,831	9,624,174
Total borrowings		65,722,998	47,359,693	23,867,906	16,061,361	12,683,831	9,624,174

24. BORROWINGS (Continued)

Notes:

(a) Senior Notes

Movements in Senior Notes are analysed as follows:

	Group and Company								
	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Senior Note	Total
	2010	2011	2012	January 2013	March 2013	April 2013	January 2014	June 2014	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount as at 1 January 2013	2,210,426	1,824,570	1,577,919	–	–	–	–	–	5,612,915
Additions	–	–	–	3,087,096	3,408,892	1,772,319	–	–	8,268,307
Accrued interest (note 32)	98,425	111,200	208,341	317,095	244,040	91,583	–	–	1,070,684
Coupon payment	(147,256)	(141,615)	(200,596)	(158,329)	(150,799)	(61,875)	–	–	(860,470)
Exchange difference	(6,036)	(5,009)	(47,108)	(96,725)	(104,421)	–	–	–	(259,299)
Early redemption premium (note g)	26,018	91,524	–	–	–	–	–	–	117,542
Repayment (note g)	(2,181,577)	(1,880,670)	–	–	–	–	–	–	(4,062,247)
Carrying amount as at 31 December 2013	–	–	1,538,556	3,149,137	3,397,712	1,802,027	–	–	9,887,432
Additions	–	–	–	–	–	–	1,505,747	2,402,516	3,908,263
Accrued interest (note 32)	–	–	208,976	321,696	310,724	134,718	179,602	131,503	1,287,219
Coupon payment	–	–	(197,144)	(313,899)	(298,970)	(123,750)	(135,895)	(110,745)	(1,180,403)
Exchange difference	–	–	5,977	12,489	13,552	–	6,159	(11,702)	26,475
Transaction costs on modification of terms	–	–	(5,334)	(10,613)	(11,421)	(6,218)	(5,192)	–	(38,778)
Carrying amount as at 31 December 2014	–	–	1,551,031	3,158,810	3,411,597	1,806,777	1,550,421	2,411,572	13,890,208

On 28 April 2010, the Company issued 13.5% senior note due 2015 in an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,389,205,000) at 100% of face value (the "Senior Note 2010"). On 14 June 2011, the Company issued additional 13.5% senior note due 2015 in an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB1,944,000,000) at 100% of face value (the "Senior Note 2011"). These notes were fully repaid during the year ended 31 December 2013 (note g).

On 18 September 2012, the Company issued additional 12.875% senior note due 2017 in an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,581,225,000) at 100% of face value (the "Senior Note 2012").

On 8 January 2013, the Company issued additional 10.25% senior note due 2020 in an aggregate principal amount of US\$500,000,000 (equivalent to approximately RMB3,142,750,000) at 100% of face value (the "Senior Note January 2013"). The net proceeds were used to redeem the Exchangeable Term Loan and Senior Secured Guaranteed Bonds (note g).

On 19 March 2013, the Company issued additional 8.875% senior note due 2018 in an aggregate principal amount of US\$550,000,000 (equivalent to approximately RMB3,457,025,000) at 100% of face value (the "Senior Note March 2013"). The net proceeds were used to redeem part of the Senior Note 2010 and Senior Note 2011 (note g). On 13 January 2014, the Company issued additional US\$250,000,000 (equivalent to approximately RMB1,524,225,000) at 101% of face value (the "Senior Note January 2014").

On 22 April 2013, the Company issued additional 6.875% senior note due 2016 in an aggregate principal amount of RMB1,800,000,000 at 100% of face value (the "Senior Note April 2013"). The net proceeds were used to redeem the remaining outstanding of the Senior Note 2010 and Senior Note 2011 (note g).

On 6 June 2014, the Company issued 9% senior note due 2019 in an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,460,840,000) at 99% of face value (the "Senior Note June 2014").

Senior Note 2010, Senior Note 2011, Senior Note 2012, Senior Note January 2013, Senior Note March 2013, Senior Note April 2013, Senior Note January 2014 and Senior Note June 2014 are collectively referred to as the "Senior Notes".

24. BORROWINGS (Continued)

Notes: (Continued)

(a) Senior Notes (Continued)

The net proceeds, after deducting the transaction costs, of Senior Notes are as follows:

	Senior Note 2010 RMB'000	Senior Note 2011 RMB'000	Senior Note 2012 RMB'000	Senior Note January 2013 RMB'000	Senior Note March 2013 RMB'000	Senior Note April 2013 RMB'000	Senior Note January 2014 RMB'000	Senior Note June 2014 RMB'000
Nominal value	2,389,205	1,944,000	1,581,225	3,142,750	3,457,025	1,800,000	1,524,225	2,460,840
Less: transaction costs	(55,698)	(163,215)	(53,070)	(55,654)	(48,133)	(27,681)	(18,478)	(58,324)
Net proceeds	2,333,507	1,780,785	1,528,155	3,087,096	3,408,892	1,772,319	1,505,747	2,402,516

On 29 June 2014, the Company obtained consent from the holders of the Senior Note 2012, the Senior Note January 2013, the Senior Note March 2013, the Senior Note April 2013 and the Senior Note January 2014 to modify certain terms of the senior notes in conforming with the terms of the Senior Note June 2014 (the "Modification"). Consent fees of approximately RMB38,778,000 were paid to the above holders for the Modification and capitalised to the carrying amounts of the respective senior notes during the year ended 31 December 2014.

The Senior Notes are listed on the Singapore Exchange Securities Trading Limited.

The Senior Notes are secured by the pledge of shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

Subsequent to the year ended 31 December 2014, the Company has not made scheduled principal and coupon payment under the terms of the Senior Notes. Given the failure to meet the obligation, the Company received default notices from the trustee of the Senior Notes. The Company had negotiated with the noteholders on executing debt restructuring, details of which have been disclosed in note (l) below.

(b) Convertible Bonds

On 20 December 2010, the Company issued RMB denominated US\$ settled 8.0% convertible bonds (the "Convertible Bonds"), of an initial principal amount of RMB1,500,000,000 (equivalent to approximately US\$225,000,000).

At the option of bond holders, the aggregate amount of RMB1,500,000,000 will be convertible into fully paid shares with a par value of HK\$0.1 each of the Company. The Convertible Bonds will mature in five years (December 2015) from the issue date at 100% of the nominal value or can be converted into ordinary shares of the Company on or after 30 January 2011 at an initial conversion price of HK\$2.82 per share at a fixed exchange rate of RMB1.00 to HK\$1.1656. The conversion price was adjusted downward to HK\$2.64 per share following the payment of a final dividend during the year ended 31 December 2014. In addition, at the option of the Group or the bondholders, all outstanding principal of the Convertible Bonds can be redeemed on 20 December 2013. The Convertible Bonds of RMB200,000 was partially redeemed on 20 December 2013.

The Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited.

The Convertible Bonds are secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and are jointly and severally guaranteed by certain subsidiaries of the Group.

The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in reserves (note 22).

The value of the liability component of RMB1,231,967,000 and the equity conversion component of RMB220,824,000, net of transaction cost of RMB47,209,000, were determined at issuance of the Convertible Bonds.

24. BORROWINGS (Continued)

Notes: (Continued)

(b) Convertible Bonds (Continued)

The Convertible Bonds recognised in the consolidated statement of financial position is calculated as follows:

	RMB'000
Face value of the Convertible Bond on date of issue	1,500,000
Less: Equity component	(220,824)
Transaction costs	(47,209)
Liability component on initial recognition	1,231,967

	2014 RMB'000	2013 RMB'000
Carrying amount as at 1 January	1,377,335	1,324,613
Accrued interest (note 32)	181,716	174,588
Coupon payment	(121,666)	(121,666)
Redemption	–	(200)
Carrying amount as at 31 December	1,437,385	1,377,335

Interest expenses on the liability component of the Convertible Bonds are calculated using the effective interest method, applying the effective interest rate of 13.1% per annum to the liability component.

Subsequent to the year ended 31 December 2014, the Company has not made scheduled principal and coupon payment under the terms of the Convertible Bonds. Given the failure to meet the obligation, the Company received default notices from the trustee of the Convertible Bonds. The Company had negotiated with the bondholders on executing debt restructuring, details of which have been disclosed in note (l) below.

There was no conversion or redemption (2013: RMB200,000) of the Convertible Bonds during the year ended 31 December 2014.

(c) Senior Secured Guaranteed Bonds

On 15 March 2011, the Company issued RMB denominated US\$ settled 8.5% Senior Secured Guarantee Bonds due 2014 in an aggregate principal amount of RMB2,000,000,000 at 100% of face value (the "Senior Secured Guaranteed Bonds"). The net proceeds, after deducting the direct issuance costs, amounted to approximately RMB1,911,737,000. The Senior Secured Guaranteed Bonds were fully repaid during the year ended 31 December 2013 (note g).

The Senior Secured Guaranteed Bonds were listed on The Singapore Exchange Securities Trading Limited.

The Senior Secured Guaranteed Bonds were secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and were jointly and severally guaranteed by certain subsidiaries of the Group.

The Senior Secured Guaranteed Bonds in the consolidated statement of financial position were calculated as follows:

	RMB'000
Nominal value	2,000,000
Less: transaction costs	(88,263)
Net proceeds	1,911,737

24. BORROWINGS (Continued)

Notes: (Continued)

(c) Senior Secured Guaranteed Bonds (Continued)

	2013 RMB'000
Carrying amount as at 1 January	2,012,020
Accrued interest (note 32)	4,991
Coupon payment (note g)	(55,250)
Early redemption premium (note g)	38,239
Repayment (note g)	(2,000,000)
Carrying amount as at 31 December	—

(d) Exchangeable Term Loan

On 23 May 2012, the Company entered into a US\$120,000,000 (equivalent to approximately RMB758,988,000) term loan with conversion options with an independent third party (the "Exchangeable Term Loan"). The maturity date of the Exchangeable Term Loan is 27 months after the drawdown date, which is 24 August 2014. The Exchangeable Term Loan was fully repaid during the year ended 31 December 2013 (note g).

The net proceeds received from the Exchangeable Term Loan have been split between a financial derivative component and a liability component as follows:

- (i) The financial derivative component represents the fair value of conversion feature of the Exchangeable Term Loan as at issuance date, which is determined using the binomial model. The agreement allows the lender to have the option to convert the outstanding loan into equity interests of certain subsidiaries of the Company on 24 May 2014, three months before the maturity date of the Exchangeable Term Loan.

The financial derivative is classified as a financial liability at fair value through profit or loss and subsequently carried at fair value.

- (ii) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded options derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 22.5% per annum to the liability component since the loan was issued. Interest of 13.5% per annum is payable semiannually in accordance with the agreement.

The value of the liability component of approximately RMB642,632,000 and the financial derivative component of approximately RMB114,357,000, net of transaction cost of US\$316,000 (equivalent to approximately RMB1,999,000), were determined at issuance of the Exchangeable Term Loan.

The Exchangeable Term Loan was guaranteed by the Group's subsidiaries incorporated outside of the PRC jointly and severally.

The Exchangeable Term Loan recognised in the consolidated statement of financial position is calculated as follows:

	RMB'000
Face value of the Exchangeable Term Loan on date of issue	758,988
Less: Financial derivatives	(114,357)
Transaction costs	(1,999)
Liability component on initial recognition	642,632

24. BORROWINGS (Continued)

Notes: (Continued)

(d) Exchangeable Term Loan (Continued)

	Liability component RMB'000	Derivative component RMB'000
Carrying amount as at issue date	642,632	114,357
Accrued interest	87,804	–
Coupon payment	(51,784)	–
Change in fair value	–	(54,710)
Exchange difference	(4,026)	(563)
Carrying amount as at 31 December 2012	674,626	59,084
Carrying amount as at 1 January 2013	674,626	59,084
Accrued interest (note 32)	3,256	–
Coupon payment (note g)	(13,576)	–
Early repayment premium (note g)	89,954	(59,084)
Repayment (note g)	(754,260)	–
Carrying amount as at 31 December 2013, 1 January 2014 and 31 December 2014	–	–

(e) Bank and other borrowings

The Group

The Group's bank and other borrowings of RMB38,786,517,000 (2013: RMB21,169,322,000 (as restated)) were jointly secured by certain properties, investment properties, land use rights, properties under development, properties held for sale of the Group (notes 6, 7, 8, 11 and 12) and shares of certain of the Group's subsidiaries.

The Group's bank and other borrowings are guaranteed by:

	2014 RMB'000	2013 RMB'000 (restated)
Group companies		
– Secured	28,864,518	14,096,073
– Unsecured	7,895,230	9,511,541
	36,759,748	23,607,614

The Group's remaining other borrowings comprised of the loans from certain non-bank financial institutions.

Subsequent to the year ended 31 December 2014, the Group failed to make scheduled principal and interest payment under the relevant terms and conditions of certain bank and other borrowings and received notices from certain creditors in demanding immediate repayment of the bank and other borrowings. The Group had negotiated with the relevant creditors on executing debt restructuring, details of which have been disclosed in note (l) below.

24. BORROWINGS (Continued)

Notes: (Continued)

(e) Bank and other borrowings (Continued)

The Company

As at 31 December 2013, the Company's other borrowings related to a term loan agreement with US\$200,000,000 (equivalent to approximately RMB1,219,380,000) entered into with an independent third party. The loan bears interest at the rate of 14% per annum, payable on 31 December 2013 for part of the outstanding principal amount and on the final repayment date for the then outstanding principal amount. The borrowing has a final repayment date of 13 November 2014, or 13 November 2015 if mutually agreed between the parties, and is repayable in two installments and in the amounts as follows: (i) on 31 December 2013 (or such other date as mutually agreed between the parties), certain part of the principal amount of loan outstanding; and (ii) on the final repayment date, the principal amount of loan then outstanding. The borrowing was fully repaid subsequently in January 2014. On 15 May 2014, the Company further drew down a term loan of US\$100,000,000 (equivalent to approximately RMB615,210,000) based on the same terms on agreement signed on November 2013. Such amount was fully repaid during the year ended 31 December 2014.

The Company's other borrowing of nil (2013: RMB914,535,000) is secured by the pledge of certain shares of the Group's subsidiaries incorporated outside the PRC, and is jointly and severally guaranteed by certain subsidiaries of the Group.

The Company's other borrowing in the statement of financial position is calculated as follows:

	RMB'000
Carrying amount as at issue date	1,219,380
Repayment	(304,845)
Carrying amount as at 31 December 2013	914,535
Additions	615,210
Repayment	(1,529,745)
Carrying amount as at 31 December 2014	—

(f) Loan from a related company

The amount due is unsecured, carrying interest rate at 12.0% per annum and repayable in 2016. The related company is controlled by a substantial shareholder of the Company.

(g) Borrowings refinancing

On 13 January 2013, the Company repaid the outstanding Exchangeable Term Loan in full and redeemed the Senior Secured Guaranteed Bonds in full at redemption price equal to 100% of the principal amount of aforesaid borrowings outstanding thereof which were US\$120,000,000 (equivalent to RMB754,260,000) and RMB2,000,000,000, the accrued and unpaid coupon were US\$2,160,000 (equivalent to RMB13,576,000), and RMB55,250,000 for the Exchangeable Term Loan and the Senior Secured Guaranteed Bonds, respectively, and the applicable premium to the holders of the Exchangeable Term Loan of was US\$9,576,000 (equivalent to RMB60,190,000).

On 28 April 2013, the Company redeemed part of the outstanding Senior Note 2010 and Senior Note 2011 at redemption price equal to 100% of the principal amount of Senior Note 2010 and Senior Note 2011 thereof which were US\$388,000,000 (equivalent to RMB2,432,333,000), the accrued and unpaid coupon were US\$43,740,000 (equivalent to RMB274,201,000), and the applicable premium to the bondholders were US\$26,190,000 (equivalent to RMB164,182,000).

On 22 May 2013, the Company redeemed the remaining outstanding Senior Note 2010 and Senior Note 2011 at redemption price equal to 100% of the principal amount of the Senior Note 2010 and Senior Note 2011 thereof which was US\$260,000,000 (equivalent to RMB1,629,914,000), the accrued and unpaid coupon were US\$2,340,000 (equivalent to RMB14,670,000), and the applicable premium to the bondholders was US\$17,550,000 (equivalent to RMB110,019,000).

The premium for such redemptions amounting to RMB521,042,000 was recognised in finance costs for the year ended 31 December 2013 (note 32).

24. BORROWINGS (Continued)

Notes: (Continued)

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

	6 months or less RMB'000	6-12 months RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Group					
At 31 December 2014	14,563,245	21,845,916	25,455,026	3,858,811	65,722,998
At 31 December 2013 (Restated)	6,494,454	8,370,874	28,645,228	3,849,137	47,359,693
At 1 January 2013 (Restated)	3,733,391	4,988,953	15,145,562	–	23,867,906
Company					
At 31 December 2014	733,769	1,437,384	10,731,397	3,158,811	16,061,361
At 31 December 2013 (Restated)	504,528	914,535	8,115,630	3,149,138	12,683,831
At 1 January 2013 (Restated)	–	1,324,613	8,299,561	–	9,624,174

- (i) Breach of covenants of the borrowings

Pursuant to the terms of the relevant borrowings, the Group is obliged to comply with certain restrictive financial and non-financial covenants, including restriction in incurring additional financial indebtedness in particular circumstances and fulfilment of certain key financial ratios. As at 31 December 2013 and 2014, the Group has breached certain of the restrictive covenants of the relevant loans agreements. The breach of the restrictive covenants clauses have technically constituted events of default in accordance with respective terms of the relevant borrowings and will potentially trigger cross-default events of other Group's borrowings. As a result, the directors have classified relevant borrowings and financial derivatives of RMB47,380,193,000 (2013: RMB42,460,267,000) and RMB34,735,000 (2013: Nil) as at 31 December 2014, respectively, as current liabilities in the consolidated financial statements.

- (j) The effective interest rates at each of the reporting dates were as follows:

	Group			Company	
	At 31 December 2014	2013 (restated)	At 1 January 2013 (restated)	At 31 December 2014	2013
Bank borrowings, included in non-current liabilities	7.0%	6.9%	5.8%	–	–
Bank borrowings, included in current liabilities	8.6%	8.2%	8.7%	4.0%	5.0%
Other borrowings	11.3%	11.7%	14.0%	–	–
Loan from a related company	12.0%	–	–	–	–
Senior Note 2010	–	–	14.1%	–	–
Senior Note 2011	–	–	16.5%	–	–
Senior Note 2012	13.8%	13.8%	13.8%	13.8%	13.8%
Senior Note January 2013	10.6%	10.6%	–	10.6%	10.6%
Senior Note March 2013	9.2%	9.2%	–	9.2%	9.2%
Senior Note April 2013	7.5%	7.5%	–	7.5%	7.5%
Senior Note January 2014	9.3%	–	–	9.3%	–
Senior Note June 2014	9.6%	–	–	9.6%	–
Convertible Bonds	13.1%	13.1%	13.1%	13.1%	13.1%
Senior Secured Guaranteed Bonds	–	–	10.4%	–	–
Exchangeable Term Loan	–	–	22.5%	–	–

24. BORROWINGS (Continued)

Notes: (Continued)

(k) The carrying amounts of the Group's borrowings are denominated in RMB except for Senior Notes, Exchangeable Term Loan, other borrowing and bank borrowings of RMB1,710,292,000 (2013: RMB1,358,705,000), which are denominated in USD and HKD respectively. The fair value are based on cash flow discounted using a rate on the borrowing rates as stated above and are within level 2 of the fair value hierarchy.

(l) Debt restructuring

As disclosed in note 1(b), subsequent to the year ended 31 December 2014, in light of the occurrence of events of default and potential cross-default of the debt facilities, the Group has negotiated with the Onshore Creditors and the Offshore Creditors in relation to the restructuring of the outstanding debts facilities (the "Debt Restructuring").

On 17 August 2015, the Group entered into a framework agreement for the Onshore Debt Restructuring with the onshore creditors committee (the "Onshore Creditors Committee") which is formed by certain largest onshore creditors of the Group. The Onshore Creditors Committee is authorised to negotiate on behalf of all onshore creditors in respect of the Onshore Debt Restructuring. During 2015 and 2016, the Onshore Creditors have entered into respective definitive agreements with the Group to restructure the outstanding debts or agreed that their outstanding debt being continued to be governed by their respective existing agreements. Up to the date of approving these consolidated financial statements, the Group has successfully restructured all of the onshore loan. The profit or loss on the modification or extinguishment of the onshore debts are considered to be immaterial to the Group.

On 10 January 2016, the Company, certain of its subsidiaries and the Offshore Creditors entered into the Restructuring Support Agreement, pursuant to which, the Offshore Creditors agreed to support the Offshore Debt Restructuring through the Schemes. The Schemes provided options to the Offshore Creditors in exchanging the outstanding principals of the Senior Notes, the Convertible Bonds and other offshore facilities as at the reference date of the Restructuring Support Agreement (i.e. 1 January 2016) (the "Original Offshore Debts") with all accrued and unpaid interest for new indentures for the indenture stated below.

On 12 July 2016, following the Company obtained the consent from the majority of the Original Offshore Debts Creditors in favour of the Schemes, the Schemes become effective as a matter of Cayman Islands law and Hong Kong law. On the same day, the Group has cancelled the Original Offshore Debts and issued the new indentures in accordance to the election of the Offshore Creditors. The directors, after considering the restructured terms, has treated the Offshore Debt Restructuring as an extinguishment for certain portion of the Original Offshore Debts. Accordingly, a gain on extinguishment of the Original Offshore Debts of approximately RMB716,143,000, representing the difference between the carrying amount of the Original Offshore Debts and the fair value of the new instruments at the day of completion of the Offshore Debt Restructuring and consent fee paid to the Offshore Creditors of approximately RMB54,423,000 were recognised to profit or loss in 2016. The remaining portion of the Original Offshore Debts did not result in substantial modification and accordingly, the effective interest rates were adjusted at the date of modification.

Pursuant to the Restructuring Support Agreement, the Offshore Creditors could elect to exchange their Original Offshore Debts for the following indentures (Details of the Restructuring Support Agreement and the commercial terms of the new indentures are set out in the announcements of the Company dated 17 March 2016):

- (i) New HY notes at an exchange ratio of 1.0 with new principal amounts, new maturity dates and new interest coupon schedules, with certain contingent value rights ("CVRs") with a notional value equal to 7% of the principal amount of the New HY Notes;
- (ii) New HY notes at an exchange ratio of 1.02598 with new principal amounts, new maturity dates and new interest coupon schedules; or
- (iii) Mandatorily exchangeable bonds at an exchange ratio of 1.0.

25. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority. The offset amounts are as follows:

	Group	
	2014 RMB'000	2013 RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	15,504	87,701
– to be recovered within 12 months	43,320	109,859
	58,824	197,560
Deferred income tax liabilities:		
– to be settled after more than 12 months	(2,206,959)	(1,300,266)
The net movement on the deferred income tax is as follows:		
Beginning of the year	(1,102,706)	(934,306)
Recognised in the consolidated statement of profit or loss and other comprehensive income (note 35)	(1,045,429)	(168,400)
End of the year	(2,148,135)	(1,102,706)

The movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

25. DEFERRED INCOME TAX (Continued)

Deferred income tax assets:

	Group Tax losses RMB'000
At 1 January 2013	270,378
Charged to the consolidated statement of profit or loss and other comprehensive income	13,778
At 31 December 2013 and 1 January 2014	284,156
Charged to the consolidated statement of profit or loss and other comprehensive income	(138,736)
At 31 December 2014	145,420

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise tax losses amounting to RMB3,942,821,000 (2013: RMB1,974,793,000) that can be carried forward against future taxable income. These tax losses have no expiry date except that approximately RMB3,569,650,000 (2013: RMB1,697,042,000) will expire from 2015 to 2019.

Deferred income tax liabilities:

	Group Revaluation arising from investment properties RMB'000
At 1 January 2013	1,143,247
Charged to the consolidated statement of profit or loss and other comprehensive income	182,178
At 31 December 2013 and 1 January 2014	1,325,425
Charged to the consolidated statement of profit or loss and other comprehensive income	906,693
At 31 December 2014	2,232,118

At 31 December 2014, the unrecognised deferred income tax liabilities were RMB471,150,000 (2013: RMB376,276,000), relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries, as the directors consider that the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. The total undistributed profits of these PRC subsidiaries as at 31 December 2014 amounted to RMB9,422,995,000 (2013: RMB7,525,520,000).

26. ADVANCE PROCEEDS RECEIVED FROM CUSTOMERS AND DEPOSITS RECEIVED

The amount of RMB15,771,087,000 (2013: RMB13,844,861,000 (as restated)) represents deposits and installments received on properties sold to independent third parties after the issuance of pre-sale certificates by local government authorities.

27. OTHER PAYABLES

	Group			Company	
	At 31 December 2014 RMB'000	2013 RMB'000 (restated)	At 1 January 2013 RMB'000 (restated)	At 31 December 2014 RMB'000	2013 RMB'000
Other payables and accruals	3,362,330	2,263,619	1,424,091	27,958	33,838
Note payables	221,683	4,019	68,366	–	–
Consideration payable related to purchase of subsidiaries	45,417	118,808	170,808	–	–
Other taxes payables	158,138	274,725	108,419	–	–
	3,787,568	2,661,171	1,771,684	27,958	33,838

Note:

The carrying amounts of other payables are denominated in RMB and approximate to their fair values.

28. AMOUNTS DUE TO NON-CONTROLLING INTEREST OF SUBSIDIARIES

Amounts due to non-controlling interests of subsidiaries were unsecured, interest-free and repayable on demand.

29. LOSS ARISING FROM THE INCIDENT

During the course of the preparation of the consolidated financial statements for the year ended 31 December 2014, the directors have prepared the necessary prior year adjustments, in according with the requirements of Hong Kong Accounting Standards 8, to correct the errors and restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (see details in note 2.1), except the directors found it is impracticable to recognise the cumulative effects of the losses on the Incident until the end of 2014 when the Incident was ended. Hence, the resulting net cumulative losses of the Incident of approximately RMB482,736,000 was recognised in the year.

30. OTHER LOSSES – NET

	2014 RMB'000	2013 RMB'000 (restated)
Forfeited customer deposits	(8,397)	(5,618)
Compensation for termination of proposed development projects	(7,037)	(64,905)
Impairment loss on property and equipment and land use rights (notes 5, 6, 8)	164,452	–
Write-down of completed properties held for sale and properties under development (notes 11, 12)	1,673,218	550,734
Government subsidy income	(60,127)	(49,933)
Loss on disposal of property and equipment	1,460	–
Others	(21,161)	(1,597)
	1,742,408	428,681

Note:

During the year ended 31 December 2014, the Group has performed impairment assessment of the property and equipment and land use rights and as a result, the carrying amounts of the property and equipment and land use rights were written down to their recoverable amounts.

31. EXPENSES BY NATURE

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

	2014 RMB'000	2013 RMB'000 (restated)
Auditors' remuneration	34,069	4,793
Advertising and other promotional costs	479,847	576,735
Agency fee	56,711	49,342
Business taxes	1,004,328	902,424
Cost of properties sold	15,405,307	12,038,475
Depreciation (note 6)	100,577	68,547
Amortisation of land use rights (note 8)	6,016	5,222
Donations	54,989	55,607
Legal and professional fees	61,110	48,115
Operating lease rental	36,585	30,193
Staff costs – including directors' emoluments (note 33)	650,762	574,994
Office expenses	84,710	120,872
Travelling	18,194	24,279
Others	705,561	466,886
	18,698,766	14,966,484

Note:

The PRC companies comprising the Group are subject to business taxes on their revenues at the following rates:

Category	Rate
Sales of properties	5%
Rental income	5%
Property management services	5%
Hotel and catering operations	5%

32. FINANCE COSTS – NET

	2014 RMB'000	2013 RMB'000 (restated)
Finance income		
Interest income on bank deposits (note 37)	25,039	37,570
Net exchange gains (note 37)	–	279,949
	25,039	317,519
Finance costs		
Interest expense		
– Bank borrowings	1,902,990	823,082
– Senior Notes (note 24)	1,287,219	1,070,684
– Convertible Bonds (note 24)	181,716	174,588
– Senior Secured Guaranteed Bonds (note 24)	–	4,991
– Exchangeable Term Loan (note 24)	–	3,256
– Other borrowings	2,356,686	1,753,955
Early redemption premium of debts (note 24)	–	521,042
Total interest expenses	5,728,611	4,351,598
Less: interest capitalised (note)	(4,958,714)	(3,610,295)
	769,897	741,303
Net exchange losses (note 37)	5,907	–
	775,804	741,303
Finance costs – net	(750,765)	(423,784)

Note: The capitalisation rate of borrowings is 11.28% (2013: 11.06% (as restated)) for the year.

33. STAFF COSTS – INCLUDING DIRECTORS' EMOLUMENTS

	2014 RMB'000	2013 RMB'000 (restated)
Wages and salaries	479,516	404,537
Pension costs – statutory pension	31,575	26,191
Medical benefits	13,013	11,143
Share-based payments	28,229	34,450
Other allowances and benefits	98,429	98,673
	650,762	574,994

34. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' emoluments

Details of emoluments paid to each director for the year ended 31 December 2014 are as follows:

Name of director	Year ended 31 December 2014						Total RMB'000
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Other benefits RMB'000	Contribution to pension scheme RMB'000	Share option benefits RMB'000 (note x)	
Mr. Chen Gengxian (note ii)	–	1,483	–	23	6	–	1,512
Ms. Chen Shaohuan (note i)	–	95	–	–	–	–	95
Mr. Fok Hei Yu (note iii)	–	237	–	–	–	81	318
Mr. Jin Zhigang (note viii)	–	2,289	–	33	26	1,174	3,522
Mr. Kwok Ying Shing (notes iii and vii)	–	3,315	–	13	–	–	3,328
Mr. Kwok Ying Chi (note iii)	–	1,894	–	13	–	–	1,907
Mr. Lei Fugui (notes iv and ix)	–	99	–	–	–	–	99
Mr. Rao Yong	–	237	–	–	–	70	307
Mr. Sun Yuenan	–	2,422	–	46	26	1,412	3,906
Dr. Tam Lai Ling (note v)	–	4,735	–	89	–	2,118	6,942
Mr. Ye Lieli (notes iv and viii)	–	91	–	–	–	–	91
Mr. Zhang Yizhao	–	237	–	–	–	70	307
Mr. Yu Jianqing (note vi)	–	1,467	–	33	25	1,429	2,954
	–	18,601	–	250	83	6,354	25,288

Name of director	Year ended 31 December 2013						Total RMB'000
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Other benefits RMB'000	Contribution to pension scheme RMB'000	Share option benefits RMB'000 (note x)	
Mr. Chen Gengxian (note ii)	–	2,009	–	32	24	2,409	4,474
Ms. Chen Shaohuan (note i)	–	2	–	–	–	–	2
Mr. Fok Hei Yu (note iii)	–	236	–	–	–	140	376
Mr. Jin Zhigang (note viii)	–	1,604	–	32	24	1,970	3,630
Mr. Kwok Ying Shing (note iii and vii)	–	3,302	–	–	12	–	3,314
Mr. Kwok Ying Chi (note iii)	–	1,926	–	–	12	–	1,938
Mr. Rao Yong	–	236	–	–	–	120	356
Mr. Sun Yuenan	–	1,463	–	32	36	2,409	3,940
Dr. Tam Lai Ling (note v)	4,717	–	1,494	75	12	3,614	9,912
Mr. Zhang Yizhao	–	236	–	–	–	120	356
	4,717	11,014	1,494	171	120	10,782	28,298

34. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION (Continued)

(a) Directors' emoluments (Continued)

Notes:

- (i) Appointed on 26 December 2013.
- (ii) Resigned on 4 April 2014.
- (iii) Resigned on 31 December 2014.
- (iv) Appointed on 11 December 2014.
- (v) Resigned on 29 December 2014.
- (vi) Appointed on 31 December 2014.
- (vii) Re-appointed on 13 April 2015.
- (viii) Resigned on 11 June 2015.
- (ix) Resigned on 1 November 2016.
- (x) Share option benefits represent fair value of share options granted to the relevant director which was charged to the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 2.

(b) Five highest paid individuals

For the year ended 31 December 2014, the top five highest paid individuals are all directors of the Group and are reflected in the analysis presented above. For the year ended 31 December 2013, one employee of the Group who, not being a director of the Company, was among the top five highest paid individuals (including directors of the Company and other employees of the Group) employed by the Group. The emoluments payable to the remaining one individual during the year ended 31 December 2013 are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other benefits	–	3,120
Contribution to pension schemes	–	17
Share option benefits	–	1,610
	–	4,747

The emoluments of the five highest paid individuals fell within the following bands:

	2014	2013
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	2	–
HK\$4,500,001 to HK\$5,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	–	1
HK\$5,500,001 to HK\$6,000,000	–	1
HK\$6,000,001 to HK\$6,500,000	1	1
HK\$12,500,001 to HK\$13,000,000	–	1
	5	5

During the years ended 31 December 2014 and 2013, none of the above individuals has received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office; none of the above individuals has waived or has agreed to waive any emoluments.

35. INCOME TAX EXPENSES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

PRC enterprise income tax

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2013: 25%).

Hong Kong profits tax

No Hong Kong profits tax was provided for the years ended 31 December 2014 and 2013 as the Group has no assessable profits arising in or derived from Hong Kong for the years.

PRC land appreciation tax

PRC land appreciation tax 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 lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax.

	2014 RMB'000	2013 RMB'000
Current income tax		
– PRC enterprise income tax	1,407,268	1,671,698
– PRC land appreciation tax	330,276	453,404
Overprovision in prior years		
– PRC land appreciation tax	(17,038)	(289)
Deferred income tax (note 25)	1,045,429	168,400
	2,765,935	2,293,213

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	2014 RMB'000	2013 RMB'000 (restated)
Profit before income tax	1,465,867	4,484,269
Add: Share of results from associates (note 9)	634	–
	1,466,501	4,484,269
Calculated at PRC foreign enterprise income tax rate of 25% (2013: 25%)	366,625	1,121,067
Effect of different income tax rates of certain companies	4,688	161,970
Income not subject to tax	(3,328,953)	(85,855)
Expenses not deductible for tax purposes	4,700,944	362,597
Tax losses not recognised	709,393	280,319
	2,452,697	1,840,098
PRC enterprise income tax	2,452,697	1,840,098
PRC land appreciation tax	313,238	453,115
	2,765,935	2,293,213

36. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013 (restated)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(1,287,484)	2,174,639
Weighted average number of ordinary shares in issue	5,042,120,440	4,916,125,011
Basic (loss)/earnings per share (RMB)	(0.255)	0.442

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to equity holders of the Company of RMB1,287,484,000 (2013: profit of RMB2,174,639,000) (restated) and the weighted average of 5,042,120,440 (2013: 4,916,125,011) ordinary shares in issue during the year.

	2014 RMB'000	2013 RMB'000 (restated)
(Loss)/profit attributable to equity holders of the Company	(1,287,484)	2,174,639
Adjustment for profit and loss effect of convertible bonds	–	26,998
(Loss)/profit used to determine diluted earnings per share	(1,287,484)	2,201,637

	Number of Shares	
	2014	2013
Weighted average number of ordinary shares in issue	5,042,120,440	4,916,125,011
– Adjustment for convertible bonds	–	619,917,333
– Adjustment for share options	–	97,543,200
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	5,042,120,440	5,633,585,544
Diluted (loss)/earnings per share (RMB)	(0.255)	0.391

Diluted earnings per share for the year ended 31 December 2013 was calculated based on the weighted average number of ordinary shares outstanding adjusted to assume conversion or exercise of all dilutive potential ordinary shares (convertible bonds and share options).

The diluted loss per share for the year ended 31 December 2014 was the same as the basic loss per share as the potential ordinary shares were anti-dilutive.

For the year ended 31 December 2013, the convertible bonds were assumed to have been converted into ordinary shares of the Company, and the net profit was adjusted to eliminate the profit and loss effect of the convertible bonds. For the share options, a calculation was made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above was compared with the number of shares that would have been issued assuming the exercise in full of the share options.

37. CASH GENERATED FROM OPERATIONS

	2014 RMB'000	2013 RMB'000 (restated)
(Loss)/profit for the year	(1,300,068)	2,191,056
Adjustments for:		
Income tax expenses (note 35)	2,765,935	2,293,213
Interest income (note 32)	(25,039)	(37,570)
Interest expense (note 32)	769,897	741,303
Net exchange losses/(gains) (note 32)	5,907	(279,949)
Depreciation (note 6)	100,577	68,547
Amortisation of land use rights (note 8)	6,016	5,222
Share of results from associates (note 9)	634	–
Loss on disposal of property and equipment (note i)	1,460	1,228
Share-based payments	28,229	34,450
Changes in fair value of investment properties (note 7)	(3,626,772)	(728,712)
Changes in fair value of financial derivatives (note 18)	85,772	(51,450)
Write-down of completed properties held for sale and properties under development (note 30)	1,673,218	550,734
Impairment loss on property and equipment and land use rights (note 30)	164,452	–
Loss arising from the Incident (note 29)	482,736	–
Changes in working capital:		
Properties under development and completed properties held for sale	(12,349,138)	(14,205,629)
Debtors, deposits and other receivables	3,112,851	(792,177)
Deposits for land acquisition	5,885,382	(1,643,249)
Prepayments for proposed development projects	(679,586)	(366,791)
Restricted cash	598,172	(1,006,679)
Advanced proceeds received from customers and deposits received	203,939	3,398,293
Accrued construction costs	3,900,148	2,606,023
Other assets (note ii)	(9,990,279)	(4,705,685)
Other payables	(4,962,016)	935,257
Amounts due to non-controlling interests of subsidiaries	601,525	(381,106)
Cash used in operations	(12,546,048)	(11,373,671)

Notes:

(i) Loss on disposal of property and equipment are as follows:

	2014 RMB'000	2013 RMB'000
Net book amount disposed (note 6)	3,740	3,290
Proceeds received	(2,280)	(2,062)
Loss on disposal	1,460	1,228

37. CASH GENERATED FROM OPERATIONS (Continued)

Notes: (Continued)

(ii) Non-cash transactions

The principal non-cash transactions are the payments of interest expenses and principals of borrowings of the Uncovered Borrowing, and the payments of considerations for purchase of properties discussed in note 2.1.

38. DIVIDEND

No dividend has been declared by the Company for the year ended 31 December 2014.

A final dividend in respect of the year ended 31 December 2013 of Hong Kong dollars 15 cents per share, with a scrip dividend alternative, totalling HK\$745,230,000 (equivalent to RMB591,047,000) was declared at the annual general meeting on 31 March 2014 and paid in May 2014.

39. FINANCIAL GUARANTEES CONTRACTS

The Group had the following financial guarantees as at 31 December 2014 and 2013:

	2014 RMB'000	2013 RMB'000 (restated)
Guarantees in respect of mortgage facilities for certain purchasers of the property units	15,337,179	9,856,673

The guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees terminate upon the earlier of (i) issuance of the property ownership certificates which are generally be available within six months to one year after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

40. COMMITMENTS

(a) Commitments for property development expenditures

	2014 RMB'000	2013 RMB'000
Contracted but not provided for	24,462,837	21,504,675

Note:

The amount represented capital commitments for land use rights, prepayments for proposed development contracts and construction contracts.

40. COMMITMENTS (Continued)

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	2014 RMB'000	2013 RMB'000
Not later than one year	28,301	26,119
Later than one year and not later than five years	20,833	17,127
Later than five years	1,050	1,297
	50,184	44,543

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	2014 RMB'000	2013 RMB'000
Not later than one year	170,232	144,122
Later than one year and not later than five years	457,244	323,723
Later than five years	258,317	242,796
	885,793	710,641

41. ACQUISITIONS

(a) Acquisition of additional interests in a subsidiary

Prior to the acquisition, the Group held 80% equity interest in Chengdu Jinxinrui Property Development Co., Ltd.. During the year ended 31 December 2014, the Group acquired the remaining 20% equity interest of Chengdu Jinxinrui Property Development Co., Ltd. with a consideration of RMB190,000,000 in relation to the acquisition of 19 project companies as disclosed in note 2.1 to the consolidated financial statements. The Group recognised a decrease in non-controlling interests of RMB97,368,000 and the excess of consideration paid over the carrying amount was recorded in the capital reserve (note 22).

Prior to the acquisition, the Group held 60% equity interest in Hunan Mingtai Zhiye Development Co., Ltd.. In 2013, the Group acquired the remaining 40% equity interest of Hunan Mingtai Zhiye Development Co., Ltd. with cash consideration of RMB48,000,000. The company did not operate any business prior to the acquisitions and only held a piece of land and properties under development. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of the land and properties under development.

41. ACQUISITIONS (Continued)

b) Acquisitions of subsidiaries

For the year ended 31 December 2014, the Group acquired controlling equity interests of several subsidiaries at a total consideration of approximately RMB8,572,063,000 (2013: RMB4,846,857,000). These companies did not operate any business prior to the acquisitions and only had prepayments for proposed development projects and deposits for land acquisition. Therefore, the Group considered this would be an acquisition of assets in substance and as a result the difference between the purchase consideration paid and the net assets acquired would be recognised as adjustments to the carrying value of the prepayments for proposed development projects and deposits for land acquisition.

The considerations of all these transactions were based on the fair value of the assets acquired.

The assets and liabilities arising from the acquisitions are as follows:

	2014 RMB'000	2013 RMB'000 (restated)
Property and equipment	1,818	2
Investment in an associate	303,000	–
Properties under development	9,492,068	–
Completed properties held for sale	592,790	–
Debtors, deposits and other receivables	3,564,726	5,993
Deposits for land acquisition	–	4,556,640
Prepayments for proposed development projects	112,518	38,600
Cash and cash equivalents	174,179	255,699
Advanced deposits received from customers and deposits received	(1,722,287)	–
Accrued construction costs	(2,198,377)	–
Borrowings	(3,000,000)	–
Other payables	(6,053,541)	(6,230)
Net assets	1,266,894	4,850,704
Less: non-controlling interests	186,460	(15,000)
Net assets acquired	1,453,354	4,835,704
Purchase consideration settled	8,572,063	4,846,857
Cash and bank balances in subsidiaries acquired	(174,179)	(255,699)
Settled by certain third parties	(6,158,870)	–
Cash outflow on acquisitions	2,239,014	4,591,158
Total purchase consideration:		
– Cash paid during the year	2,413,193	4,846,857
– Settled by certain third parties (note 2.1)	6,158,870	–
Net book value of net assets acquired shown as above	(1,453,354)	(4,835,704)
Adjustments to the carrying amount of investment in an associate, properties under development, completed properties held for sale, deposits for land acquisition and prepayments for proposed development projects	7,118,709	11,153

42. DISPOSALS OF SUBSIDIARIES

(a) Partial disposal of interest in a subsidiary without loss of control

For the year ended 31 December 2013, the Group partially disposed of its issued share capital of a subsidiary, at a total consideration of RMB1,800,000 to certain independent third parties. As such, the Group recognised an increase in non-controlling interests of RMB1,741,000 and an increase in capital reserve of RMB59,000.

(b) Disposal of interest in subsidiaries

For the year ended 31 December 2014, the Group disposed of its entire issued share capital of certain subsidiaries. Certain of these companies solely held prepayments for proposed development projects, properties under development or completed properties held for sale in the PRC. These companies did not operate any business prior to the disposal. Therefore, the Group regarded these disposals as sales of properties and its related net cash inflow of RMB2,713,860,000 as cash generated from operations.

For the year ended 31 December 2013, the Group disposed of its entire issued share capital of certain subsidiaries. Certain of these companies solely held prepayments for proposed development projects or completed properties held for sale in the PRC. These companies did not operate any business prior to the disposal and only held assets. Therefore, the Group regarded this disposal as sales of properties and its related net cash inflow of RMB3,209,880,000 as cash generated from operations.

43. SHARE OPTION

Share Option Scheme

Pursuant to the shareholders' resolution passed on 22 November 2009, a post-IPO share option scheme (the "Share Option Scheme") was conditionally adopted. Pursuant to the terms of the Share Option Scheme, the Company may grant options at its discretion, to any eligible person (including directors, employees, officers of any member of the Group, advisers, consultants, suppliers, agents and customers of any members of the Group). The maximum number of shares which may be issued upon exercise of all options (the "Share Option") granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Company's shares in issue from time to time.

No options may be granted under the Share Option Scheme after 10 years since the adoption. The vesting periods, exercise periods and vesting conditions may be specified by the Company at the time of the grant, and the options expire no later than 10 years from the relevant date of grant. The exercise price of the option under the Share Option Scheme shall be no less than the highest of (i) the official closing price of the Company's shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average of the official closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the date of grant; (iii) the nominal value of a share of the Company.

43. SHARE OPTION (Continued)

Share Option Scheme (Continued)

Details of the movement of the share options under Share Option Scheme are as follows:

	2014		2013	
	Weighted average exercise price in HK\$ per share	Number	Weighted average exercise price in HK\$ per share	Number
At 1 January	1.747	387,187,000	1.731	467,230,000
Granted during the year	2.659	14,000,000	–	–
Exercised during the year	1.722	(125,803,000)	1.755	(23,675,000)
Forfeited/Lapsed during the year	1.564	(38,512,000)	1.612	(56,368,000)
At 31 December	1.844	236,872,000	1.747	387,187,000

As at 31 December 2014, 74,430,000 (2013: 133,855,000) outstanding options granted under the Share Option Scheme were exercisable (note).

Note: Terms of share options at the reporting date were as follows

Exercised period	Exercise price per share HK\$	Number of share options	
		2014	2013
10/6/2010–9/6/2015	3.105	8,250,000	8,250,000
30/3/2011–29/3/2016	3.105	8,250,000	8,250,000
24/4/2012–23/4/2017	3.105	8,500,000	8,500,000
23/7/2011–22/7/2020	2.000	6,880,000	20,800,000
23/7/2012–22/7/2020	2.000	7,175,000	21,520,000
23/7/2013–22/7/2020	2.000	7,380,000	22,450,000
23/7/2014–22/7/2020	2.000	8,380,000	23,110,000
23/7/2015–22/7/2020	2.000	20,270,000	23,110,000
6/6/2013–5/6/2022	1.500	8,736,000	44,085,000
6/6/2014–5/6/2022	1.500	10,879,000	51,778,000
6/6/2015–5/6/2022	1.500	42,724,000	51,778,000
6/6/2016–5/6/2022	1.500	42,724,000	51,778,000
6/6/2017–5/6/2022	1.500	42,724,000	51,778,000
21/2/2015–20/2/2024	2.610	2,200,000	–
21/2/2016–20/2/2024	2.610	2,200,000	–
21/2/2017–20/2/2024	2.610	2,200,000	–
21/2/2018–20/2/2024	2.610	2,200,000	–
21/2/2019–20/2/2024	2.610	2,200,000	–
21/08/2015–20/8/2024	2.840	600,000	–
21/08/2016–20/8/2024	2.840	600,000	–
21/08/2017–20/8/2024	2.840	600,000	–
21/08/2018–20/8/2024	2.840	600,000	–
21/08/2019–20/8/2024	2.840	600,000	–
		236,872,000	387,187,000

43. SHARE OPTION (Continued)**Share Option Scheme** (Continued)

The Company offered to grant Dr. Tam Lai Ling (the “March 2010 Grant”); and several directors and employees (the “July 2010 Grant”) of 25,000,000 and 179,750,000 share options respectively of HK\$0.10 each in the capital of the Company on 23 March 2010 and 23 July 2010 respectively. On 6 June 2012, the Company further offered to grant several directors and employees (the “June 2012 Grant”) of 326,790,000 share options of HK\$0.10 each in the capital of the Company. During the year ended 31 December 2014, the Company offered to grant an employee and a consultant (the “February 2014 Grant”) of 11,000,000 share options and an employee (the “August 2014 Grant”) of 3,000,000 share option, respectively, of HK\$0.10 each in the capital of the Company on 21 February 2014 and 21 August 2014 respectively. The valuations were based on the Binomial Model with the following data and assumptions:

	March 2010 Grant	July 2010 Grant	June 2012 Grant	February 2014 Grant	August 2014 Grant
Fair value under binomial model	HK\$22,355,000	HK\$142,362,000	HK\$198,688,000	HK\$8,514,000	HK\$2,592,000
Closing share price at grant date	HK\$2.56	HK\$1.71	HK\$1.39	HK\$2.60	HK\$2.83
Exercise price	HK\$3.105	HK\$2.00	HK\$1.50	HK\$2.61	HK\$2.84
Annual risk free interest rate	1.82%–2.33%	2.29%	1.04%	2.30%	1.94%
Expected volatility	40%	40%	44%	45%	43%
Expected option life	5–7 years	10 years	10 years	10 years	10 years
Expected dividend yield	Nil	Nil	Nil	6.0%	5.0%

44. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)
Loan and receivables				
Debtors, deposits and other receivables, excluding prepayments and prepaid other taxes (note 15)	1,728,683	2,705,878	1,545	2,302
Restricted cash (note 19)	1,078,291	1,676,463	–	–
Long-term bank deposits (note 20)	64,695	–	–	–
Short-term bank deposits (note 20)	189,860	263,723	–	–
Cash and cash equivalents (note 20)	3,131,154	6,765,970	326,463	285,366
	6,192,683	11,412,034	328,008	287,668
Assets at fair value through profit or loss				
Financial derivatives (note 18)	627	51,450	627	51,450
Available-for-sales				
Available-for-sale financial assets (note 13)	56,823	–	–	–
	Group		Company	
	2014 RMB'000	2013 RMB'000 (restated)	2014 RMB'000	2013 RMB'000 (restated)
Other financial liabilities at amortised cost				
Accrued construction costs	14,118,865	8,020,540	–	–
Other payables, excluding other tax payables (note 27)	3,629,430	2,386,446	27,958	33,838
Borrowings (note 24)	65,722,998	47,359,693	16,061,361	12,683,831
Amounts due to non-controlling interests of subsidiaries	672,318	70,793	–	–
	84,143,611	57,837,472	16,089,319	12,717,669
Liabilities at fair value through profit or loss				
Financial derivatives (note 18)	34,735	–	34,735	–

45. RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in these financial statements, during the year, the Group had the following transactions with its related parties:

(a) Name and relationship with related parties

Controlling shareholders

Mr. Kwok Chun Wai and Mr. Kwok Ying Shing.

A related company

Shenzhen Fund Resources Investment Holding Company Limited (“深圳市富德資源投資有限公司”).

(b) Key management compensation

	2014 RMB'000	2013 RMB'000
Salaries and other short-term employee benefits	31,544	29,462
Retirement scheme contributions	284	341
Share option benefits	11,605	19,452
	43,433	49,255

(c) Transactions

	2014 RMB'000	2013 RMB'000
Interests paid to a related company (note (i))	6,000	—
Rental expenses paid to controlling shareholders (note (ii))	1,859	1,718

Notes:

- (i) Interest expense was charged at interest rate of 12% per annum on the loan from a related company.
- (ii) This represents payment of rental expense for various office premises to controlling shareholders, Mr. Kwok Chun Wai and Mr. Kwok Ying Shing, respectively. The rental expense paid during the year was determined at prevailing market rate of respective office premise.

(d) Balance with a related company

	2014 RMB'000	2013 RMB'000
Loan from a related company (note 24(f))	1,500,000	—

46. EVENTS AFTER THE REPORTING DATE

On 12 May 2016, the Group entered into agreements with a third party to acquire 70% equity interest in Shenzhen Marine Group Company Limited, a company that holds a parcel of land for property development in the PRC, for a cash consideration of HK\$6.8 billion (approximately equivalent to RMB5.8 billion).

On 21 July 2016, the Group cancelled the Original Offshore Debts and issued the new indentures in accordance with the election of the Offshore Creditors (note 2.1(b)).

In November 2016, the Group acquired 830,949,743 shares of a Hong Kong listed company, Mega Medical Technology Ltd., which represented approximately 21.72% of its existing issued shares for a cash consideration of HK\$388 million (approximately equivalent to RMB331 million).

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2014 are set out below:

Established and operate in the PRC, all of which are foreign investment enterprises:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Jinsheng Engineering Management Consulting (Shenzhen) Co., Ltd. 今盛工程管理諮詢(深圳)有限公司	27 July 2001	HK\$714,000,000	100%	Property development
Kaisa Zhiye Development (Shenzhen) Co., Ltd. 佳兆業置業發展(深圳)有限公司	26 March 2004	RMB10,000,000	100%	Property development
Kaisa Group (Shenzhen) Co., Ltd. 佳兆業集團(深圳)有限公司	3 June 1999	RMB2,826,160,000	100%	Property development
Woodland Height Property (Yingkou) Co., Ltd. 桂芳園地產(營口)有限公司	14 December 2010	USD76,580,000	52%	Property development
Kaisa Property (Yingkou) Co., Ltd. 佳兆業地產(營口)有限公司	14 December 2010	USD36,407,700	100%	Property development
Leisure Land Hotel Zhiye Management (Suizhong) Co., Ltd. 可域酒店置業管理(綏中)有限公司	20 December 2010	HK\$170,000,000	100%	Hotel management

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Kaisa Property (Anshan) Co., Ltd. 佳兆業地產(鞍山)有限公司	16 December 2010	USD67,000,000	100%	Property development
Zhuzhou Kaisa Zhiye Co., Ltd. 株洲佳兆業置業有限公司	13 January 2011	HK\$600,000,000	100%	Property development
Kaisa Zhiye (Nanchong) Co., Ltd. 佳兆業置業(南充)有限公司	28 December 2010	RMB850,000,000	100%	Property development
Kasia Real Estate (Benxi) Co., Ltd. 佳兆業地產(本溪)有限公司	7 March 2011	HK\$210,000,000	100%	Property development
Zhuhai Kaisa Property Development Co., Ltd. 珠海市佳兆業房地產開發有限公司	9 June 2011	RMB518,000,000	100%	Property development
Bakai Property Development (Weifang) Co., Ltd. 八凱房地產開發(濰坊)有限公司	22 June 2011	USD50,000,000	100%	Property development
Kaisa Property (Wuhan) Co., Ltd. 佳兆業地產(武漢)有限公司	1 July 2011	RMB547,528,247	100%	Property development
Kaisa Property (Suizhong) Co., Ltd. 佳兆業地產(綏中)有限公司	15 July 2011	HK\$246,500,000	100%	Property development
Kaisa Property (Liaoyang) Co., Ltd. 佳兆業地產(遼陽)有限公司	24 August 2011	USD31,000,000	100%	Property development
Kaisa Xindu Zhiye (Qingdao) Co., Ltd. 佳兆業新都置業(青島)有限公司	18 February 2013	USD60,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Zhuhai Zhanda Property Development Co., Ltd. 珠海市展大房地產開發有限公司	11 April 1992	RMB50,000,000	100%	Property development
Dongguan Kaisa Property Development Co., Ltd. 東莞市佳兆業房地產開發有限公司	6 September 2004	RMB38,000,000	100%	Property development
Kaisa Property Management (Shenzhen) Co., Ltd. 佳兆業物業管理(深圳)有限公司	20 October 1999	RMB10,000,000	100%	Property management
Kaisa Commerce Group Co., Ltd. 佳兆業商業集團有限公司	19 July 2004	RMB1,000,000,000	100%	Commerce management
Shenzhen Jililong Shiye Co., Ltd. 深圳市吉利隆實業有限公司	21 March 1997	RMB12,000,000	100%	Property development
Guangzhou Jinmao Property Development Co., Ltd. 廣州金貿房地產開發有限公司	27 October 2005	RMB202,500,000	100%	Property development
Shenzhen Woodland Height Shiye Co., Ltd. 深圳市桂芳園實業有限公司	13 October 2003	RMB500,000,000	100%	Property development
Huizhou Jinhua Property Development Co., Ltd. 惠州市金湖房地產有限公司	26 March 1993	RMB100,000,000	100%	Property development
Shenzhen Zhengchangtai Investment Consulting Co., Ltd. 深圳市正昌泰投資諮詢有限公司	13 June 2007	RMB10,000,000	100%	Property development
Dongguan Yingsheng Property Development Co., Ltd. 東莞市盈盛房地產開發有限公司	3 March 2006	RMB10,000,000	100%	Property development
Shenzhen Longgang Kaisa Property Development Co., Ltd. 深圳市龍崗佳兆業房地產開發有限公司	14 November 2006	RMB204,680,000	100%	Property development
Chengdu Nanxing Property Development Co., Ltd. 成都南興銀基房地產開發有限公司	5 November 2004	RMB420,000,000	100%	Property development
Guangdong Kaisa Property Development Co., Ltd. 廣東佳兆業房地產開發有限公司	12 July 2007	RMB10,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Kaisa Holdings Limited 佳兆業集團有限公司	16 July 1999	HK\$10,000	100%	Property development
Beijing Jinmao Caixun Xinci Co., Ltd. 北京金貿財迅資訊有限公司	5 December 2005	RMB24,400,000	100%	Commerce management
Hunan Kaisa Property Development Co., Ltd. 湖南佳兆業房地產開發有限公司	21 August 2007	RMB220,000,000	100%	Property development
Dongguan Yingyan Property Development Co., Ltd. 東莞市盈雁房地產開發有限公司	4 July 2008	RMB10,000,000	80%	Property development
Shenzhen Dapeng Kaisa Property Development Co., Ltd. 深圳市大鵬佳兆業房地產開發有限公司	17 November 2000	RMB100,000,000	100%	Property development
Chengdu Kaisa Investment Co., Ltd. 成都佳兆業投資有限公司	22 June 2007	RMB20,000,000	100%	Property development
Shenzhen Taijian Construction & Engineering Co., Ltd. 深圳市泰建建築工程有限公司	19 July 2007	RMB1,000,000,000	100%	Construction engineering
Dong Sheng Investment Company Limited 東升投資有限公司	25 July 2007	USD1	100%	Investment holding
Huizhou Canrong Property Ltd. 惠州燦榮房產公司	14 January 1994	RMB35,926,506	100%	Property development
Shenzhen Xingwoer Property Development Co., Ltd. 深圳市興沃爾房地產開發有限公司	29 January 1999	RMB10,000,000	100%	Property development
Dongguan Yingtai Property Development Co., Ltd. 東莞市盈泰房地產開發有限公司	4 January 2007	RMB10,000,000	100%	Property development
Shanghai Xinwan Investment Development Co., Ltd. 上海新灣投資發展有限公司	17 January 2007	RMB35,000,000	100%	Property development
Huizhou Huasheng Investment Co., Ltd. 惠州市華盛投資有限公司	29 August 2007	RMB60,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Boluo Kaisa Property Co., Ltd. 博羅縣佳兆業房地產有限公司	2 June 2008	RMB10,000,000	100%	Property development
Boluo Kaisa Zhiye Co., Ltd. 博羅縣佳兆業置業有限公司	2 June 2008	RMB10,000,000	100%	Property development
Shenzhen Golden Bay Hotel Co., Ltd. 深圳市金沙灣大酒店有限公司	17 June 1997	RMB50,000,000	100%	Hotel management
Leisure Land Hotel Property Management Jiangyin Co., Ltd. 可域酒店置業管理江陰有限公司	15 October 2009	RMB150,000,000	100%	Property development
Tai An Da Investment Company Limited 泰安達投資有限公司	2 March 2010	USD2	100%	Investment holding
Baoji Crafts (Shenzhen) Co.,Ltd. 寶吉工藝品(深圳)有限公司	28 December 1988	RMB877,725,000	80%	Property development
Tai Chong Li Investment Company Limited 泰昌利投資有限公司	2 March 2010	USD1	100%	Investment holding
Wan Jin Chang Investment Limited 萬晉昌投資有限公司	2 March 2010	HK\$1	100%	Investment holding
Wan Tai Chang Investment Company Limited 萬泰昌投資有限公司	2 March 2010	HK\$1	100%	Investment holding
Jiangyin Washington Waterfront Property Development Co., Ltd. 江陰水岸華府房地產開發有限公司	10 December 2010	RMB20,000,000	100%	Property development
Hong Kong Kaisa Industry Co., Limited 香港佳兆業實業有限公司	24 November 2010	USD1,000	100%	Investment holding
Changzhou Kaisa Property Development Co., Ltd. 常州佳兆業房地產開發有限公司	8 December 2010	RMB506,958,095	100%	Property development
Zhejiang Wufeng Zhiye Co., Ltd. 浙江伍豐置業有限公司	7 January 2010	RMB260,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Jiangyin Juicui Garden Property Development Co., Ltd. 江陰金翠園房地產開發有限公司	22 February 2011	RMB20,000,000	100%	Property development
Foshan Shunde Ideal City Real Estate Investment Co., Ltd. 佛山市順德區理想城房地產投資有限公司	9 October 2010	RMB775,510,000	51%	Property development
Dalian Kaisa Commerce Operation Management Co., Ltd. 大連市佳兆業商業經營管理有限公司	18 March 2011	RMB120,000,000	100%	Commerce management
Kaisa Commerce Property Management (Panjin) Co., Ltd. 佳兆業商業置業管理(盤錦)有限公司	16 March 2011	USD61,660,000	100%	Property development
Dongguan City Oasis Garden Property Development Co., Ltd. 東莞市城市綠洲花園房地產開發有限公司	21 October 2011	RMB10,000,000	100%	Property development
Kaisa Dai River East Property Development Co., Ltd. 佳兆業東戴河房地產開發有限公司	6 July 2011	RMB50,000,000	100%	Property development
Anshan Kaisa Commerce Operation Management Co., Ltd. 鞍山佳兆業商業管理有限公司	26 September 2011	USD26,582,581	100%	Commerce management
Hunan Mingtai Zhiye Development Co., Ltd. 湖南明泰置業發展有限公司	12 October 2000	RMB310,000,000	100%	Property development
Shenzhen YueFeng Investment Co., Ltd. 深圳市悅峰投資有限公司	25 April 2012	RMB100,000,000	100%	Property development
Guangzhou Yaxiang Property Development Co., Ltd. 廣州市雅翔房地產開發有限公司	7 May 2012	RMB918,370,000	100%	Property development
Action Enrich Limited 行裕有限公司	2 May 2012	USD10,000	100%	Investment holding
Taizhou Kaisa Jiangshan Property Development Co., Ltd. 泰州佳兆業江山房地產開發有限公司	30 December 2011	RMB50,000,000	51%	Property development
Kaisa Property (Shanghai) Co., Ltd. 佳兆業地產(上海)有限公司	17 July 2012	RMB30,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Wuhan Kaisa Investment Co., Ltd. 武漢市佳兆業投資有限公司	13 July 2012	RMB250,000,000	100%	Property development
Chengdu Dingchengda Property Development Co., Ltd. 成都市鼎誠達房地產開發有限公司	6 July 2012	RMB10,000,000	80%	Property development
Shanghai Jinwan Zhaoye Property Development Co., Ltd. 上海金灣兆業房地產開發有限公司	2 August 2012	RMB30,000,000	100%	Property development
Jiangyin Binjiangyayuan Property Development Co., Ltd. 江陰濱江雅園房地產開發有限公司	14 September 2012	RMB20,000,000	51%	Property development
Wan Rui Chang Property Development (Suizhong) Co., Ltd. 萬瑞昌房地產開發(綏中)有限公司	1 August 2012	HK\$244,000,000	100%	Property development
Chongqing Shenlian Investment Co., Ltd. 重慶深聯投資有限公司	22 August 2012	RMB20,000,000	60%	Property development
Kaisa Property (Dandong) Co., Ltd. 佳兆業地產(丹東)有限公司	30 October 2012	USD50,500,000	100%	Property development
Dalian Huapu Zhiye Co., Ltd. 大連華普置業有限公司	9 December 2009	RMB100,000,000	100%	Property development
Shanghai Jiawan Zhaoye Property Co., Ltd. 上海嘉灣兆業房地產有限公司	24 December 2012	RMB30,000,000	100%	Property development
Kaisa Property (Hangzhou) Co., Ltd. 佳兆業房地產(杭州)有限公司	6 March 2013	RMB40,810,000	100%	Property development
Chengdu Tianjia Zhiye Co., Ltd. 成都天佳置業有限公司	19 April 2013	RMB200,000,000	100%	Property development
Guangzhou Jiayu Property Development Co., Ltd. 廣州市佳宇房地產開發有限公司	21 May 2013	RMB50,000,000	100%	Property development
Guangzhou Jiarui Property Development Co., Ltd. 廣州市佳瑞房地產開發有限公司	5 June 2013	RMB200,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Wuhan Junhui Property Development Co., Ltd. 武漢市君匯房地產開發有限公司	20 May 2013	RMB50,000,000	100%	Property development
Soarhigh Developments (Hong Kong) Limited 展升發展(香港)有限公司	28 June 2013	HK\$1	100%	Investment holding
Dongguan Yulongshan Property Development Co., Ltd. 東莞市禦龍山房地產開發有限公司	9 April 2013	RMB20,000,000	100%	Property development
Shanghai Yingwan Zhaoye Property Development Co., Ltd. 上海贏灣兆業房地產有限公司	20 June 2013	RMB50,000,000	100%	Property development
Wan Tai Chang Property Development (Suizhong) Co., Ltd. 萬泰昌房地產開發(綏中)有限公司	15 October 2013	HKD428,999,750	100%	Property development
Hangxilongye Property (Hangzhou) Co., Ltd. 杭溪隆業房地產(杭州)有限公司	28 June 2013	RMB50,000,000	100%	Property development
Shanghai Chengwan Zhaoye Property Development Co., Ltd. 上海誠灣兆業房地產有限公司	2 August 2013	RMB58,820,000	100%	Property development
Hunan Daye Property Development Co., Ltd. 湖南達業房地產開發有限公司	9 August 2013	RMB30,000,000	100%	Property development
Chongqing Kaisa Property Development Co., Ltd. 重慶佳兆業房地產開發有限公司	13 November 2013	RMB10,000,000	100%	Property development
Guangzhou Zhaochang Property Development Co., Ltd. 廣州市兆昌房地產開發有限公司	21 June 2013	RMB30,000,000	100%	Property development
Splendid Maple Limited 燁楓有限公司	21 May 2013	HK\$6	100%	Investment holding
Suzhou Kaisa Property Development Co., Ltd. 蘇州市佳兆業房地產開發有限公司	20 February 2014	RMB196,000,000	100%	Property development
Chengdu Jincheng Jiaye Property Development Co., Ltd. 成都錦城佳業房地產開發有限公司	24 February 2014	RMB10,000,000	100%	Property development

47. PARTICULAR OF PRINCIPAL SUBSIDIARIES (Continued)

Established and operate in the PRC, all of which are local investment enterprises: (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Nanjing Aoxin Property Development Co., Ltd. 南京奧信房地產開發有限公司	11 November 2013	RMB50,000,000	100%	Property development
Chengdu Jinxinrui Property Development Co., Ltd. 成都市錦新瑞房地產開發有限公司	7 November 2012	RMB50,000,000	100%	Property development
Shenzhen Chuangzhan Hotel Development Co., Ltd. 深圳市創展酒店發展有限公司	12 June 2012	RMB10,000,000	51%	Property development
Shenzhen Guanyang Property Development Co., Ltd. 深圳冠洋房地產有限公司	5 June 2009	RMB100,000,000	51%	Property development

Established and operate in the PRC, all of which are sino-foreign equity joint venture enterprises:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in-capital	Percentage of attributable equity interest	Principal activities
Fenglong Group Co., Ltd. 豐隆集團有限公司	29 October 1993	RMB168,000,000	100%	Property development
Huizhou Weitong Property Co., Ltd. 惠州緯通房產有限公司	14 January 1994	HK\$256,026,685	100%	Property development
Kaisa Real Estate Jiangyin Co., Ltd. 佳兆業地產江陰有限公司	15 October 2009	RMB450,000,000	100%	Property development
Kaisa Real Estate (Liaoning) Co., Ltd. 佳兆業地產(遼寧)有限公司	28 January 2010	RMB1,086,670,000	100%	Property development

FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December				
	2014 RMB'000	2013 RMB'000 (restated)	2012 RMB'000 (restated)	2011 RMB'000 (restated)	2010 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property and equipment	848,179	579,528	307,948	148,725	106,140
Investment properties	16,256,160	9,595,200	7,539,500	6,375,100	5,484,000
Land use rights	169,228	165,342	60,485	20,603	18,379
Investments in associates	778,461	–	–	298,979	299,521
Long-term bank deposits	64,695	–	–	–	–
Deferred income tax assets	58,824	197,560	208,941	105,601	75,075
	18,175,547	10,537,630	8,116,874	6,949,008	5,983,115
Current assets					
Properties under development	69,335,835	46,416,918	32,193,551	22,399,585	10,521,175
Completed properties held for sale	11,320,631	6,192,231	3,174,683	1,342,662	603,321
Available-for-sale financial assets	56,823	–	–	–	–
Other assets	–	3,358,856	129,570	–	–
Debtors, deposits and other receivables	3,697,214	3,270,459	2,472,289	1,575,543	896,525
Deposits for land acquisition	3,776,684	9,662,066	3,462,425	2,121,917	1,585,759
Prepayments for proposed development projects	9,617,786	4,025,563	3,608,772	2,915,684	1,827,183
Prepaid taxes	262,507	197,760	191,806	153,891	135,797
Financial derivatives	627	51,450	–	–	–
Restricted cash	1,078,291	1,676,463	669,784	541,030	530,067
Short-term bank deposits	189,860	263,723	–	–	–
Cash and cash equivalents	3,131,154	6,765,970	4,682,502	3,945,389	4,339,600
	102,467,412	81,881,459	50,585,382	34,995,701	20,439,427
Current liabilities					
Advance proceeds received from customers and deposits received	15,771,087	13,844,861	10,446,568	7,241,863	4,494,353
Accrued construction costs	14,118,865	8,020,540	5,414,517	5,274,097	1,325,983
Income tax payable	3,879,450	2,817,056	1,480,732	989,100	866,390
Borrowings	61,256,102	45,446,443	21,849,610	2,307,186	1,751,708
Financial derivatives	34,735	–	59,084	–	–
Other payables	3,787,568	2,661,171	1,771,684	1,522,814	806,337
Amounts due to non-controlling interests of subsidiaries	672,318	70,793	451,899	3,477	37,477
	99,520,125	72,860,864	41,474,094	17,338,537	9,282,248
Net current assets	2,947,287	9,020,595	9,111,288	17,657,164	11,157,179
Total assets less current liabilities	21,122,834	19,558,225	17,228,162	24,606,172	17,140,294

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	2014 RMB'000	2013 RMB'000 (restated)	31 December 2012 RMB'000 (restated)	2011 RMB'000 (restated)	2010 RMB'000
LIABILITIES					
Non-current liabilities					
Borrowings	4,466,896	1,913,250	2,018,296	11,577,305	6,175,664
Deferred income tax liabilities	2,206,959	1,300,266	1,143,247	1,079,415	971,237
	6,673,855	3,213,516	3,161,543	12,656,720	7,146,901
EQUITY					
Share capital	450,450	434,139	432,246	432,210	432,150
Share premium	4,253,704	3,861,789	3,817,526	3,816,563	3,815,214
Reserves	9,958,817	11,969,010	9,772,806	7,692,893	5,741,093
Equity attributable to equity holders of the Company	14,662,971	16,264,938	14,022,578	11,941,666	9,988,457
Non-controlling interests	(213,992)	79,771	44,041	7,786	4,936
Total equity	14,448,979	16,344,709	14,066,619	11,949,452	9,993,393

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December				
	2014 RMB'000	2013 RMB'000 (restated)	2012 RMB'000 (restated)	2011 RMB'000 (restated)	2010 RMB'000
Revenue	19,600,176	19,523,056	11,955,020	10,834,726	7,755,890
Cost of sales	(16,729,262)	(13,152,594)	(8,069,591)	(7,601,182)	(4,745,012)
Gross profit	2,870,914	6,370,462	3,885,429	3,233,544	3,010,878
Other (losses)/gains, net	(1,742,408)	(428,681)	226,051	43,309	5,962
Selling and marketing costs	(798,518)	(861,877)	(578,325)	(404,841)	(183,308)
Administrative expenses	(1,170,986)	(952,013)	(818,386)	(565,048)	(411,155)
Changes in fair value of investment properties	3,626,772	728,712	501,075	432,712	2,970,144
Changes in fair value of financial derivatives	(85,772)	51,450	54,710	–	–
Loss arising from the Incident	(482,736)	–	–	–	–
Operating profit	2,217,266	4,908,053	3,270,554	2,739,676	5,392,521
Share of results from associates	(634)	–	(462)	(542)	(479)
Finance income	25,039	317,519	37,811	155,121	11,031
Finance costs	(775,804)	(741,303)	(38,501)	(69,287)	(56,873)
Finance (costs)/income – net	(750,765)	(423,784)	(690)	85,834	(45,842)
Profit before income tax	1,465,867	4,484,269	3,269,402	2,824,968	5,346,200
Income tax expenses	(2,765,935)	(2,293,213)	(1,153,225)	(925,690)	(1,709,544)
(Loss)/profit and total comprehensive (loss)/income for the year	(1,300,068)	2,191,056	2,116,177	1,899,278	3,636,656
(Loss)/profit for the year and total comprehensive (loss)/income for the year attributable to:					
Equity holders of the Company	(1,287,484)	2,174,639	2,072,219	1,900,954	3,636,699
Non-controlling interests	(12,584)	16,417	43,958	(1,676)	(43)
	(1,300,068)	2,191,056	2,116,177	1,899,278	3,636,656

www.kaisagroup.com

佳兆業集團控股有限公司*
KAISA GROUP HOLDINGS LTD.

Room 3306, Kerry Center, Ren Min Nan Road, Luohu, Shenzhen, China

Tel : (86) 755 2518 1818

Suite 2001, 20/F Two International Finance Centre

No. 8 Finance Street, Central, Hong Kong

Tel : (852) 8202 6888