

FANTASIA
花樣年

2014 Annual Report | Stock Code: 01777

花樣年控股集團有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED

Creating Value with Aspirations.

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DIRECTORS

Executive Directors

Mr. Pan Jun (Chairman and Chief Executive Officer)
 Ms. Zeng Jie, Baby
 Mr. Lam Kam Tong
 Mr. Zhou Jinquan
 Mr. Wang Liang

Non- Executive Directors

Mr. Li Dong Sheng
 Mr. Yuan Hao Dong

Independent Non- Executive Directors

Mr. Ho Man
 Mr. Liao Martin Cheung Kong, JP
 (resigned on 18 November 2014)
 Mr. Huang Ming
 Mr. Xu Quan
 (resigned on 17 February 2015)
 Dr. Liao Jianwen
 (appointed on 17 February 2015)
 Ms. Wong Pui Sze, Priscilla, JP
 (appointed on 17 February 2015)
 Mr. Guo Shaomu
 (appointed on 17 February 2015)

COMPANY SECRETARY

Mr. Lam Kam Tong

AUTHORIZED REPRESENTATIVES

Mr. Pan Jun
 Mr. Lam Kam Tong

AUDIT COMMITTEE

Mr. Ho Man (Committee Chairman)
 Mr. Liao Martin Cheung Kong, JP
 (resigned on 18 November 2014)
 Mr. Huang Ming
 Mr. Xu Quan
 (resigned on 17 February 2015)
 Dr. Liao Jianwen
 (appointed on 17 February 2015)
 Ms. Wong Pui Sze, Priscilla, JP
 (appointed on 17 February 2015)
 Mr. Guo Shaomu
 (appointed on 17 February 2015)

REMUNERATION COMMITTEE

Mr. Huang Ming (Committee Chairman)
 Mr. Ho Man
 Mr. Liao Martin Cheung Kong, JP
 (resigned on 18 November 2014)
 Mr. Xu Quan
 (resigned on 17 February 2015)
 Dr. Liao Jianwen
 (appointed on 17 February 2015)
 Ms. Wong Pui Sze, Priscilla, JP
 (appointed on 17 February 2015)
 Mr. Guo Shaomu
 (appointed on 17 February 2015)

NOMINATION COMMITTEE

Mr. Pan Jun (Committee Chairman)
 Mr. Ho Man
 Mr. Liao Martin Cheung Kong, JP
 (resigned on 18 November 2014)
 Mr. Huang Ming
 Mr. Xu Quan
 (resigned on 17 February 2015)
 Ms. Zeng Jie, Baby
 Dr. Liao Jianwen
 (appointed on 17 February 2015)
 Ms. Wong Pui Sze, Priscilla, JP
 (appointed on 17 February 2015)
 Mr. Guo Shaomu
 (appointed on 17 February 2015)

AUDITORS

Deloitte Touche Tohmatsu
 Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China
 China Construction Bank Corporation
 China Everbright Bank Co., Ltd.
 Industrial and Commercial Bank of China Limited
 The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISORS

As to Hong Kong Law
 Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Room 1202-03
 New World Tower 1
 16-18 Queen's Road Central
 Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

Block A, Funian Plaza
 Shihua Road and Zijing Road
 Interchange in Futian Duty-free Zone
 Shenzhen 518048
 Guangdong Province, China

CAYMAN ISLANDS 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 BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
 17M Floor, Hopewell Centre
 183 Queen's Road East
 Wanchai, Hong Kong

LISTING INFORMATION

The Company's Share Listing

Ordinary shares
 The Stock Exchange of Hong Kong Limited
 Stock Code: 01777

The Company's Senior Notes Listing

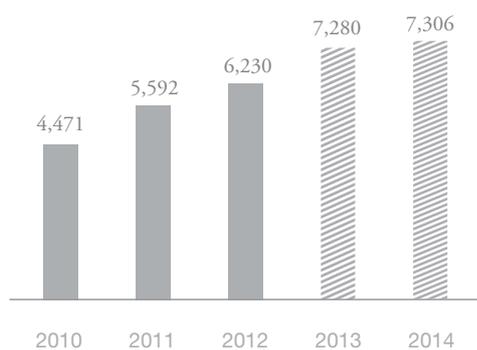
USD120 million 14%, 5 years senior notes due 2015
 USD250 million 13.75%, 5 years senior notes due 2017
 USD300 million 10.625%, 5 years senior notes due 2019
 USD250 million 10.75%, 7 years senior notes due 2020
 RMB1 billion 7.875%, 3 years senior notes due 2016
 The Singapore Exchange Securities Trading Limited

WEBSITE

<http://www.cnfantasia.com>

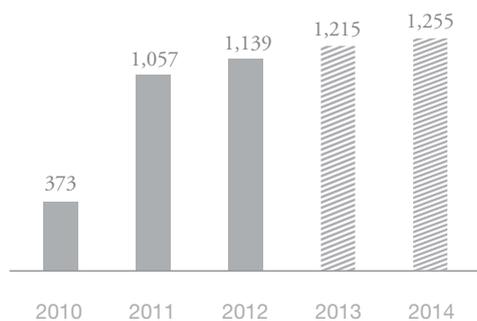
FINANCIAL HIGHLIGHTS

Revenue (in RMB'million)



0.4%

Profit attributable to owners of the Company (in RMB'million)



3.3%

	2010	2011	2012	2013	2014
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total assets	15,382,388	18,122,636	24,526,597	30,563,466	41,254,080
Gross profit	1,924,794	2,391,700	2,520,272	2,793,559	2,806,812
Profit attributable to owners of the Company	373,469	1,057,479	1,139,241	1,215,038	1,255,341
Basic earnings per share (RMB)	0.17	0.21	0.22	0.23	0.22
Revenue	4,471,234	5,592,350	6,230,050	7,279,828	7,305,950
Total liabilities	10,534,896	12,340,380	17,605,431	22,732,138	29,841,706

On Company Level:

- In January 2014, Fantasia Group Guilin Branch was awarded the honors of the “Top 20 Sellers in Guilin Real Estate Industry 2013” (桂林市房地產業2013年銷售20強) and the “Top 10 Taxpayers in Guilin Real Estate Industry 2013” (桂林市房地產業2013年納稅10強) by Guilin Real Estate Industrial Association (桂林市房地產業協會) as well as the “Most Influential Brands 2013” (2013年度最具影響力年度品牌企業) by Guilin Daily (桂林日報社).
- In January 2014, Shenzhen Fantasia Charity Foundation was awarded the “Best Charity Practice Award 2013” (2013年度最佳公益踐行獎) and the “Best Charity Communication Award 2013” (2013年度最佳公益傳播獎) in the third China Charity Festival (中國公益節).
- In February 2014, Fantasia Holdings Group Co., Limited was granted the title as a “Partner” (合作夥伴) of 2013 Bi-City Biennale of Urbanism/Architecture (Shenzhen) (2013深港城市/建築雙城雙年展(深圳)). While continuously realizing its business objectives, Fantasia has been propelling the constant development of public art in Shenzhen.
- In February 2014, Suzhou Huawanli Real Estate Company Limited (蘇州市花萬里房地產開發有限公司) was awarded the honor of the “Major Tax-payer of Wuzhong District 2013” (吳中區2013年度納稅大戶).
- In March 2014, Fantasia was selected as the “Top 100 China Real Estate Enterprises 2014” (2014中國房地產百強企業) by “China Real Estate TOP 10 Research Team” (中國房地產TOP10研究組), a research team formed by research institutions including the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所). Fantasia has been presented with the honor of “Top 100 China Real Estate Enterprises” for six consecutive years. Its ranking rose substantially from 53rd in 2013 to 37th in 2014. This shows the recognition for Fantasia’s comprehensive strength from the industry.
- In March 2014, Fantasia Group was granted the most influential title of the “Innovative Enterprise in China Real Estate Community Service Model” (中國房地產社區服務模式創新企業) in the first Annual Meeting of Community Responsibility in China Real Estate (中國房地產社區責任年會) cum the sixth Annual Meeting of the New Trends in China Property (中國地產新趨勢年會), jointly held by institutions including China Foundation for Poverty Alleviation (中國扶貧基金會) and China Real Estate Chamber of Commerce (全聯房地產商會).



HONORS AND AWARDS

- In April 2014, Shenzhen Fantasia Charity Foundation was awarded the “Charity Benchmark of Shenzhen” (深圳公益標杆) among the “New Landmarks of Shenzhen 2014” (2014深圳新地標) by institutions including Shenzhen Special Zone Daily (深圳特區報).
- In June 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded the honor of the “Top 100 China Property Services Enterprises 2014” (2014中國物業服務百強企業) by China Real Estate Top 10 Research Team.
- In June 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded the honor of the “Leading Enterprise of Specialized Property Services in China 2014 – Committee Service Operation” (2014中國特色物業服務領先企業—社區服務運營) by China Real Estate Top 10 Research Team.
- In June 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded the honor of the “Top 10 Service Scale Enterprises in Top 100 Property Services Companies in China 2014” (2014中國物業服務百強企業服務規模TOP10) by China Real Estate Top 10 Research Team.
- In June 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded the honor of the “Top 10 Growth Enterprises in Top 100 Property Services Companies in China 2014” (2014中國物業服務百強企業成長性TOP10) by China Real Estate Top 10 Research Team.
- In June 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded the honor of the “Leading Enterprises of Satisfaction in Top 100 Property Services Companies in China 2014” (2014中國物業服務百強滿意度領先企業) by China Real Estate Top 10 Research Team.



HONORS AND AWARDS

- In June 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded the honor of the “Top Property Management in Gross Area of Residential Properties 2014” (2014物業管理居住物業總面積全國第一) by China Index Academy and China Real Estate Index System.
- In October 2014, Color Life Services Group Co., Limited within Fantasia Group was awarded with honor of the “Leading Enterprises of Brand in Property Services in China 2014” (2014年中國物業服務領先品牌企業) by China Real Estate Top Research Team.
- In July 2014, Fantasia Holdings Group Co., Limited was selected as the “Enterprise with Highest Brand Value in Shenzhen Real Estate” (深圳房地產最具品牌價值企業) by Shenzhen Real Estate Association (深圳市房地產協會).
- In July 2014, Color Life Services Group Co., Limited was selected as the “Most Innovative Enterprise of the Year” in the “Fourth Annual Meeting of China Valuable Property cum China Valuable Property Overall Ranking Ceremony 2014” (第四屆中國價值地產年會暨2014中國價值地產總評榜榮譽盛典) held by National Business Daily (每日經濟新聞).
- In August 2014, Fantasia Holdings Group Co., Limited was selected as the “China Real Estate Fashion Award • Most Influential Community Service Operator 2014” (中國地產風尚大獎•2014中國最具影響力社區服務運營商) by Boao Real Estate Forum Committee through Guandian.cn.

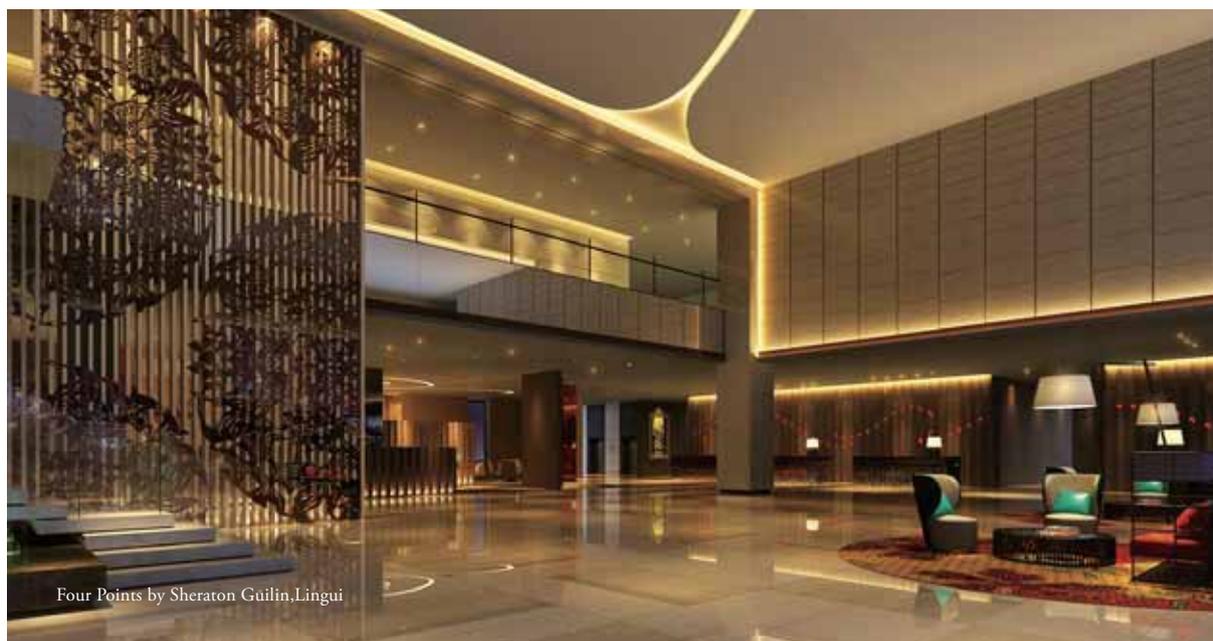


HONORS AND AWARDS

On Project Level:

- In January 2014, Nanjing-Full of Happiness Project was awarded the “Most Anticipated Real Estate” by Soufun.com (搜房網).
- In February 2014, Phase 3 of the Huizhou Fantasia Special Town was awarded the honor of the “Model Construction Site for Safe and Civilized Construction of Guangdong Province” by Guangdong Construction Industry Association.
- In March 2014, U Hotel, a sub-brand under the management of Fantasia Hotel Management Company, stood out among the numerous participating hotels and won the award of the “Most Progressive Hotel Brand of China in 2013” (2013中國最具發展潛力酒店品牌) on the award ceremony of the ninth “China Hotel Starlight Awards”, which was honored as the Oscar of Hotel Industry in China.
- In April 2014, Fantasia • Funian Plaza passed the Excellence Assessment and was selected as the outstanding project of property management in Shenzhen Futian District.
- In April 2014, Rhombus Fantasia Chengdu Hotel was awarded the “Best Business and Resort Hotel 2013-2014” (2013-2014年度最佳商務度假酒店) jointly by China City Travel and International Channel Shanghai.
- In June 2014, Fantasia • Future Plaza passed the expert assessment of the Model Property Management of Chengdu City, and was selected as the excellent project of property management in Chengdu Gaoxin District.
- In November 2014, Shenzhen Fantasia U Hotel was awarded the honor of the “Energy-saving Star of China Hotel Industry 2014” (2014中國飯店業節能之星) by China Green Hotel Working Committee (全國綠色飯店工作委員會) and China Hotel Association.
- In December 2014, Topsearch Building in Shekou, Shenzhen was awarded the second prize of “the Sixteenth Evaluation of Shenzhen’s Outstanding Engineering Exploration and Design (Public Buildings)” (深圳市第十六屆優秀工程勘察設計評審(公共建築)二等獎).
- In December 2014, Huizhou Fantasia Special Town (Phase 2) was awarded the second prize of “the Sixteenth Evaluation of Shenzhen’s Outstanding Engineering Exploration and Design (Residential Buildings)” (深圳市第十六屆優秀工程勘察設計評審(住宅建築)二等獎).
- In December 2014, Chengdu Meinian Plaza (Phase 1.1 and Phase 1.3) was awarded the first prize of “the Sixteenth Evaluation of Shenzhen’s Outstanding Engineering Exploration and Design (Residential Buildings)” (深圳市第十六屆優秀工程勘察設計評審(住宅建築)一等獎).

MILESTONE OF BUSINESS DEVELOPMENT



- In January 2014, Fantasia Group (China) Co., Limited signed a strategic cooperation agreement with China Merchants Bank Co., Ltd at head office level.
- In March 2014, Fantasia established Shenzhen Qianhai Heying Financial Leasing Co., Ltd. (深圳市前海合盈融資租賃有限公司) and officially entered into financial leasing business.
- In March 2014, Tianjin U Hotel and Chengdu U Hotel (the 2.0 version of U Hotel under the management of Fantasia Group), were officially opened for business.
- In April 2014, Fantasia (China) Holdings Group Co., Limited (花樣年(中國)控股集團有限公司) successfully acquired the Hotel 373 on the Fifth Avenue in America (美國紐約第五大道373酒店), which paved a solid path for business globalization of Fantasia.
- In May 2014, the office of Kunmin company formally commenced operation, marking Fantasia's formal entrance into the Kunmin market.
- In May 2014, Hehenian Investments Consultant entered into a strategic business cooperation agreement with Renrenmoney, and Fantasia made a significant breakthrough on community P2P financial business.
- In May 2014, Fantasia Holdings Group Co., Limited held 2014 Annual General Meeting in Hong Kong, with approximately 200 shareholders or proxies attending the Meeting.
- In May 2014, with the establishment of Chengdu Futainian Senior Care Investment Management Co., Ltd., Fantasia officially initiated the exploration of the "3-in-1" senior healthcare service model.

MILESTONE OF BUSINESS DEVELOPMENT

- In June 2014, the share transfer registration of Nanjing Zhongchu Property Development Company Limited was completed, marking that Nanjing Company officially obtained the Nanjing Zhongchu project.
- In June 2014, Colour Life Services Group Co., Limited (“Colour Life”, and together with its subsidiaries “Colour Life Group”) (stock code: 1778), a subsidiary of Fantasia, was successfully listed on the Main Board (“Main Board”) of the Stock Exchange of Hong Kong (“Stock Exchange”), which opened a new chapter in Fantasia’s history of development.
- In June 2014, Fantasia Real Estate Group expanded into Chongqing area and established Chongqing Fantasia Property Development Limited.
- In June 2014, Hopewell Online (合和年在线) entered into a strategic business cooperation agreement with Colour Life Group and jointly established “E-Wealth Management”, a mobile financial platform.
- In July 2014, The “Zhi – Museum of Art” (知•美術館) invested by Fantasia was officially opened, which will become a vital platform for the exchange, presentation and research of art as well as an education base of art in China.
- In July 2014, Fantasia Business Management entered into an asset management agreement with Shanghai Jielong Industry (上海界龍實業), making a breakthrough on the export of light assets by the business management companies for the first time.
- In August 2014, major shareholders of Fantasia continuously purchased the Company’s preferential notes by contributing more than US\$2.72million to support the strategic transformation of Fantasia showing their confidence in the prospect of the Company.
- In September 2014, Beijing company of Fantasia Real Estate obtained the permit for commencement of the construction works for C15 project in Shunyi Beijing.



MILESTONE OF BUSINESS DEVELOPMENT

- In September 2014, Nanjing Yuhuatai Shopping park was opened, the first commercial project of Fantasia Group, and pioneered the first “experience shopping park” in Nanjing.
- In September 2014, Shenzhen Fantasia Education Investment Limited (深圳市花樣年教育投資有限公司) was officially established, and Fantasia’s education sector commenced operations.
- In November 2014, Fantasia Group officially launched a new brand image and put forward the new brand concept of “Fantasia Creates Value”.
- In December 2014, the foreign debt project of RMB192 million by CCB Seoul Branch, Shenzhen CCB and Fantasia was completed. The company was a step ahead in term of cross-border financing business in Qianhai.
- In December 2014, Guilin Lingui Fantasia Four Points by Sheraton was officially completed, which is a high-end hotel cooperated with Starwood Group by Fantasia.
- In December 2014, Chengdu Fulin Retirement Home (成都福鄰養老公寓) was opened, which is the first Apartments for the Elderlies invested and operated by Fantasia.



花样年

FANTASIA

Through sixteen years of revolutionary development, Fantasia has built the largest social service platform in China. Our innovation and reform journey maximises customer value while our new brand and image create fantastic value.

Creating Value with Aspirations



花样年文化旅游
FANTASIA CULTURE & TOURISM



花样年金融
FANTASIA FINANCIAL



花样年教育
FANTASIA EDUCATION



花样年地产
FANTASIA PROPERTIES



花样年养老
FANTASIA AGED CARE



花样年商业
FANTASIA COMMERCIAL

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Working Environment

Fantasia Holdings Group Co., Limited (“Fantasia” or the “Company”, together with its subsidiaries “Fantasia Group” or the “Group”) is committed to nurturing outstanding employees, providing our staff with competitive remuneration package according to their overall quality of work. Basing on the performance and the development potential of employees as well as the external economic environment, Fantasia Group provides a reasonable level of salary increase, attractive fringe benefits and reasonable individual holiday arrangements so as to ensure a comfortable life for its employees.

Health and Safety

Other than complying with relevant laws and regulations according to international labor standards, the Company emphasizes the harmony of work and leisure and has created a healthy workplace environment through providing exquisite gymnasiums, offering enticing afternoon teas, carrying out regular comprehensive body check-ups for employees and organizing annual tours etc., which inculcates positive life attitude and enhances the sense of belonging among the employees.

Recruitment and Promotion

Fantasia Group has, according to the specific needs of the Company, developed a competency-based recruitment model for various kinds of candidates. Recruitment is based on the candidates’ capability instead of other factors such as color, race, age and religion. All employees and applicants enjoy equal opportunities and fair treatment. The philosophy of developing a wide array of talents helps to build up the overall strength of the Group and equips the Group with different talents and skills. The average age of employees in Fantasia Group is 33.85. The average age of the management of the headquarter is dropping, with the oldest being 52 and youngest being 21; the number of male staff is slightly higher than that of the female, with a male to female ratio of 57% : 43%.

Complying rigidly with laws and regulations and exercising stringent recruitment procedures, Fantasia Group absolutely forbids child labor or forced labor.

Development and Training

Fantasia is dedicated to supporting the development of every employee, taking care of employees’ physical and mental health and overall development. The Group organizes various professional training as well as introduces external training courses, industry sharing sessions, salons and forums in order to provide employees with various training and learning opportunities.

Fantasia launched comprehensive spiritual enhancement and English training programs for senior management so as to enhance their life quality and facilitate the globalization of the Company. The Group holds regular trainings for new employees and new senior management for quick enhancement of the cohesion amongst new comers as well as an in-depth understanding of the Company’s philosophy and strategies. The Company is determined to reinforce the Democratic Life Meetings so as to conclude and reflect deeply from our experience and progress and improves amid mutual and self-criticism. The Company completely integrates internal and external trainings in order to provide guidance for the staff for their professional enhancement as well as foster the innovative development of the Company.

Supply Chain Management

Fantasia Group has adopted a rigid and standardized internal control system with absolute emphasis on and strict compliance to relevant laws and regulation of the PRC. Through procurement by the way of tendering, the Group strictly assesses the economic and technical standard of the tenders and choose the optimal suppliers under fair competitions to ensure the cost and quality of its procurements are reasonable. Through strategic cooperation, and after undertaking complete assessments, the Group develops long term, close and stable relationships with the best rated suppliers for critical products/services in order to achieve ideal procurement goals. Taking account of efficiency, effectiveness and standardization, the Group tightly regulates the procurement process and the assessment principles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption

Fantasia has established a sound structure for internal management and control as well as rigorous policies which would be strictly implemented in order to prevent corruption and fraud.

The audit committee and administrative management allow zero tolerance of corruption, malpractice and fraud and the relevant policies and operation procedures of the Group reflect integrity, justice and transparency.

In the meantime, the Group has stated clearly to its employees that it takes a firm position on fighting against corruption and malpractice and has included a trustworthy cooperation clause in the contracts entered into with the suppliers and service providers that the Group cooperates with so that they understand the requirements of the Group clearly. The internal audit department of the Group would conduct audit independently, which will further enhance the effectiveness of the whole system.

Furthermore, any incidents or suspicious incidents would be managed and controlled by the business department and would even be reported to the audit committee and administrative management if necessary. Material incidents will be investigated by the internal audit department. Meanwhile, the Group provides channels for complaints and reports so as to investigate any possible or actual illegal acts.

The Group is always on the alert for malpractice, fraud and corruption from time to time and would continuously seek for and implement more effective precautionary measures. Through analyzing trends of changes and incidents, the Group can understand the reasons and process of illegal acts and the remedial actions. The Group would hold exchange forum regularly to exchange the relevant knowledge, skill and experience.

To conclude, taking a firm position against corruption, malpractice and fraud is an integral part of the whole corporate governance of the Group, and the Group is planning to fully utilize resources to protect the legal interests of the Company and shareholders.



Community Investment

In 2014, Shenzhen Fantasia Charity Foundation, which is the vehicle for carrying the social responsibility for Fantasia, integrated its resources, and developed three major public welfare projects, namely Public Welfare in Art, Public welfare in Elderly service and Public Welfare in Education simultaneously, and according to the public welfare concept of “One Good Deed a Day to Enjoy the Charity” (日行一善 樂享公益).

On 18 April 2014, the seventh “Fantasia: Voyage to Happiness” cum the exhibition of the pieces of work from “Design for Old Dad and Mum” charity competition (第七屆花樣年發現幸福之旅暨為「老爸老媽設計」公益大賽作品展) was held in the 2014 THUPDi Retirement life service Industry and Retirement life service Real Estate Summit (清華同衡養老產業與養老地產高峰論壇). A sub seminar was also held on the topic of “Good Life for the Old Dads and Mums – Future Demand in Elderly Market” (“老爸老媽的幸福生活 – 老年市場的未來需求”) with 500 participants from the retirement life service industry and media, together they share the Fantasia model of retirement life service and “Design for Old Dad and Mum” charity competition was successfully concluded. Since the commencement of the competition, about 1,150 pieces of work were received from China and overseas. 60 colleges from China and abroad joined the competition and the art works from more than 900 university students and designers also took part; approximately 130,000 people had participated in the public voting and the competition was given special coverage by the Southern Metropolis Daily and Shenzhen Special Zone Daily; 30,000,000 people viewed the promotional video with over 4,810,000 special interviews and over 20,000,000 on the website for entries collection. The creativity, appropriateness and completeness of the works were beyond public expectation. The development of some of the designs of the competition for the elderly would be beneficial for the elderly.

In September 2014, the eighth “Fantasia: Voyage to Happiness” cum the public welfare project of “Design for Left-behind Children” (第八屆花樣年 • 發現幸福之旅暨「為留守兒童設計」公益項目) started to gather ideas from the public, collected information about the public welfare projects that care for left-behind children, events and plans from the employees, volunteers, partners of Fantasia and from the general public and worked together with the volunteers to put the solutions into effect in order to increase the execution efficiency of and enhance caring effect of the public welfare project for caring the left-behind children.

In June 2014, through the long-distance online platform of courses of Fenbao Technology (分寶科技), the first online class of “Rainbow Class” started in two different places, namely Ji’an Hope Primary School (吉安希望小學) and Shenzhen. More children from remote rural areas can be benefited from outstanding teachers and teaching resources through long-distance online learning. In July 2014, Fantasia donated RMB196,346 for the implementation and construction of the ponds in Ji’an Fantasia Hope Primary School so that children were guarded against the potential hazards of the abandoned ponds. In September 2014, Fantasia Charity Foundation worked together with the Fantasia Club, China Eastern Airlines Lingyan Charity Foundation (東航凌燕基金) to hold the seventh one-to-one educational aid programme. By the end of October 2014, Fantasia Charity Foundation worked together with China Eastern Airlines to organise a city experiential tour to Shanghai for the left-behind children in Ji’an. In November 2014, the construction of “Flagship Rainbow Class” in Nanjing, Chongqing, Mianyang, Huizhou and Shenzhen began, which will provide quality education to the left-behind children there.

Since July 2013, Fantasia Charity Foundation has been established in Shenzhen, Chengdu and Nanjing, and has successfully operated two home service stations and three day care centres to provide professional and convenient retirement life service, assist the elderly in need, launch cultural and recreational and caring activities for old people and carried out academic research and exchange activities related to them. In August 2014, Fantasia Charity Foundation donated 100,000 to Ludian County, Zhaotong City, Yunnan Province, which was struck by 6.5 magnitude earthquake, to rebuild the affected areas, construct flagship rainbow houses and help the children in disaster areas.

Fantasia’s volunteers practice the charitable concept of “One Good Deed a Day to Enjoy the Charity” through giving away flower pots with the theme of “One Good Deed a Day” (日行一善), advocating “Ten Ways to do a good deed a day” (日行一善十條), taking part in charitable exhibition and having site visits for rainbow houses. In March and April 2014, Fantasia Run for Fun China Charitable Foundation Marathon (花樣年樂跑中國公益基金百里行) was grandly held in the cities such as Tianjing and Ningbo, in which Fantasia’s volunteers and people with loving hearts from different sectors actively participated and the money raised will all be used in the rainbow houses projects.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Awards and Honours:

1. In January 2014, Fantasia Charity Foundation was awarded with the “Best Practice Award for Public Welfare for the Year of 2013” (2013年度最佳公益踐行獎) and “Best Promotion Award for Public Welfare for the Year of 2013” (2013年度最佳公益傳播獎) in the third Charity Festival.
2. In April 2014, Fantasia Charity Foundation was glad to be granted with the honour of “Leading in Shenzhen Charity” (“深圳公益標杆”) in the event called “2014 New Landmark in Shenzhen” (“2014深圳新地標”) promoted and selected by organisations such as Shenzhen Special Zone Daily.

Chronology:

On 13 January 2014, the logo, manual and basic application documents of the Foundation (公益基金會) designed by Mr. Kenya Hara (原研哉) were submitted to the secretariat, and were confirmed during the work conference. The logo of the foundation was styled according to the oriental element of the vertical writing style of traditional Chinese Calligraphy, resulting in creating an image icon that fully reflected the characteristic of the Foundation’s emphasis on cultural ideas.

In March and April 2014, Fantasia Run for Fun China Charitable Fund Walk (花樣年樂跑中國公益基金百英里) was held grandly in cities such as Tianjin and Ningbo, in which people from various sectors actively participated. The fund raised will all be used in the project of Rainbow Houses.

On 23 March 2014, the special train for elderlies’ sightseeing (老人旅遊專列) under the project “Enjoying Kinship with Futainian” (“攜手福泰年 親情別樣紅”) organised jointly by Shenzhen Fantasia Charity Foundation (深圳市花樣年公益基金會), Ankangnian Community Retirement life Service Organisation (安康年社區養老服務機構) and Futainian Company (福泰年公司) reached Huangshan. While enjoying beautiful rivers and mountains of the mother country and senior living (樂齡生活), the elderly voted among the shortlisted entries of “Fantasia: Voyage to Happiness – Design for Dad and Mum” (“發現幸福之旅 – 為爸爸媽媽設計”), a charity competition of designing creative spaces and utensils for the elderly. Together, they selected the entries that they considered the most suitable for themselves.

On 21 March 2014, Ankangnian (安康年) successfully held “Creating a Happy Community with Futainian” (“攜手福泰年，創幸福社區”), a charity event of health checking, in which a number of Chinese medicine practitioners and physiotherapists were invited to give on-site medical advice. The people participating amounted to 39, in which 10 seniors received on-site Chinese medical advice and 12 received on-site massages and manipulations. The team of Ankangnian were also actively carrying out the following activities: participating in survey conducting for home-based retirement life service in communities, registering the guidelines for public welfare health checking form, and various health consultations, which were greatly welcomed and actively participated by seniors in communities.

In the afternoon of 19 March 2014, Fantasia Charity Foundation (花樣年公益基金會) was invited to participate the seventh bimonthly salon (雙月沙龍) of China Association of Non-Profit Organization, Foundation (中國社會組織促進會基金會分會), which was hosted by China Association of Non-Profit Organization (中國社會組織促進會) and was taken charge by Vanke Charity Fund (萬科公益基金會) and the theme was “Sharing with Innovations of Public Welfare, Charity and Legislation of Shenzhen” (“深圳公益慈善立法創新分享”) and “Community Mobilisation” (“社區動員”). Approximately 90 people from Ministry of Civil Affairs, Shenzhen Civil Affairs Bureau (深圳市民政局), related authorities of Shenzhen, experts and scholars, management personnel from a number of well-known foundations of mainland China, and news and media practitioners joined the meeting. Fantasia Charity Foundation actively took part in the interaction in the event and established good relationships with many foundations, and promoted public welfare projects like education, arts and retirement life service with great efforts.

On 17 April 2014, the offline selection of the seventh “Fantasia: Voyage to Happiness” cum “Design for Dad and Mum” charity competition (第七屆花樣年發現幸福之旅暨「為爸爸媽媽設計」公益大賽), the artistic public welfare project of Fantasia Charity Foundation, was held in Beijing. Professors and operation experts in operating of “industry-academia-research” (“產學研”) from retirement life service industry of Taiwan and mainland China gathered and selected eight awards for “Design for Dad and Mum” charity competition. With the Public Popularity Award selected previously by the public, all awards of the charity contest were selected.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On 18 April 2014, Fantasia Charity Foundation as the host held the THUPDi Retirement Life Service Industry and Retirement Life Service Real Estate Summit (清華同衡養老產業與養老地產高峰論壇) together with Tsing Hua (清華) with about 500 people from the retirement life service industry, developers, investors and media participating. In the summit, the entries for the “Design for Dad and Mum” charity competition (“為老爸老媽設計大賽”) was displayed and the sub seminar of “Good Life for the Old Dads and Mums – Future Demand in Elderly Market” (“老爸老媽的幸福生活－老年市場的未來需求”) was launched, the entries for “Design for Dad and Mum” charity competition was displayed and commented, and an innovative model for retirement life service was announced. Guests from seven age groups ranging from 30’s to 90’s was invited, enabling guests from different backgrounds and of different ages to show the needs of different varieties of seniors in their daily lives.

In April 2014, Fantasia Charity Foundation was glad to be granted with the honour of “Leading in Shenzhen Charity” (“深圳公益標杆”) in the event called “2014 New Landmark in Shenzhen” (“2014深圳新地標”) promoted and selected by organisations such as Shenzhen Special Zone Daily.

On 9 May 2014, Fantasia Charity Foundation received a kind donation of RMB108,630.00 from Jian Hong Da Company (建宏達公司) and appreciated Jian Hong Da Company for its acknowledgement and support to the Foundation.

On 27 May 2014, after the secretariat of Fantasia Foundation, the teachers for teaching support of Fantasia Charity Foundation and the school had adjusted the equipment and upgraded the hardware for several times, the first trial lesson of long-distance online learning was held in Ji’an Hope Primary School which was the highlight of the education public welfare project. The secretariat of the Foundation invited Mr. Qiu Shi (秋實老師), an artist of children painting from Xiaoyan School of Art (小燕畫院) in Shenzhen, to be the teacher. Two technicians from Fenbao Technology (分寶科技) took part in equipment testing and adjusting throughout the whole process, and the school organised 40 students and relevant teachers to join the lesson.

On 8 May 2014, “Design for Dad and Mum” charity competition was finished and the list of second round winners was announced with all the prizes of the contest published. As the host of the charity contest, the secretariat staff of Fantasia Charity Foundation gathered the information of all of the award-winning candidates at the end of May, as well as withheld and paid the personal income tax on behalf of them, and the prize money will be distributed soon.

In the beginning of May 2014, with the unanimous approval by Shenzhen Municipal Finance Bureau (深圳市財政局), Shenzhen Provincial Office, SAT (深圳市國家稅務局), Shenzhen Local Taxation Bureau (深圳市地方稅務局) and Shenzhen Civil Affairs Bureau, Fantasia Charity Foundation was granted the qualification of charitable donation for deductions and officially obtained the qualification for deductions. Subsequently, with the approval by Finance Commission of Shenzhen Municipality (深圳市財政委員會), Shenzhen Provincial Office, SAT and Shenzhen Local Taxation Bureau, Fantasia Charity Foundation was granted the qualification for tax exemption.

On 15 May 2014, Wang Liang, the director-general (理事長) of Fantasia Charity Foundation, Zhang Bolin (張柏林), the director, and the staff of the Foundation joined the symposium held by the Sichuan Youth Volunteers Association (四川省青年志願者協會) and West China Hospital was also invited to the symposium.

On 10 June 2014, after software and hardware upgrading and equipment adjustment for more than a month, the first online lesson of “Rainbow Lessons” (“七彩課堂”) of Fantasia Charity Foundation was formally launched in two different places, namely Ji’an Hope Primary School and Shenzhen Fantasia Funian Plaza (深圳花樣年福年廣場).

On 10 June 2014, Lu Xuemei (盧雪梅) and Sun Wenhui (孫文虎), both from the twelfth batch of the teachers for teaching support of Fantasia Charity Foundation, completed their presentation on teaching support through the long-distance online learning platform via distant Internet in two different places, while their three-month lives of teaching support came to a perfect ending.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In June 2014, the award-winning entries of “Design for Dad and Mum” charity competition hosted by Fantasia Charity Foundation were confirmed. The distribution of prize money of a total amount of RMB200,000 was completed. In May 2014, after issuing the public notice of award-winning entries again, all of the winning entries were confirmed. In June 2014, after the volunteers of Fantasia Charity Foundation had withheld and paid the personal income tax on behalf of the award-winners, all award-winners received their prize money respectively. In the future, Shenzhen Fantasia Charity Foundation being the host of the event, together with Ankangnian, Futainian and other senior organisations (樂齡機構), assist the winners for their patent applications and finance the promotions and applications for later-stage commercialization of their designs so that these entries will benefit the elderlies.

On 16 June 2014, the soft launch of Chengdu Shuangqiaozi Day Care Centre, the retirement life service project of Ankangnian, was conducted. The soft launch, which was simple and warm, attracted a sizeable crowd.

From 23 to 25 July 2014, a group of four people from the secretariat of Fantasia Charity Foundation, Fantasia Charity Foundation Volunteers Association (花樣年志願者協會) and the volunteers of Fantasia Chengdu (花樣年成都公司) visited Fantasia Qixiang School in Pujiang County, Wangsi Town School in Dayi County (大邑縣王泗鎮學校), Wanhe Primary School in Xingyi Town, Xinjin County (新津縣興義鎮萬和小學) and the community of Minjiang in Dengshuang County (鄧雙鎮岷江社區) in Chengdu, and gained in-depth knowledge of the hardware construction of Rainbow Houses and the development of Rainbow Lessons. All four schools had all the way agreed to participate in the pilot project of the online course, “Rainbow Lessons”, and hoped to participate more in the interaction with voluntary service activities of the Foundation.

On 16 July 2014, Longri Gardening (龍日園藝) donated a specific sum for the pond improvement project of Ji'an Fantasia Hope Primary School which commenced smoothly. After the improvement, the potential hazards caused brought by the abandoned pond in the school to over 1200 teachers and students, especially kindergarten students, would be resolved. The additional landscaping project will bring a nicer campus environment that is more suitable for learning to teachers and students.

In the morning of 1 August 2014, the sharing and mobilisation meeting of a new batch of teachers for teaching support was held at the U Hotel (有園酒店). Six teachers for teaching support were recruited for the 2014 autumn scheme and 2015 spring scheme of teaching support in the activities of Fantasia “New Pillars” (“新棟樑”) of 2014.

On 1 August 2014, Pan Jun, the Honorary President of Fantasia Charity Foundation and the President of Fantasia Group, and his team visited and expressed their solicitude to Chengdu Shuangqiaozi Ankangnian Retirement Life Service Centre (成都雙橋子安康年養老服務中心). President Pan had close interaction with the staff of the service centre and showed his care about their work at the centre. In the meantime, President Pan conveyed his regard to 11 elderlies currently residing at Ankangnian Retirement Life Service Centre one by one, chatted with them, asked them how they felt about the service of the centre, and presented them with healthy fruit baskets on behalf of Fantasia Group and Foundation, wishing good health and happy retirement living at Ankangnian. Wang Liang, the director-general of Fantasia Foundation, Zhang Bolin (張柏林), the director of Fantasia Charity Foundation, and other staff that kept Mr. Pan Jun accompanied throughout the visit.

On 1 August 2014, Fantasia Charity Foundation was invited to join the salon of New Ideas for Charitable Crossover Cooperation of the City of Volunteers (志願者之城的公益跨界合作新思維) hosted by the 21Foundation.

On 3 August 2014, a magnitude 6.5 earthquake struck Ludian County, Zhaotong City, Yunnan Province, killing nearly 600 people and injuring over 2,000 people. After the earthquake, Shenzhen Fantasia Charity Foundation was highly concerned about the impact of the disaster and contacted at once the relevant organizations in Yunnan Province to which the Foundation had donated the Rainbow House. After knowing that the Rainbow House was not affected by the earthquake and understanding the needs of the affected area, the Foundation decided to donate RMB100,000 to establish a special calamity fund for post-disaster reconstruction that focused on helping the children living in the disaster area.

On 27 August 2014, Pan Jun, the Honorary President of Fantasia Foundation, accepted the challenge from Zhang Wufeng (張梧峰) that he took the “Ice Bucket Challenge” under the witness of the employees of the group at Funian Plaza, the headquarter of Fantasia (花樣年總部大廈福年廣場).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On 27 August 2014, recently, Fantasia Charity Foundation and Xiaoyan School of Art in Shenzhen jointly launched a public welfare project called “Fantasia Dream Package” (“花樣夢想包”). The project successfully went live. The project was highly regarded and greatly supported by the Fantasia Group and the leaders and colleagues of companies from each city. The donation accumulated are: 79 “completed” donations amounted to approximately RMB9,480; 52 “intended” donations amounted to approximately RMB6,260.

On 19 September 2014, loaded with lots of love from Fantasia owners, the volunteers of the 7th Student Education Fund Tour (愛心助學行), which was jointly organized by Fantasia Charity Foundation (花樣年公益基金會) and hosted by the Association of Fantasia (花樣會), with the principle “Bring the love, Set off again (帶上愛 再出發)” started their journey to Ji’an Fantasia Hope Primary School (花樣年吉安希望小學) and brought the caring fund to nearly 20 poor left-behind children.

On 11 September 2014, with the beginning of the new academic year, 2014 Fantasia Autumn Scheme of Teaching Support from New Pillars (花樣年2014年新棟樑秋季支教) commenced. The volunteers, Zhao Zhongwei (趙中偉) and Zhang Mengyuan (張夢圓), took over the relay baton of caring and commenced 3-month teaching support in Ji’an Fantasia Hope Primary School, Jiangxi.

On 19 September 2014, some volunteers from the Secretariat of Shenzhen Fantasia Charity Foundation (深圳市花樣年公益基金會秘書處) and the Association of Fantasia Volunteers (花樣年志願者協會) headed to Ji’an Fantasia Hope Primary School together to carry out caring activity. The first batch of 400 “Fantasia Dream Package” (花樣夢想包) from kind donors were also distributed to students in need. On 19 September 2014, the volunteers of China Eastern Airlines Lingyan Charity Foundation (東航凌燕基金), which was a charity partner of Fantasia Charity Foundation, headed to Ji’an Hope Primary School, Jiangxi to carry out 1-on-1 caring activity.

In September 2014, Art and Welfare Panel (藝術公益專案組) reported the overall direction of the eighth Voyage to Happiness to the leader of the foundation. In late September 2014, recruiting of “Searching for Dream Partners” (尋找夢想合夥人) was announced and the public welfare project, the eighth Voyage to Happiness, was commenced. Young and outstanding Fantasia volunteers from recruiting network such as Fantasia staff, volunteers, operating partners were invited to take part in the public welfare project “Design for Left-behind Children” (為留守兒童設計) together.

On 19 September 2014, volunteering representatives of Fantasia Charity Foundation participated in the third China Charity Fair. They visited and studied a wide variety of public welfare projects exhibited in the China Charity Fair and learnt the latest news in the aspect of charity. They also attended the “Shared Value of Enterprise and Innovation of Education (企業共用價值與教育創新)” forum on 20 September.

On 26 September 2014, to better implement the welfare principle of the association of volunteers “One Good Deed a Day to Enjoy the Charity” (日行一善·樂享公益), the Association of Fantasia Volunteers (花樣年志願者協會) held a handing out ceremony of volunteers’ flower pots in Mic Plaza. During the ceremony, the staff of the association of volunteers presented a detailed introduction on the charity activity of flower pots.

In late October 2014, “Experiential Tour for Ji’an Left-behind Children” (吉安留守兒童體驗之旅), was jointly hosted by China Eastern Airlines Lingyan Charity Foundation (東航凌燕基金) and Fantasia Charity Foundation. The dream of seven children of going to Shanghai and experiencing the life of the city where their fathers work came true with the help of China Eastern Airline.

On 9 October 2014, about 50 volunteers from the Fantasia Group and real estate group participated in the abovementioned charity activities. Set off from the Meinian International Complex, Shekou, Nanshan, the volunteers who were divided into four teams travelled along the coastline of Dongbin Road and arrived Funian Plaza in Duty-free Zone on foot. Throughout the journey, the volunteers urged the public to care about left-behind children by means of creative photography. The journey was over 20km long and the fastest team spent only four hours to cover it.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On 11 October 2014, volunteer representatives from eight business segments of Fantasia Group gathered at the U Hotel in Shenzhen to take part in the video recording of the charity activity “Voice Out for Left-behind Children, Search for Dream Partner” (我為留守兒童代言·尋找夢想合夥人). To urge more people and enterprises to join the project “Design for Left-behind Children” (為留守兒童設計), the members of council of Fantasia Charity Foundation expressed their individual viewpoints about left-behind children in front of the camera.

In October 2014, Ankangnian Social Retirement Life Service Project has taken a big step forward in the operation in layout at the strategic areas, i.e. entered the Yangtze River Delta region officially. The first retirement life service center in Yangtze River Delta region was officially established in Gulou District, Nanjing. With the success of the activities on the Elderly Day, it created an initial impact to a certain extent.

On 9 October 2014, 45 volunteers from Fantasia Group joining the charity activity in which the public was urged to care about left-behind children by the means of creative photography. Subsequently, Fantasia Charity Foundation organized a charity walk again. On 25 October 2014, around 120 Fantasia volunteers gathered at the Sunrise Theater of Shenzhen Bay Park. Setting out at dawn, the volunteers arrived the Mangrove Seashore Ecological Park after walking for nearly 10 km in three hours. “One Good Deed a Day to Enjoy the Charity” (日行一善·樂享公益). Let us have a charity walk for love.

On 30 October 2014, four members of the Secretariat of Fantasia Charity Foundation (花樣年公益基金會秘書處) participated in a symposium at TCL Charity Foundation. Liu Lei (劉磊), the Vice Secretary General (副秘書長) of the TCL Charity Foundation and 3 department staff joined that symposium. Vice Secretary General Mr. Liu presented an in-depth, detailed explanation on contents such as the development history of TCL Charity Foundation, the Project of Candlelight Award (燭光獎項目), the revolution of TCL Charity Foundation, 2014-2015 Internet Thinking Innovation Project (2014年 – 2015年互聯網思維創新項目), the development of the PIA Investors Private Fund and outstanding projects.

In the afternoon of 18 November 2014, Fantasia Charity Foundation successfully hosted online courses “Rainbow Classroom” at Funian Plaza. This was also the second class after the commencement of the course on 10 June. It marked the continued enhancement of that the SMILE course of “Rainbow Classroom”. The model was becoming more matured and it was recognized by more schools, teachers and students. This was a big step forward in terms of quality for the development of Rainbow Classroom and also the enhancement of the Rainbow House by the Foundation.

Since the commencement of public ideas gathering of the eighth “Fantasia – Voyage to Happiness” cum the public welfare project “Design for Left-behind Children” (第八屆花樣年·發現幸福之旅暨為「留守兒童設計」公益項目) in late-September, volunteers actively brainstormed, contributed ideas, wisdom and resources for the artistic public welfare project after online or offline promotion such as filming a charity video “Searching for Dream Partners (尋找夢想合夥人) and hosting a charity walk to speak for left-behind children.

On 7 November 2014, artistic public welfare project drafted an overall proposal for “Design for Left-behind Children” (為留守兒童設計) after gathering “ideas” and resources from the public. It had also reported to the member of the Council of Fantasia Charity Foundation (花樣年公益基金會理事會) and was recognized by the top management including Pan Jun (潘軍), the Honorary President of Fantasia Charity Foundation.

On 29 and 30 November 2014, Fantasia Group’s customer return banquet and new brand launch conference and suppliers return banquet were held respectively. Information such as the promotion display of the public welfare project “Design for Left-behind Children” (為留守兒童設計), the charity video of the “Design for Left-behind Children, Searching for Dream Partners” (為留守兒童設計·尋找夢想合夥人), videos of the 2014 Autumn Scheme of Teaching Support (2014年秋季支教), videos and leaflets of the Fantasia Charity Foundation introducing Fantasia Charity Foundation were implanted into the site of activities throughout various channels.

In late-November 2014, the Fantasia Group launched new strategy and image of the brand. The enhancement of the Group's website and Group's micro-website was accomplished. As the social responsibility carrier of Fantasia, Fantasia Charity Foundation achieved the enhancement of its image presentation and data announcement through its new brand tools.

On 13 November 2014, President Pan, the Honorary President of the Foundation, and Wang Liang, the President of the Council, visited to Nanjing Ankangnian Service Centers (南京安康年服務中心) and checked the progress of preparation work as well as expressed their solicitude towards the elderlies who were pioneer residents and gave guidance and recommendations to the service center. On 7 and 8 November 2014, volunteers from senior management of Real Estate Group (地產集團) and China Group (中國集團) inspected Shuangqiaozi (雙橋子), Guo Jie Lou (過街樓) and Jiangjun Street Service Center (將軍街服務中心). The senior management also took part in the onsite activities and interacted with the elderlies. At the same time, they also enquired at the retirement life service apartments about the progress of preparatory work for business commencement.

On 8 December 2014, the 43th/44th teachers for teaching support of the 13th batch, Zhao Zhongwei (趙中偉) and Zhang Mengyuan (張夢圓) completed their presentation on the accomplishment of the three-month life of teaching support via distant internet. The documentary video "Give Me a Pair of Wings" (給我一雙翅膀), which was a record of the life of teaching support, was welcomed by the participating leaders. The video was also broadcasted in activities such as suppliers return banquet and annual meeting of the Fantasia Group. The video aroused lots of love emotion.

On 20 December 2014, Fantasia volunteers held a fair during the annual meeting of Fantasia Group under the theme of rural area. Handicrafts made by left-behind children, woven goods made by rural artisans and interesting articles shared by donors were on sales for charity. "Rainbow Workshop" (七彩手工坊) was also held on site to recruit volunteers for Rainbow Classroom which is carried out for left-behind children and promote the ongoing activity "Design for Left-behind Children" (為留守兒童設計). Around RMB25,000 were raised in the fair and all the fund would be used in the caring project of left-behind children.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I. With Outstanding Progress in Business Transformation, Fantasia is Ready for Take-Off

The year 2014 marked the first triennial period since Fantasia implemented strategic transformation. The Group achieved tremendous progress in shifting towards light asset based business while maintaining stable growth in property sales. With the full onset of eight sectors of the Group: Property Development, Colour Life Residential Community Services, Community Financial Services, International Commercial Property, Community Cultural Tourism, Community Business Management Services, Community Retirement Life Services and Community Education, Fantasia has developed a preliminary operation platform, which was the largest in the PRC, in relation to community services, establishing the "Fantasia Model" the exemplar in the transformation from real estate developers. Like a plane ready to take-off, after gliding and turning on the taxiway during 2012-2014 to adjust its direction, Fantasia has finally reached the runway and begun the countdown for take-off.

For the year ended 31 December 2014, the Company recorded accumulated contract sales of approximately RMB10.214 billion and GFA of 1,380,100 square meters, which exceeded its annual sales target of RMB10 billion, making it once again one of the companies among the "National 10 Billion Club of Real Estate Enterprises" (全國房地產企業百億俱樂部).

II. Results and Dividends

For the financial year ended 31 December 2014, the Company recorded revenue of approximately RMB7,306 million, representing an increase of 0.4% over last year. Net profit attributable to owners of the Company during the year was RMB1,255 million, representing an increase of 3.3% as compared to last year. Excluding change in fair value of investment properties, recognition of change in fair value of completed properties for sale upon transfer to investment properties, foreign exchange gains and losses and net of the effect on relevant taxation, the core net profit of the Company reached RMB1,076 million, representing an increase of 4.8% from last year.

To reward the Company's shareholders for their support, the Board of Directors of the Company proposed a final dividend of HK5.39 cents per share in respect of the year 2014, subject to shareholders' approval at the upcoming annual general meeting.

III. Market and Business Review

Six years have gone by since the outbreak of the worldwide financial crisis, however, the global economy was still struggling amidst the shadow of the crisis in 2014. While the demand for bulk commodities was weak, the economic landscape of the more developed countries varied, with the US recovery gained pace and the European economy remained stagnant as a result of its fiscal and monetary policies as well as the slowing down of export. The world's economy was set for a bumpy recovery as evident by the Japan economy's slipping into recession due to increased consumption tax, and the accelerating decline in growth in emerging economies.

The economic growth of China slowed down in 2014, from the average annual growth during the past decade of nearly 10% to the now "new normal" rate of 7%-7.5%. Various macro-economic and industry policies adjustments have entered the "new normal" stage. Whilst the investment growth flattened out in general, constraints on financing activities becoming more obvious and business environment more unfavourable, China's economy was facing relatively great downward pressure and risk.

Under the backdrop of China's transition from the remarkable rapid economic growth to its "new normal" – a more moderate growth, the real estate market continued to adjust in 2014. The sales volume as well as price of the real estate market declined during the first three quarters of 2014; driven by a series of measures such as the easing of policies in relation to restrictions on property purchases and mortgage loans, loosening of housing provident fund lending policies and interest rate cuts by the Central Bank, there were signs of a gradual rebound towards the fourth quarter.



CHAIRMAN'S STATEMENT

The development of the real estate market during the year was in line with the Company's expectation. With its vision, Fantasia captured strategic opportunities in the ever-changing market and seized chance to improve its performance. The Group focused on its mainstream products, ploughed deep in strategic cities, strengthened its operational abilities, formulated new marketing plans, secured sizable revenue growths, enhanced the Company's risk resilience and achieved steady growth in the real estate sector amid adversity. The Group's products with rigid demand remained popular during the year: Chengdu Fantasia Town, Chengdu Grande Valley, Dongguan Wonderland, Tianjin Love Forever, Huizhou Fantasia Special Town, Suzhou Fantasia Special Town, Wuxi Love Forever, Guilin Lakeside Eden and Wuhan Love Forever all achieved outstanding sales. In respect of the Group's commercial properties centred on urban complexes, the red hot sales of Shenzhen Longnian International Centre, Shenzhen Xingnian Plaza, Chengdu Xinian Square, Chengdu Meinian Plaza, Chengdu Longnian International Center, Tianjin Meinian Plaza and Wuxi Hailun Complex contributed significantly to the improvement of our results. In 2014, the Group recorded accumulated contract sales of approximately RMB10.214 billion and GFA of 1,380,100 square meters, which represented a year-on-year increase of 6.76% and 0.39% respectively, making us one of the companies among the "National 10 Billion Club of Real Estate Enterprises" (全國房企百億元俱樂部) for the second consecutive year.

Fantasia was recognized by media and the capital market for its provision of products and services with consistently excellent quality in the past year and its growth potential in the future. Since 2014, various investment banks, securities dealers and research institutions, including Citibank, First Shanghai and Phillip Securities, have given Fantasia "buy" ratings as the Group demonstrated its investment potential and increasing popularity among investors.

1. Open up the era of dual funding platforms and continue to expand its leading scale advantage in community service industry

On 30 June 2014, Colour Life, a subsidiary of Fantasia, was successfully listed on the Main Board of the Stock Exchange and was highly sought after by leading internet

companies such as Qihoo 360, as well as public investors. As of to date, the market capitalization of Colour Life exceeds a number of property developers listed in Hong Kong and it was awarded the "Most Innovative Valuable Enterprise of the Year" at the Fourth Annual Meeting of China Valuable Property. The successful listing of Colour Life marked the beginning of the dual funding platforms era of Fantasia and considerably enhanced the utilization efficiency of its capital and its ability to maximize brand premium. At the same time, Colour Life took the opportunity to accelerate its expansion through merger. As of 31 December 2014, Colour Life developed and managed a total property area of over 200 million square meters and entered the international market of property management services for the first time through the acquisition of SteadlinkAsset, a company based in Singapore, in November 2014. The acquisition also brought experience on overseas property management and allowed Colour Life to expand the operation of its online service platform. Currently, the Caizhiyun APP has over 1,000,000 registered users and is on its way to expand its leading scale advantage in the industry.

2. Rapid enhancement of contracting ability and gradual establishment of commercial community platform

In the area of high-end commercial properties, the Group's international property sector has strived to be the best in commercial property management through continuous development of innovative fundamental services and persistent upgrade of service capacity in relation to value-added services. The Group's contracting capacity also expanded rapidly. During the year, the Company has gradually established a preliminary commercial community platform by taking on more than 10 sizable contracting projects, including Chongqing Tencent (重慶騰訊), Chang Fu Jin Mao Tower in Shenzhen (深圳長富金茂大廈), Tiansheng No.1 Center in Chengdu (成都壹中心), Kaili Eastern Culture Building in Guiyang (貴陽凱里東方文化大廈), Zhongtai Urban Complex in Lhasa (拉薩中太城市廣場), Coast Tangning in Tianjin (天津水岸唐寧), Hangzhou New World, Est Mall (杭州新天地東方茂), Songshan Lake Creative Life City in Shenzhen (東莞松山湖創意谷) and developing an area of approximately 3,000,000 square meters.

3. In pursuit of professionalism, the Group's business model centred on light assets initially established the Group as the market leader

Business community development is another focus of Fantasia. The Group's Nanjing Yuhuatai Project and Guilin Huashengtang Project have commenced operation and the Chengdu Pixian Huashengtang Project, Chengdu Hongtang Project and Suzhou Hongtang Project are at the stage of active investment invitation. In 2014, the team building and development of the business management sector gathered speed. As the sector shouldered the responsibilities of developing business product lines and operational management, it began to employ its strong capital resources and expertise in the exploration of the new light assets based business development model which focuses on management and brand export. As of 31 December 2014, the Group has secured 5 light assets management projects located in Chengdu, Hefei, Changsha and Yangzhou, and developed the integrated ability to provide "one-stop" services that covered from design, planning, investment invitation to operation, as well as the "modularised" marketing planning services. With the implementation of our business model that centred on light assets, the Group began to distinguish itself from other market players.

4. Service models achieved significant results and community retirement sector gathered momentum

The Chengdu Fulin Retirement Home, which was the first serviced apartment for seniors invested and operated by the Group, opened on 28 December 2014. Its commencement of operation celebrated Fantasia's outstanding progress in developing the "3-in-1" senior healthcare model. Meanwhile, the Group operated six homecare centres located at Chengdu Love Forever, Chengdu Guojielou, Chengdu Jiangjun Jie and Shenzhen Yueliangwan, as well as two day-care centres at Shuangqiaozi, Chengdu and Gulou District, Nanjing. In 2014, the Group rapidly carried on other projects in relation to elderly services and provided services to nearly 10,000 customers in aggregate. The Group's community retirement sector started to achieve steady growth and the Group is dedicated to develop its fourth community: community for senior citizens.

5. Community finance sector achieved significant results in penetrating the community

Community finance sector, one of the four major aspects of Fantasia, pioneered in penetrating the community through the adoption of internet finance model. It was also the first to establish the financial value chain between various sectors of the Group and to realize the integration across the industrial and financial sectors with significant results. Currently, the

Group's finance sector has developed into three main business models, namely the micro-credit, P2P internet finance platform and finance lease business models. The Group's micro credit business now operates 20 branches and the P2P internet finance platform also experienced rapid growth in 2014 after launching various services and products, including "E-Finance" and "Prepaid property management fee with guaranteed principal and return" respectively, with the number of members grew to more than 250,000 and RMB170 million was raised. Meanwhile, the Group's financial leasing business achieved ground-breaking progress in providing community automobile maintenance, community beauty grooming, community logistics, community medical care as well as community elderly services. In the future, the Company plans to promote related businesses such as factoring, consumer finance, insurance and payment.

6. The emergence of community cultural tourism business accelerated and expanded globally

In 2014, the Group accelerated the development of the cultural tourism sector. The Group's Tianjin U Hotel and Chengdu U Hotel commenced operation while the Arcadia Resort Hotel in Yixing reopened. The construction of Guilin Lingui Fantasia Four Points by Sheraton was also completed on 16 December 2014. Meanwhile, the Company completed the acquisition of Hotel 373 Fifth Avenue at New York City, the USA, and invested into Taiwan U Hotel and a hotel at Tsim Sha Tsui, Hong Kong respectively, leaving a solid footprint in the Company's strategic global expansion of its hotel business. In addition, the grand opening of the "Zhi – Museum of Art" invested by the Company provided a solid platform for the exchange, exhibition and study of arts in the country, which at the same time serves as the centre of arts education.

7. Issuance of senior notes

In 2014, the Company successfully issued US\$300 million 10.625% senior notes due in 2019. The issuance improved the Company's debt structure and provided funds for the acquisition of lands, thus securing a constant supply of highly cost efficient lands in the first and second tier cities.

8. Resources integration brings more active participation in social welfare

Shenzhen Fantasia Charity Foundation, Fantasia Group's vehicle for participating social welfare, achieved steady progress in three major public welfare projects, namely Public Welfare in Art, Public Welfare in Elderly Service and Public Welfare in Education in 2014. The Foundation upholds the mission of making constant contribution to society by organising various welfare activities, such as the eighth "Voyage to Happiness"

CHAIRMAN'S STATEMENT

cum “Design for Children Left Behind in Rural Areas”, setting up online “Rainbow Classes”, providing assistance to earthquake-stricken areas in Ludian, Zhaotong City in Yunnan province, jointly organising “Experience Tour for Children Left Behind in Jian” with the Lingyan Charity of China Eastern Airlines Corporation and holding a fund raising walk “Run for Fun” (樂跑中國) based on our philosophy of “enjoyable charity”. In recognition of our effort in playing crucial roles in promoting social advancement and sustainable development, we were awarded “Best Charity Practice Award 2013” (2013年度最佳公益踐行獎), “Best Charity Communication Award 2013” (2013年度最佳公益傳播獎) and “Charity Benchmark of Shenzhen” (深圳公益標杆) at the third China Charity Festival (中國公益節).

IV. Our Business Development in Future

The outlook of economic growth among developed countries will further diverse in 2015, with the US economy enjoying a more favourable recovery than Europe and Japan. Meanwhile, as compared with the developed countries, economy of emerging markets will face greater downward pressure in general. Despite the positive momentum brought about by the implementation of a moderate monetary policy and a series of favourable policies in China, the economy may witness drop in demand, decline in investment, decrease in consumption and uncertainties in export. The expected GDP growth rate will be at 7.4% and the CPI will rise by 2.0%.

China's real estate market will remain bullish in first tier cities and very few second tier cities in 2015. However, along with the slowing down of urbanisation and population growth, most of the second tier cities as well as third and fourth tier cities will face the challenge of oversupply due to economic policy and changes in market supply and demand. The Group believes as the golden era of China's real estate industry has gone, the market has entered the stage of in-depth development of customer value and integration of resources across different levels. The real estate market in China will see its “second spring”, as a result of stocked properties replacing new supply properties to be the market focus.

In order to capture this new development opportunity, in addition to the establishment of Colour Life and the operation platforms for residential community services in Jiefang District (解放區), the Company has further developed commercial communities for international properties, business communities that adopts business management style and elderly service community that focused on senior care industry. On the other hand, the Company will develop a new business system from the perspective of finance under the growing importance of internet. Fantasia will continue to promote its four main aspects, namely community finance, community cultural tourism, community building and community education, and gradually move towards the coordination and full integration of businesses of the eight main sectors. Through the integration of online and offline services via the Internet, Fantasia will form an organic community business ecosphere constituting the eight major sectors.

V. Appreciation

The development of Fantasia was founded on the tremendous support from all parties in the society and the contributions of our staff. On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Looking forward, the Group will build a coordinative organic ecosphere based on the financial services and the Internet, actively promote the globalisation of our development strategies and step by step shift towards light asset based business. It will also gradually adopt an organisation structure that separates the operation of front and back offices and supervise their coordination, so as to establish itself as an integrated strategic investment holding group.

Fantasia will adhere to the brand vision of “Fantasia Creates Value” and endeavour to create maximum value and best return for shareholders and investors!

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of its developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services and (v) the provision of hotel management and related services. For the year ended 31 December 2014, turnover of the Group amounted to approximately RMB7,306 million, representing an increase of 0.4% from approximately RMB7,280 million in 2013. Profit for the year attributable to the owners of the Company was approximately RMB1,255 million, representing an increase of 3.3% from approximately RMB1,215 million in 2013.

Property Development

The Group recognises revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of the Group's properties held for sales. Revenue derived from property development decreased by 2.9% to approximately RMB6,535 million in 2014 from approximately RMB6,733 million in 2013, which remained stable as compared to last year.

The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in 2014 and 2013.

	2014			2013		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB/square meter	RMB'000	Square meters	RMB/square meter
Chengdu Future Plaza (成都香年廣場)	69,402	6,350	10,929	574,983	54,211	10,606
Shenzhen Funian Plaza (深圳福年廣場)	–	–	–	16,856	745	22,631
Huizhou Fantasia Special Town (惠州別樣城)	1,152,616	221,984	5,192	81,633	13,645	5,983
Chengdu Fantasia Town (成都花樣城)	328,760	80,248	4,097	217,009	50,783	4,273
Dongguan Wonderland (東莞江山)	553,081	85,053	6,502	691,878	108,043	6,404
Wuxi Love Forever (無錫花郡)	335,956	50,357	6,671	83,363	8,461	9,852
Suzhou Lago Paradise (蘇州太湖天城)	709,124	126,493	5,606	217,491	17,066	12,744
Dongguan Mont Conquerant (東莞君山)	1,760	147	11,972	30,947	2,842	10,888

MANAGEMENT DISCUSSION AND ANALYSIS

	2014			2013		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB/square meter	RMB'000	Square meters	RMB/square meter
Chengdu MIC Plaza (成都美年國際廣場)	4,058	494	8,215	15,568	2,121	7,339
Chengdu Grande Valley (成都大溪谷)	367,915	35,654	10,319	41,794	4,232	9,875
Chengdu Belle Eqopue (成都君山)	18,801	3,930	4,784	19,843	2,829	7,013
Chengdu Funian Plaza (成都福年廣場)	43,035	3,563	12,078	1,617,941	132,212	12,237
Tianjin Love Forever (天津花郡)	432,806	69,684	6,211	431,890	50,593	8,537
Wuxi Hailun Plaza (無錫喜年廣場)	46,503	8,643	5,380	196,114	25,268	7,761
Huizhou Love Forever (惠州花郡)	194,039	44,473	4,363	220,919	49,784	4,438
Guilin Fantasia Town (桂林花樣城)	1,168,126	237,520	4,918	942,078	158,491	5,944
Nanjing Yuhuatai Project (南京花生唐)	1,143	53	21,566	932,745	44,597	20,915
Dali Human Art Wisdom (大理藝墅花鄉)	24,069	1,276	18,863	327,571	52,545	6,234
Guilin Lakeside Eden Community (桂林麓湖國際社區)	522,671	56,012	9,331	–	–	–
Chengdu Longnian Plaza (成都龍年廣場)	453,316	31,973	14,178	–	–	–
Huizhou TCL Project (惠州TCL項目)	55,643	8,934	6,228	–	–	–
	6,482,824	1,072,841	6,043	6,660,623	778,468	8,556
Other (including sales of car parks and construction of relocation housing)						
	52,495	–	–	72,717	–	–
	6,535,319	–	–	6,733,340	–	–



Suzhou Hailun Plaza

Property Investment

Revenue generated from property investment increased by 5.4% to approximately RMB136 million in 2014 from approximately RMB129 million in 2013. The increase was primarily due to the increased area of externally leased investment properties.

Property Agency Services

Revenue derived from property agency services increased by 46.1% to approximately RMB19 million in 2014 from approximately RMB13 million in 2013. The increase was primarily due to the increase in the number of communities that the Group provided agency services and management services to.

Property Operation Services

Revenue derived from property operation services increased by 60.0% to approximately RMB504 million in 2014 from approximately RMB315 million in 2013. The increase was primarily due to the increase in both the GFA of the properties under our management and the areas of value-added services provided in 2014.

Hotel Services

Revenue derived from hotel services increased by 23.3% to approximately RMB111 million in 2014 from approximately RMB90 million in 2013. Such increase was primarily due to the increase of the revenue arising from the commencement of operation of the Hotel 373 in the US in the current year.

Gross Profit and Margin

Gross profit increased by 0.47% to approximately RMB2,807 million in 2014 from approximately RMB2,794 million in 2013, while the Group's gross profit margin maintained at a high level of 38.4% in 2014 which remains substantially the same as that in 2013.

Other Income, Gain and Losses

In 2014, the Group recorded other net loss of RMB13 million, while other net gain of approximately RMB386 million was recorded in 2013. Such difference was mainly attributable to (1) the exchange loss of RMB51 million in 2014 while an exchange gain of RMB92 million was recorded in 2013; and (2) the investment income of approximately RMB246 million gained from the provision of land development services to the Pixian Government in Chengdu City, Sichuan Province in 2013 while there was no such kind of income in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 14.3% to approximately RMB270 million in 2014 from approximately RMB315 million in 2013. As compared to that in 2013, such decrease was due primarily to the Group's tighter control on costs in 2014; while contracted sales in 2014 remained substantially the same as that in 2013, in particular, the Group promoted sales revenue by leveraging more on internal sales teams' efforts instead of relying primarily on spending more on external sales agency and advertisement as in 2013.

Administrative Expenses

The Group's administrative expenses increased by 20.3% to approximately RMB586 million in 2014 from approximately RMB487 million in 2013. This increase was mainly due to the increase in the number of staff in response to the expansion of the Group's scale of operation for the Group's business development during its transformation towards a community-based company.

Finance Costs

The Group's finance costs increased by 11.9% to approximately RMB291 million in 2014 from approximately RMB260 million in 2013. Most of the Group's bank loans and senior notes were used for projects constructions. The Group's finance costs increased as a result of the interest of the senior notes the Group issued in January 2014, despite an increase in the Group's capitalisation ratio due to a growth in the number of projects under construction during the current period.

Income Tax Expenses

The Group's income tax expenses decreased by 1.5% to approximately RMB1,157 million in 2014 from approximately RMB1,174 million in 2013. The decrease was primarily due to the settlement of the land appreciation tax in relation to six projects in the current year, offsetting the over-provision of land appreciation tax aggregated to RMB194 million in previous years.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased by 3.3% to approximately RMB1,255 million in 2014 from approximately RMB1,215 million in 2013.



Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2014, the Group's bank balances and cash were in the sum of approximately RMB4,653 million (2013: approximately RMB3,632 million), representing an increase of 28.1% as compared to that as at 31 December 2013. A portion of the Group's cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to.

Net Gearing Ratio

The net gearing ratio was 86.7% as at 31 December 2014 compared to that of 104.8% as at 31 December 2013, representing a substantial decrease of 18.1 percentage points. The net gearing ratio was measured by net debt (aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash) over the total equity. In 2014, due to the unfavourable property market, the Group optimised its equity structure and maintained a reasonable proportion of long-term and short-term debts as well as strictly implemented the budget for cash flows so as to substantially reduce its gearing ratio and establish a more stable and sound financial structure.

Borrowings and Charges on the Group's Assets

As at 31 December 2014, the Group had an aggregate borrowings and senior notes of approximately RMB7,774 million (31 December 2013: approximately RMB6,995 million) and approximately RMB6,768 million (31 December 2013: approximately RMB4,843 million), respectively. Amongst the borrowings, approximately RMB4,123 million (31 December 2013: approximately RMB1,873 million) will be repayable within one year, approximately RMB2,795 million (31 December 2013: approximately RMB4,594 million) will be repayable between two to five years and approximately RMB856 million (31 December 2013: approximately RMB528 million) will be repayable after five years. The senior notes were repayable between one to six years.

As at 31 December 2014, a substantial part of the borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiary companies of the Group and by pledge of their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings, redeemable shares, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings and senior notes. During 2014, though the exchange rates of RMB against U.S. dollar and Hong Kong dollar decreased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Commitments

As at 31 December 2014, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB4,487 million (2013: RMB4,764 million).

Contingent Liabilities

As at 31 December 2014, the Group had provided guarantees amounting to approximately RMB4,778 million (2013: approximately RMB3,163 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2014 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2014, the Group had approximately 24,491 employees (31 December 2013: 12,412 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2014 amounted to approximately RMB430 million (2013: approximately RMB333 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2014, total 142,660,000 share options were granted and 7,115,800 (2013: 25,090,000) share options had lapsed while 124,200 (2013: nil) share options was exercised during the year. As at 31 December 2014, the outstanding share options were 108,990,000.

BUSINESS REVIEW

Property Development

Contracted Sales and Project Development

After the rapid development in 2013, the market returned to normal in 2014 with sales slowing down and stock level increasing; the results of most companies grew less than satisfactory compared to those of 2013. Affected by the general market atmosphere, most of the property companies acted prudently in 2014, proactively reduced the scale of production and lowered their land reserves. Judging from the growth of investment in the property market, the rate was gradually slowing down and the number of new projects continued to drop; the development of property market was entering a new normal of slow growth. At the same time, land costs and financial costs remained high, market slipped and general property prices declined, thus profit decreased. Amid a slow market, competition among small and medium property companies became more severe, with most of the small and medium property companies going out of business, further accelerating the speed of industry consolidation.

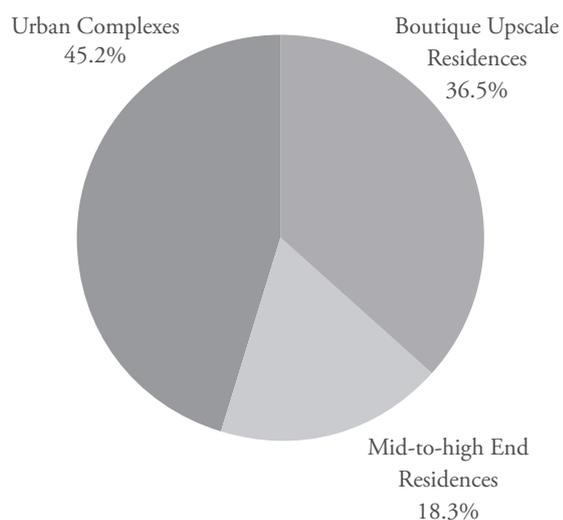
During the first half of 2014, the de-administration of the macro-control policies was gradually in place and the market was once again manipulated by market forces thus releasing ample demands. During the second half of the year, in particular the fourth quarter, the market warmed up again, the major developers seized this opportunity and took proactive action to promote the sales of stock up properties in order to achieve outstanding results. The market was steaming hot and bench mark property companies delivered brilliant results. Judging from market changes during the reporting period, despite market rebound, the market was generally dominated by the tendency of rise in volume while drop in price. Since the stock level remained high, destocking would be the key strategy in the future.

Taking the market performance in the first half of the year into account, the Group adhered to its steady and prudent business strategies in order to ensure that its cash flows and capital were cautiously managed. Due to the general situation in the property market and the adjustment in the value of the properties, sales of the Group for the first half of the year was lower than expected. During the second half of the year, in view of the limited numbers of new projects, the Group assessed and analysed the situations and acted promptly for a window of opportunity to focus on making breakthroughs on destocking through a variety of means and strategies as well as enhance the team's competitiveness quickly so as to achieve significant breakthroughs in terms of market performance.

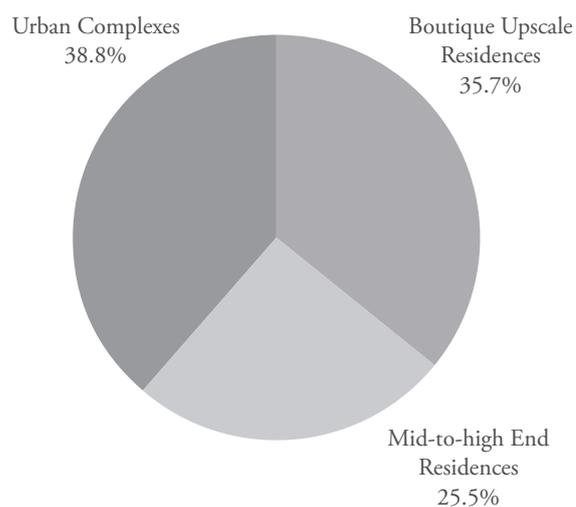
MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the Group recorded contracted sales of RMB10,213.60 million and contracted sales area of 1,380,125.46 square meters ("sq.m."). RMB4,618.78 million of the total contracted sales was derived from urban complexes projects, which accounted for 45.2%, and RMB3,729.37 million of the total contracted sales was derived from boutique upscale residences projects, which accounted for 36.5%.

The proportion of contracted sales attributable to different categories of products



The proportion of contracted sales area attributable to different categories of products



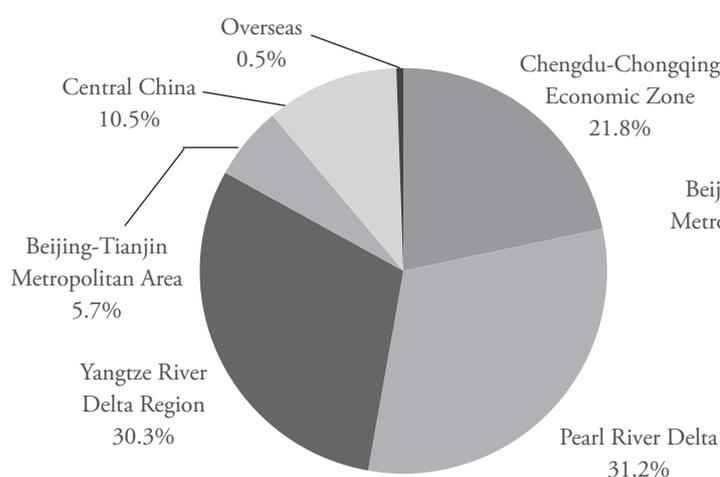
The proportion of contracted sales and contracted sales area attributable to different categories of products in 2014

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	4,618.78	45.2	534,808.17	38.8
Mid-to-high End Residences	1,865.45	18.3	352,275.97	25.5
Boutique Upscale Residences	3,729.37	36.5	493,041.32	35.7
Total	10,213.60	100.0	1,380,125.46	100.0

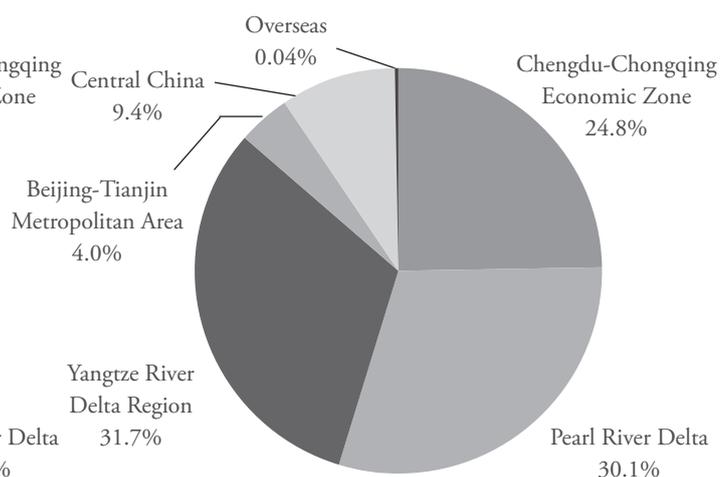
MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the contracted sales contribution of the Group's real estate business were mainly derived from 14 cities, including Chengdu, Guilin and Huizhou, and 33 projects, including Chengdu Fantasia Town, Chengdu Longnian International Centre, Guilin Fantasia Town, Huizhou Fantasia Special Town, Suzhou Fantasia Special Town and Wuhan Love Forever. As compared to last year, the Group used Wuhan city as a strategic location to enter the Central China market and earned good reputation and impact in the local market, which resulted in a more balanced portfolio for the Group's real estate business and the successful implementation of the strategic plan for its real estate business in China.

The contracted sales distribution in the six major regions in 2014



The contracted sales area distribution in the six major regions in 2014



The breakdown of the Group's contracted sales in the six major regions in 2014

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Chengdu-Chongqing Economic Zone	2,224.93	21.8	341,802.26	24.8
Pearl River Delta	3,187.48	31.2	415,057.09	30.1
Yangtze River Delta Region	3,090.39	30.3	437,247.31	31.7
Beijing-Tianjin Metropolitan Area	579.89	5.7	55,375.85	4.0
Central China	1,076.27	10.5	130,115.95	9.4
Overseas	54.64	0.5	527.00	0.04
Total	10,213.60	100.0	1,380,125.46	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

Chengdu-Chongqing Economic Zone

Chengdu-Chongqing Economic Zone is one of the most important drivers for economic growth in China. Driven by its systematic planning for transport development, Chengdu will become the strategic economic region for modern service industry and new and high-technology industry. The Group entered Chengdu market in early 2001. With the brand reputation that the Group has accumulated over the past 13 years, the Group has become one of the strongest property developers in Chengdu. In 2014, the Group is aiming to actively expand the development of the Group's projects in Chongqing and strive to complete comprehensive expansion of Chengdu-Chongqing Economic Zone.

During the reporting period, the Group recorded contracted sales area of approximately 341,802 sq.m. in Chengdu-Chongqing Economic Zone and contracted sales of approximately RMB2,224.93 million, attributing 24.8% and 21.8% of the total contracted sales area and total contracted sales of properties to the Group, respectively.

Pearl River Delta

Pearl River Delta, being one of the most important drivers for economic growth in China, was where Fantasia grew and its strategy of "Blossoming China" developed. The Group targeted Shenzhen as the center and Huizhou and Dongguan as the radiated regions, while speeding up the business development in Guilin market.

During the reporting period, the Group recorded contracted sales area of approximately 415,057 sq.m. in Pearl River Delta and recorded contracted sales of approximately RMB3,187.48 million, attributing 30.1% and 31.2% of the total contracted sales area and total contracted sales of properties to the Group, respectively.

Beijing-Tianjin Metropolitan Area

Beijing-Tianjin Metropolitan Area, which is the third pole for China's economic growth as well as the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, enjoys a prominent strategic position. This area, having the advantage of being the national political, economic and cultural center, has become one of the most attractive areas in China at an earlier time. During the reporting period, based on the existing projects, the Group actively expanded industry projects, which is the core direction of real estate transformation in first-tier cities.

During the reporting period, the Group recorded contracted sales area of approximately 55,375.85 sq.m. and contracted sales of approximately RMB579.89 million in Beijing-Tianjin Metropolitan Area, attributing 4.0% and 5.7% of the total contracted sales area and total contracted sales of properties to the Group, respectively.

Yangtze River Delta Region

Yangtze River Delta Region is the region which enjoys the strongest integrative strength and the most-balanced development. Due to its extensive geographic coverage and strategic development, the region shall become an important focus for the growth of China's property industry. The Group paid continuous attention to its current projects as well as the key cities that have great growth potential within the region. During the reporting period, the Group has promoted the implementation of housing industrialisation in Suzhou Fantasia Special Town projects and succeeded in the sales of housing industrialisation projects.

During the reporting period, the Group recorded contracted sales area of 437,247.31 sq.m. and contracted sales of approximately RMB3,090.39 million in the Yangtze River Delta Region, attributing 31.7% and 30.3% of the total contracted sales area and total contracted sales of properties to the Group, respectively.

Central China

Central China is one of the regions in China that has high economic growth potential. It is the centre of industry and agriculture as well as a transport hub of the country. This region, playing an important role of linking the eastern, southern, western and northern parts of China, is of high strategic significance. During the reporting period, the Group used Wuhan city as a strategic location to smoothly implement its strategic planning for the region and achieved significant breakthroughs.

During the reporting period, the Group recorded contracted sales area of 130,116 sq.m. and contracted sales of approximately RMB1,076.27 million in Central China, attributing 9.4% and 10.5% of the total contracted sales area and total contracted sales of properties to the Group, respectively.

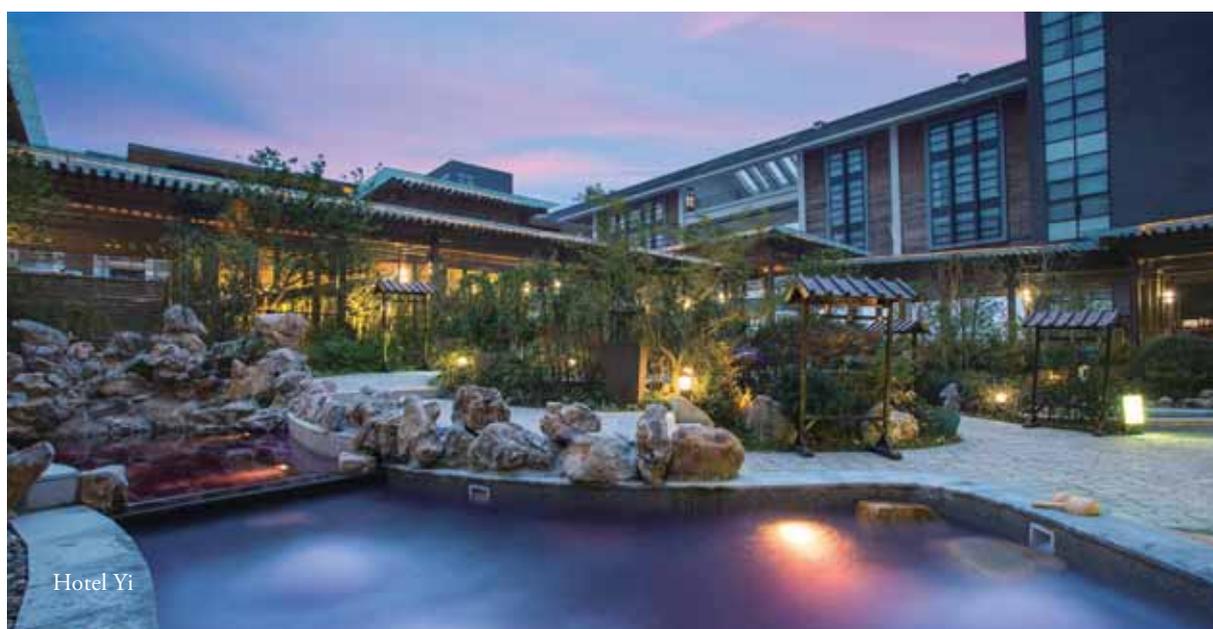
Overseas

Singapore is one of the United States dollar centres and one of the most important financial, service and shipping centres in Asia. As the first stop where the Group advanced into overseas real estate market, Singapore has an important strategic meaning to the international development of the Group.

During the reporting period, the Group recorded contracted sales area of 527 sq.m. and contracted sales of approximately RMB54.64 million overseas, attributing 0.04% and 0.5% of the total contracted sales area and total contracted sales of properties to the Group, respectively.

Newly Commenced Projects

During the reporting period, the Group had 22 projects or phases of projects which were newly commenced, with a total planned GFA of approximately 1,805,381 sq.m..



MANAGEMENT DISCUSSION AND ANALYSIS

The breakdown of newly commenced projects in 2014

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
PEARL RIVER DELTA						
1	Phase 2 of Shenzhen Able	Baolong Industrial Zone, Longgang, Shenzhen City	Plants and ancillary offices	2016	61%	85,428
2	Shenzhen Lenian Plaza (深圳樂年廣場)	Longgang District, Shenzhen City	Industrial plants and carparks	2016	60%	127,123
3	Nanshan District Project (南山區項目)	Nanshan District, Shenzhen City	Industrial plants and carparks	2018	100%	39,587
4	Dongguan Wonderland	Huangjiang Town, Dongguan City	Residential and commercial purposes	2015	100%	34,289
5	Building 1-2# of Phase 1 of Huizhou TCL Kangchensiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	2016	100%	31,505
6	Phase 1 of Huizhou TCL Kangchensiji Land Plot No. 8	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	2016	100%	33,254
7	Phase 2 of Huizhou TCL Kangchensiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	Building 9-12#: 2015 Building 16#: 2016 Building 15#: 2018	100%	82,330
8	B District, North Coast of Guilin Lakeside Eden (桂林麓湖國際北岸B區)	Lingui New District, Guilin City	Residential and commercial purposes	Building 1, 8#: 2016 Building 2, 3#: 2017 Others: 2018	100%	243,210

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
CHENGDU-CHONGQING ECONOMIC ZONE						
1	Phase 2.2 of Chengdu Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	2015	100%	14,980
2	Phase 2.3 of Chengdu Meinian International Plaza	Chengdu High-technology Zone, Chengdu City	Educational land use	2015	100%	48,992
3	Grande Valley 12-1	Pujiang County, Chengdu City	Residential and commercial purposes	2017	100%	3,497
4	Chengdu Pi County Project (成都郫縣項目)	Pi County, Chengdu City	Residential and commercial purposes	2018	100%	129,814
YANGTZE RIVER DELTA						
1	Phase 2 of Suzhou Fantasia Special Town	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	2016	100%	143,521
2	Suzhou Lago Paradise Land Plot No. 4	Taihu National Tourism Vacation Zone, Suzhou City	Residential, commercial and ancillary purposes	2016	100%	9,166
3	Phase 1 of Nanjing Fantasia Town (南京花樣城 1期)	Ninggao High-Tech Industrial Park, Gaochun Economic Development Zone (高淳區開發區寧高高科技園區)	Residential and commercial purposes	2016	100%	112,444
4	Phase 1 of Nanjing Hailun Plaza (南京喜年廣場 1期)	Central North Road, Gulou District, Nanjing City (南京市鼓樓區中央北路)	Commercial land use	2017	60%	199,395

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
CENTRAL CHINA						
1	Phase 2 of Wuhan Love Forever (武漢花郡2期)	Wufeng Village, Heping Avenue, Hongshan District, Wuhan City	Residential, commercial and ancillary purposes	2015	100%	100,450
2	Phase 1 of Wuhan Fantasia Town (武漢花樣城一期)	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City (武漢市東西湖區金銀湖生態園)	Residential land use	2015	100%	155,034
BEIJING-TIANJIN METROPOLITAN AREA						
1	Phase 4.1 of Tianjin Love Forever	Wuqing District, Tianjin City	Residential land use	2016	100%	72,177
2	Phase 1 of Tianjin Huaxiang (天津花鄉1期)	Wuqing District, Tianjin City	Residential land use	2015	100%	16,479
3	Tianjin Meinian International Plaza (天津美年廣場)	Hexi District, Tianjin City	Offices	2016	100%	99,803
SINGAPORE						
1	6 Derbyshire	Novena, Singapore	Residential and commercial purposes	2016	90%	22,904
Total						1,805,381

MANAGEMENT DISCUSSION AND ANALYSIS

Completed Projects

During the reporting period, the Group completed 18 projects or phases of projects, with a total GFA of approximately 1,693,227 sq.m..

The breakdown of completed projects in 2014

Project-serial number	Project name	GFA	Gross saleable area	Area held for sale		Area held by the Company
				Area for sale	Contracted sales area	
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
PEARL RIVER DELTA						
1	Shenzhen Xingnian Plaza	52,340	40,222	–	40,222	–
2	Shenzhen Longqi Bay (深圳龍岐灣)	38,139	24,871	24,871	–	–
3	Phase 3.2 of Dongguan Wonderland	86,965	85,045	421	84,624	–
4	Phase 3 of Huizhou Fantasia Special Town	159,918	113,183	5,590	107,593	–
5	Phase 5 of Huizhou Fantasia Special Town	149,970	119,753	3,145	116,608	–
6	Phase 2 of Huizhou Love Forever (惠州花郡2期)	41,390	39,567	1,710	37,857	–
7	Guilin Fantasia Town	324,453	262,467	20,918	241,549	–
8	A1 District, North Coast of Guilin Lakeside Eden (桂林麓湖國際北岸A1區)	37,058	24,816	483	24,333	–
9	C1 District, North Coast of Lakeside Eden (麓湖國際北岸C1區)	57,118	57,118	28,949	28,169	–
10	Four Points by Sheraton at Guilin Fantasia Town (桂林花樣城福朋酒店)	28,647	28,647	–	–	28,647

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	GFA	Gross saleable area	Area held for sale		Area held by the Company
				Area for sale	Contracted sales area	
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
YANGTZE RIVER DELTA						
1	Phase 1 of Suzhou Fantasia Special Town (Land Plot No.8)	134,482	122,442	1,277	121,165	–
2	Wuxi Love Forever (無錫花郡)	88,327	55,846	11,124	44,723	–
CHENGDU-CHONGQING ECONOMIC ZONE						
1	Phase 2.2.1 of Chengdu Grande Valley	6,998	6,916	337	6,579	–
2	Phase 2.2.2 of Chengdu Grande Valley	26,000	26,000	3,472	22,528	–
3	Phase 1.1 of Chengdu Longnian International Center (Land Plot No. 1-7) (成都龍年中心1.1期(1-7#))	241,050	183,646	72,809	58,930	52,626
4	Phase 4.2 of Chengdu Fantasia Town	129,615	80,412	–	80,412	–
BEIJING-TIANJIN METROPOLITAN AREA						
1	Phase 1.2 of Tianjin Love Forever	32,026	24,271	–	24,271	–
2	Phase 1.3 of Tianjin Love Forever	58,731	58,731	10,116	48,614	–
Total		1,693,227	1,353,954	185,222	1,088,178	81,273

MANAGEMENT DISCUSSION AND ANALYSIS

Projects Under Construction

As at 31 December 2014, the Group had 37 projects or phases of projects under construction, with a total planned GFA of 4,562,092 sq.m. and a planned gross saleable area of 3,437,101 sq.m., among which the accumulated contracted area was 1,419,186 sq.m..

Project serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Shenzhen								
1	Longnian Building (龍年大廈)	Longgang District, Shenzhen City	Commercial and financial land use	64%	2015	38,482	28,957	Urban Complexes
2	Phase 2 of Able	Longgang District, Shenzhen City	Industrial land use	61%	2016	85,428	65,109	Industrial Plants
3	Lenian Plaza (樂年廣場(華創))	Longgang District, Shenzhen City	Industrial plants and carparks	60%	2016	127,123	86,344	Industrial Plants
4	Nanshan District Project (南山區項目)	Nanshan District, Shenzhen City	Industrial plants and carparks	100%	2018	39,587	39,587	Industrial Plants
Huizhou								
1	Phase 4 of Fantasia Special Town	Huinan Road, Huizhou City	Residential and commercial purposes	100%	2016	156,155	129,716	Mid-to-high End Residences
2	Phase 1 of Kangchengsiji Land Plot No. 8	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2016	33,254	32,565	Mid-to-high End Residences
3	Phase 2 of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	Building 9-12#: 2015 Building 16#: 2016 Building 15#: 2018	82,330	75,664	Mid-to-high End Residences
4	Building 1-2# of Phase 1 of Huizhou TCL Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2016	31,505	31,048	Mid-to-high End Residences

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Dongguan								
1	Wonderland (Commercial) Land Plot No. 1 (江山花園商業 1#)	Huangjiang Town, Dongguan City	Residential and commercial purposes	100%	2015	1,387	1,387	Boutique Upscale Residences
2	Dongguan Wonderland (江山薈)	Huangjiang Town, Dongguan City	Residential and commercial purposes	100%	2015	34,289	14,208	Urban Complexes
Guilin								
1	Guilin Fantasia Town	Lingui New District, Guilin City	Residential and commercial purposes	100%	2016	96,342	72,682	Urban Complexes
2	B District, North Coast of Guilin Lakeside Eden (桂林麓湖國際北岸B區)	Lingui New District, Guilin City	Residential and commercial purposes	100%	1, 8#: 2016 2, 3#: 2017 Others: 2018	243,210	206,571	Boutique Upscale Residences
3	Block C2 of Guilin Lakeside Eden Community	Lingui New District, Guilin City	Residential and commercial purposes	100%	3#: 2016 5, 6#: 2017	149,670	93,882	Boutique Upscale Residences
4	Block D of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	51%	Building 1, 3#: 2015 Building 2, 5#: 2016	123,000	95,299	Boutique Upscale Residences
5	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	51%	1, 2#: 2016 3#: 2018	119,709	89,800	Boutique Upscale Residences

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Chengdu								
1	Phase 2.2 of Grande Valley	Pujiang County, Chengdu City	Residential land use	100%	2015	26,006	26,006	Boutique Upscale Residences
2	Phase 5 of Fantasia Town	Wenjiang District, Chengdu City	Residential and commercial purposes	60%	2015	367,297	282,634	Mid-to-high End Residences
3	Phase 2 of Meinian International Plaza	Chengdu High-technology Zone, Chengdu City	Residential, commercial and educational purposes	100%	Phase 2.1: 2015 Phase 2.2: 2016 Phase 2.3: 2016	546,836	424,872	Urban Complexes
4	Phase 1.2, 1.3 and 2.1 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2015	236,457	184,652	Urban Complexes
5	Four Points by Sheraton of Grande Valley	Pujiang County, Chengdu City	Hotels	100%	2016	33,700	33,700	Hotels
6	Grande Valley 12-1	Pujiang County, Chengdu City	Residential and commercial purposes	100%	2016	3,497	3,497	Boutique Upscale Residences
7	Chengdu Pi County Project (成都郫縣項目)	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	129,814	129,814	Boutique Upscale Residences

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Tianjin								
1	Ancillaries of Phase 1.3 of Love Forever (花郡 1.3 期配套)	Wuqing District, Tianjin City	Residential land use	100%	2016	2,679	2,679	Mid-to-high End Residences
2	Phase 4.1 of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	2016	72,177	43,394	Boutique Upscale Residences
3	Phase 1 of Huaxiang (花乡 1 期)	Wuqing District, Tianjin City	Residential land use	100%	2016	16,479	10,248	Boutique Upscale Residences
4	Meinian International Plaza	Hexi District, Tianjin City	Offices	100%	2016	99,803	68,444	Urban Complexes
Suzhou								
1	Phase 2 of Fantasia Special Town	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	2015	143,521	105,410	Mid-to-high End Residences
2	Suzhou Lago Paradise Land Plot No. 4	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	Phase 2.1: 2015 Phase 2.2: 2016 Phase 2.3: 2016	28,842	21,816	Boutique Upscale Residences
3	Hailrun Plaza	Binhe Road West, Shangxin District, Suzhou City	Residential and commercial purposes	100%	2016	330,589	198,743	Urban Complexes

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Nanjing								
1	Phase 1 of Fantasia Town	Ninggao High-Tech Industrial Park, Gaochun Economic Development Zone (高淳區開發區寧高科技園區)	Residential and commercial purposes	100%	2016	112,444	105,526	Mid-to-high End Residences
2	Phase 1 of Hailun Plaza	Central North Road, Gulou District, Nanjing City (南京市鼓樓區中央北路)	Commercial land use	60%	2017	199,395	123,763	Urban Complexes
Wuxi								
1	Phase 4 of Love Forever	New District, Wuxi City	Residential and commercial purposes	100%	2015	89,033	45,407	Boutique Upscale Residences
Wuhan								
1	Phase 1 and 2 of Love Forever	Hongshan District, Wuhan City	Residential and commercial purposes	100%	2015	189,709	142,042	Boutique Upscale Residences
2	Phase 1 of Fantasia Town	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City (武漢市東西湖區金銀湖生態園)	Residential land use	100%	2015	155,034	117,743	Mid-to-high End Residences

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Beihai								
1	Mangrove	Beihai City	Residential and commercial purposes	100%	Phase 1: 2015 Phase 2: 2016	176,899	141,547	High End Residences
Ningbo								
1	Love Forever	Beilun District, Ningbo City	Residential and commercial purposes	100%	Phase 1: 2015 Phase 2: 2016	217,507	150,795	Boutique Upscale Residences
Singapore								
1	6 Derbyshire	Novena, Singapore	Residential and commercial purposes	90%	2016	22,904	11,551	Boutique Upscale Residences
Total						4,562,092	3,437,101	

Projects Held for Development

As at 31 December 2014, the Group had 19 projects or phases of projects held for development, with a total planned GFA of approximately 4,362,331 sq.m..

	sq.m.	%
Pearl River Delta	1,651,668	38%
Chengdu-Chongqing Economic Zone	1,270,667	29%
Yangtze River Delta	510,614	12%
Beijing-Tianjin Metropolitan Area	667,189	15%
Central China	262,193	6%
Overseas	–	0.00%
Total	4,362,331	100%

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
Shenzhen					
1	Xinghua Industrial Project (興華工業項目)	Shekou District, Shenzhen City	Commercial and financial purposes	61%	37,500
Subtotal					37,500

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	456,689
2	Qiuchang Project (秋長項目)	Danshui Town, Huiyang District, Huizhou City	Residential purpose	100%	159,387
Subtotal					616,076
Suzhou					
1	Remaining phases of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	100%	73,229
Subtotal					73,229
Wuxi					
1	Remaining phases of Wuxi Love Forever	New District, Wuxi City	Residential and commercial purposes	100%	19,420
Subtotal					19,420
Dongguan					
1	Wonderland Kindergarten (江山幼兒園)	Huangjiang Town, Dongguan City	Residential and commercial purposes	100%	4,271
Subtotal					4,271
Guilin					
1	Remaining phases of Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	100%	993,821
Subtotal					993,821

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary purposes	100%	265,812
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	727,088
3	Remaining phases of Meinian International Plaza	High-technology Zone, Chengdu City	Educational land use	100%	23,903
4	Remaining phases of Chengdu Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	253,864
Subtotal					1,270,667
Beijing					
1	Qingnian Road Project	Qingnian Road, Beijing	Commercial purpose, offices and carparks	100%	140,000
Subtotal					140,000
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential purpose	100%	98,150
2	Remaining phases of Huaxiang (花鄉)	Wuqing District, Tianjin City	Residential purpose	100%	260,700
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism purposes	100%	168,339
Subtotal					527,189

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA (sq.m.)
Nanjing					
1	Fantasia Town	Ninggao High-Tech Industrial Park, Gaochun Economic Development Zone (高淳區開發區 寧高科技園區)	Residential and commercial purposes	100%	297,852
2	Hailrun Plaza	Central North Road, Gulou District, Nanjing City (南京市鼓樓區 中央北路)	Commercial land use	60%	120,113
Subtotal					417,965
Wuhan					
1	Remaining phases of Love Forever	Hongshan District, Wuhan City	Residential purpose	100%	68,458
2	Fantasia Town Project	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City (武漢市東西湖區 金銀湖生態園)	Residential purpose	100%	193,735
Subtotal					262,193
Total					4,362,331

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Land Bank

During the reporting period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai and Shenzhen, which enjoy strong market potential and are capable of delivering prosperous return. As at 31 December 2014, the planned GFA of the Group's land bank amounted to approximately 14.55 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 5.63 million sq.m..

Region	Projects under construction (sq.m.)	Projects to be developed (sq.m.)	Projects under framework agreements (sq.m.)	Aggregate planned GFA of landbank (sq.m.)	Proportion
Chengdu-Chongqing Economic Zone				5,905,462	40.6%
Chengdu	1,343,607	1,270,667	3,178,016	5,792,290	
Kunming			113,172	113,172	
Pearl River Delta				5,414,424	37.2%
Shenzhen	290,620	37,500	2,065,000	2,393,120	
Huizhou	303,243	616,076	159,387	1,078,706	
Dongguan	35,676	4,271		39,947	
Guilin	731,931	993,821		1,725,752	
Beihai	176,899			176,899	
Beijing-Tianjin Metropolitan Area				933,327	6.4%
Beijing		140,000	75,000	215,000	
Tianjin	191,138	527,189		718,327	
Yangtze River Delta				1,670,745	11.5%
Suzhou	502,952	73,229		576,181	
Wuxi	89,033	19,420		108,453	
Shanghai			38,800	38,800	
Nanjing	311,839	417,965		729,804	
Ningbo	217,507			217,507	
Central China				606,936	4.2%
Wuhan	344,743	262,193		606,936	
Overseas				22,904	0.2%
Singapore	22,904			22,904	
Total	4,562,092	4,362,331	5,629,375	14,553,798	

Colour Life Group

During the reporting period, the community services business of the Group maintained rapid growth while Colour Life continued to expand its management areas through engagement and acquisition. As at 31 December 2014, Colour Life Group had contracted management area of or provided consultancy service to over 200,000,000 sq.m. and contracted management projects of or provided consultancy service to over 1,200 in total. Currently, projects managed by Colour Life Group cover over 100 cities including provincial capitals, such as Beijing, Tianjin, Shenyang, Harbin, Changchun, Shanghai, Hangzhou, Nanjing, Xi'an, Yinchuan, Guiyang, Changsha, Wuhan, Zhengzhou, Guangzhou, Nanchang, Chengdu, Nanning and Haikou, and cities in the Yangtze River Delta, such as Suzhou, Wuxi and Yangzhou, as well as cities in the Pearl River Delta, such as Foshan, Zhuhai, Zhongshan and Huizhou, initially forming a regional layout covering regions such as Shenzhen, Eastern China, Southern China (excluding Shenzhen), Northwest China, Southwest China, Northeast China, Northern China, Central China and Singapore. Currently, Colour Life Group has become a large-scale property service group, comprising 14 corporations with the certificate of National Class 1 Aptitude on Property Management and 27 corporations with the certificate of National Class 2 Aptitude on Property Management, signifying a further enhancement and expansion of the influence of the reputation of the community services branding of Colour Life. In the past year, Colour Life also achieved considerable progress in its online services business and further enhanced its competition advantages of online and offline community services platforms.

In recent years, the labour cost of property service industry continued to increase. In order to tackle the challenges posted by such increase and further enhance the efficiency of the property management services, Colour Life Group continued to implement Internet-technology-based modifications to the projects under its management. Commencing from the second half of 2014, Colour Life Group further upgraded and modified Colour Life's property management model V2.2 in the communities managed by Colour Life. As at 31 December

2014, 410 projects completed their modifications on hardware facilities, and 280 projects completed the comprehensive inspection and acceptance procedures. Other than upgrading the hardware facilities in the communities, model V2.2 also emphasised on the promotion of Caizhiyun mobile application. Currently, Caizhiyun is equipped with functions for paying property management fees and submitting complaints about services, and, in terms of its vertical applications, it is loaded with applications for electronically repairing services and electronic financial management services which created convenience for residential community owners and strengthened the interactions and communications between Colour Life and the residential community owners, resulting in the enhancement of cohesion between residential community owners and Caizhiyun. Colour Life Group believes that this will further boost Colour Life Group's capability in catering the demands for community services in an era of mobile network, facilitate replication of our management model applicable to communities, and seamlessly integrate our online and offline businesses, provide strong assurance to Colour Life Group centralised business model of and the quality of our property management services, thereby further sharpening our competitive edge in property management.

In 2015, leveraging on the positive effect of Colour Life's brand, Colour Life Group will further enhance its project layout across the country so as to realise the rapid growth in the number of projects managed as well as the expansion of area of projects managed, enabling better economy of scale of the online and offline community services platforms. Meanwhile, Colour Life Group will further increase the effort in promoting the upgrading and modifying of the communities, raise customers' satisfaction by utilising modern technologies, attract more vendors to establish a cooperation relationship in order to provide more goods and services to the residents in the communities under its management, and continue to enrich Colour Life Group's community ecosystem, thereby strengthening customer cohesion to the service platforms of Colour Life and developing Colour Life Group as a leading operator of community service platforms.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Services

Since its operation from 2013, the financial sector of the Group, which is one of the Group's major sectors, has been operating on China's largest social platform exclusively owned by the Group. The financial sector of the Group innovatively adopts the Internet finance model and focuses on the development of large scale financial holding system, financial platform and financial ecosystem of the Group so as to establish the financial value chain between major sectors of the Group and develops a distinctive model of "community finance". Regarding the business modules of the Group, the financial sector of the Group has formed three major business modules, namely micro credit business, finance leasing business and peer-to-peer ("P2P") Internet finance platform.

Since obtaining its micro-credit license in May 2013, Hehenian Finance (合和年金融) has adopted an innovative operating module and utilised the Group's social platform to achieve rapid growth. Hehenian Finance has opened 20 branches in four major regions, namely Guangdong, Guangxi, Hubei and Chengdu-Chongqing regions, and has already recorded profit. In 2015, Hehenian Finance will, follow the trend of the Group's transformation, enter the communities and expand its business, and through adopting channel marketing, overcome the traditional marketing strategy of micro-finance which relies on the number of sales persons so as to realize maximum productivity per capita.

The Group has obtained approval from the Ministry of Commerce for its finance leasing business to set up three branches in Shenzhen and Chengdu to conduct finance leasing business across the country. The community leasing module of the Group focuses its business on various community services, and achieves breakthroughs from various areas of community services such as vehicle maintenance, beauty, logistics, medical care and retirement services. The module also expanded vertically into areas of community services such as farming and cultivation, emerging energy for residents and furniture etc. The community leasing module signified by home appliances has created a distinctive business model that integrates "Financial service provider + Manufacturer + Community service provider + Community resident", while at the same time incorporated the concept of Internet finance to facilitate the Company's development strategy of becoming the first financial service provider in relation to community

leasing business in China. Regarding the investment bank business module of the Group, targeting on large scale national enterprises, listed companies as well as industry leaders represented by its environmental project for Dongjiang (東江環保項目), has successfully integrated domestic and overseas capital and resources and obtained recognition from regulatory authorities, financial institutions and enterprises, as a result, promoted the brand name of the finance sector of the Group, thereby making it the model of its industry.

The P2P Internet finance platform "Hopewell Online" through a brand new way of resources integration, in cooperation with Colour Life, the largest community service provider in China, launched the "Colourful and Wealthy Life Plan No.1 (彩富人生計劃1號)" in 2014. This plan, which off-sets community property management fees by investment income, was a huge success and the number of online registered accounts rose to over 250,000 and its online sales amount increased to over RMB100 million shortly. In 2015, while further exploring community resources, Hopewell Online will also pay attention to sub-segments of the market. Through selecting high quality customers and introducing a series of products with low interest rate, highly focused and controlled risks, Hopewell Online strives to become the industry leader through a distinctive community financial service platform providing professional service experience to customers.

Looking forward, the financial sector of the Group will create a brand new online to offline ("O2O") community financial service platform and integrate its resources for effecting the industry-finance synergy and providing online and offline customers with convenient integrated financial services so as to become the largest community financial service provider in China.

Property International

Fantasia Property Management (International) Company Limited ("Property International"), a wholly-owned subsidiary of the Group, was established in 2010 which focused on providing assets management services to high-end commercial properties. It is one of the major sectors of the Group. The Group always positions itself under international perspectives, and through constant innovation, the Group constructed a very refined online and offline service platform that bears the

special characteristics of the Group. The Group also focus on business in relation to high-end properties in the property market of China. The projects under the Group's management spread out in 16 cities in China; together with 16 branches, the Group initially form a nationwide strategic layout covering the key regions that embrace the economic zones in the southwest, northwest, northern and eastern regions of China.

In 2014, instead of traditional basic property services, Property International offered world class professional services based on specific needs. Firstly, the Group integrated market resources and valuable customer resources owned by property service providers. Through the Huabaner (花瓣兒) mobile application of Property International, the Group created contents necessary for various platforms such as customer information and merchant information from offline to online, so as to build an intelligent community. Secondly, as property services became more professional, the Group's property management sector transformed itself into a company that provided integrated management services, leveraging on its management capacity to coordinate professional companies in order to provide professional services to tenants. Property International established Niutian Electromechanical Equipment Engineering Co., Ltd. and Yicai Space Decoration & Design Engineering Co., Ltd. to commission its maintenance, design and decoration works to professional companies, so that the work of management has been gradually distinguished from that of the operational staff. Consequently, the professionalism of the Group's operational staff is enhanced. Thirdly, the Group upgraded its assets operation for property management. In terms of business management, the Group no longer confined itself to providing traditional property management services, but stepped forward to create a value-added service platform not only for providing basic property management services but also providing the services needed at a convenient, timely and economical manner, so as to achieve mutual benefits. Besides, the Group established a module for providing services to top class residents in order to provide exclusive and specialised services tailor-made for tenants.

Property International will continue to enhance its property service system in the future. While providing world class professional property services that "replace the traditional property management model with a hotel-like model", it will also proactively develop new business models and establish its own core service system through intelligent communities, wealth creation platform for small-sized enterprises, star-rated serviced apartments and first class residential services, with a view to provide the target customers a brand new user experience and become a leading platform for business activities.

Business Management Service

Since urban complex is an important category among the real estate products of the Group, and under the Group's corporate mission of pursuing innovative business model and offering a wider coverage of business with its experience accumulated over the past 16 years, Fantasia Business Management Company Limited, a wholly-owned subsidiary of the Group, during the reporting period, successfully attracted numerous industry talents, and actively participated in the operational planning, promotion and operation as well as investment invitation of the Group's certain large scale projects. Meanwhile, that company also takes care of business projects not under the Group such as providing light assets business services including business agency, professional consultant or entrusted company for operation and management.

Nanjing's Huashengtang (南京花生唐), a brand name of shopping malls of the Group, developed and operated by Fantasia Commercial Management Company Limited ("Fantasia Commercial Management"), a wholly-owned subsidiary of the Group, with an aggregate area of approximately 100,000 sq.m., is the first brand new "+0"- style shopping mall. With its wide range of business activities, which organically consolidates entertainment and consumption as well as living and the nature as a whole, Nanjing's Huashengtang has over 80 partner merchants and was successfully opened for business on 28 September 2014. 85% of the shops at Nanjing's Huashengtang have commenced operation. The marketing and promotion activities are currently well under way. Guilin's Huashengtang, developed and operated by Fantasia Business Management, is the first one-stop international shopping centre in Guilin, and has reached 75% occupancy and established cooperation

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relationships with over 70 business partners and built its self-operated brand. Fantasia Business Management strives to establish Guilin's Huashengtang as a shopping mall that harnesses the synergy from the three business models, namely leasing, joint operation and self-operation. In June 2014, Fantasia Business Management successfully entered into a strategic cooperation agreement with Cinemark, a world leading brand of cinema complex. Pursuant to the agreement, Fantasia Business Management will join force with Cinemark to achieve common goal. Up to date, Cinemark has entered into contracts in relation to Chengdu Pixian Project, Hongtang Project and Suzhou Hongtang Project and expressed intention of setting up businesses at these locations. Under the leadership of Fantasia Business Management, the "Fantasia World Outlet (花樣世界 • 奧特萊斯)" Project in Chengdu has reached 47% occupancy. The Project, in cooperation with Internet-based marketing companies, has successfully attracted 22 international top brands to set up businesses in the outlet and provided exclusive and real offline experience to customers under the model of network marketing. Meanwhile, Beijing's Huashengtang and Suzhou and Chengdu's Hongtang, a brand name of shopping malls of the Group, Projects, which have larger scale, more plentiful business activities and higher position, are intensely preparing to be launched. At the same time, Fantasia Business Management actively expanded its commercial light assets projects in 2014, and has successfully launched 5 light assets management projects in the current year, and will provide outstanding services to home-owners in the future so as to deliver profitable return.

The brand image and recognition of Fantasia's business projects has been improved significantly and gained unique brand influence in the industry. The Group believes that Fantasia Business Management will earn a stable and constantly increasing return in the future.

Cultural Tourism

In January 2014, Hotel Management Company Limited (酒店管理有限公司) and the hotel construction center (酒店建設中心) of the Group officially merged into a company for the business of cultural tourism, which marked the beginning of a sizable sector among the eight major sectors of the Group. The cultural tourism sector covers businesses such as hotels, golf courses, high-end urban clubhouses, private clubs, theme parks, art museums and construction works. Leveraging on its existing property businesses, the Group has strived to develop the cultural tourism sector into a light assets business module through the consolidation and accumulation of resources related to cultural tourism as well as the integration of internal and external resources.

In 2014, each of the business sectors of the Cultural and Tourism Group (文旅集團) strived to achieve various targets step by step by following the business ideology of "focus on achieving sales targets, promote art and aesthetics, create new brand with innovation, and encourage the utilisation of the Internet". Hotel Management Company Limited focuses on achieving market shares in the boutique hotels segment and the exploration of overseas projects. It has launched four new projects which provide management services and established a division for overseas affairs so as to lay the foundation for the overseas listing of the Cultural and Tourism Group. There has been a series of activities and events held at its golf courses in order to enhance customers' experience of playing golf as well as increase the recognition of the golf courses. Construction Consulting Co., Ltd. (工程建設諮詢有限公司) has undertaken the construction works for the hotels, Qiertang and tourist spots as well as the research and development of the Group's self-operated brands. Meanwhile, it has proactively promoted the work of building up the new profit making model for Mall Hotel under the brand "U Hotel". Through holding the two exhibitions, namely the Architecture for Dogs cum the Opening Ceremony of Zhi – Museum of Art (為了愛犬展 – 暨知美術館開館展) and Burigude in the Process of Resinicization (再中國化 – 進程中的布日古德), the "Zhi – Museum of Art" (知美術館) has broadened its media coverage and gained recognition from the industry. The construction project in relation to the first phase of the theme parks of Tourist Spots Management Company Limited (旅遊景區管理有限公司) has been approved by the Group, which contributes to the initial implementation of the strategic plan for developing the business module of light assets.

In 2015, each of the sectors of the Cultural and Tourism Group will mainly focus on deriving more revenue from operating activities and increasing profits gained based on the performance targets while at the same time investigates the commencement and implementation status of the projects to be developed. The Cultural and Tourism Group will continue to develop its business module of light assets through proactively expanding the market of its hotel brands, advancing the works on technology management for its domestic and overseas constructions, commencing the preparation work on planning Phase I of its theme park at the Grande Valley Resort (大溪谷度假區一期樂園), which is an innovative project and unique product under its plan of broadening external tourism resources, and preparing the establishment of a golf training base for secondary and primary schools as well as universities at its golf courses, which realizes the concept of edutainment and cultivation of new generation. In 2015, the



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Cultural and Tourism Group will integrate its internal and external resources to design products for community tourism under the theme of “Community Cultural Tourism” and also explore resources via various platforms and attract customers through its services.

Retirement Life Services

In 2014, Fantasia Senior Housing Management Holdings Group Co., Limited (together with its subsidiaries, “Futainian”), a wholly-owned subsidiary of the Group, expanded its business under the 3-in-1 community senior healthcare model in two key cities, namely Chengdu and Nanjing. As at 31 December 2014, Futainian operated six home-care centres, two day-care centres and one retirement home in nine communities with over 6,000 senior citizens having registered on the database of retirement services of Futainian. Futainian, which focuses on communities and aims at catering the needs of the elderly, embraces the notion of “An evergreen life leads to a happier family” by providing the elderly with various services including body checks, home services, rehabilitation training services, physiotherapy for preserving health, nutritious diets, social events, retirement houses and health management, which has gained recognition from both the government and the elderly in the communities as well as a relatively high degree of customers’ satisfaction and created a friendly, happy and healthy retirement lifestyle for the elderly in the communities. In the coming three years, Futainian will expand its community retirement life services mainly in five cities, namely Chengdu, Nanjing, Shanghai, Beijing and Shenzhen, by quickly scaling up its retirement life services and building up its long-term corporate images through marketing and branding activities. Futainian will also strengthen its capability in basic business management and enhance its core business content so as to develop a standardized service system as well as provide better services to customers by further developing value-added products.

In 2015, the Group will explore the Chengdu market more extensively while focusing on its expansion of the market in Nanjing so as to further understand and analyze customers’ need. The Group will also continue to standardise, sub-categorise and renew products and the content of services so that its management ability can be more professional, intellectual and automated, and continuously enhance its ability in organising and implementing activities in order to establish a corporate structure which is consistent with the plan of the Group’s strategic transformation, as well as continue to explore resources for the gradually constructing and accomplishing of an organic eco-system for the retirement life service sector. The number of engagement in the services provided to senior citizens is about 160,000 in 2015.

Education

The education sector of the Group, which commenced operation in 2014 officially, is a new business platform developed based on the long term planning of the Group and the strategic layout of the eight major business sectors, as well as to satisfy the rapid development of our business. It will, in the future, become the development engine of human resources for various business sectors of the Group as well as provide a platform for the important modern education services. Through integrating education resources of international occupational skills and quality business resources of the enterprises, the education sector of the Group strives to establish a platform for cultivating talents for modern service industry and provide high standard, good quality, and highly skilled talents that are tailor-made for the trade and industry. The education sector of the Group will also emphasise on its research on community services in order to set up the service standard of the industry as well as the standard for accrediting professional qualification, which will result in the internationalisation and standardisation of industry, so as to become China’s most powerful and influential provider of talents specialising in service delivery.

During the first half of 2014, the education sector of the Group mainly focused on exploring the direction of its development and carried out resources integration following the direction of the two major sectors, namely the training work for the modern service industry and community education. During the second half of 2014, the education sector of the Group completed its team building work and corporate incorporation and officially enlisted as the “training base for modern service industry” within the high school system. On the foundation of integrating the resources for high school occupation education, the education sector of the Group became the development engine of human resources for various sectors of the Group and initiated a new channel of recruitment through student enrolment at schools. Towards the end of 2014, the education sector of the Group attempted to run joint school with occupational education organizations and explored the new module of recruiting students from the society. This marked that the education sector of the Group would endeavor to engage, through various directions of development and channels, in occupational skill education for modern service industry and social education in order to create value for the positive development of the society, enterprises and individuals.



DIRECTORS' PROFILE

Executive Directors

Mr. PAN Jun (潘軍), aged 44, is the chairman of the Board, an executive Director, the chief executive officer, the chairman of the Company's nomination committee, and a member of the Company's remuneration committee. He joined the Group in 1999 and is responsible for the overall operation of the Group's projects, the formulation of our development strategies, as well as supervising the project planning, business and operation management of the Group. He is also currently the president of Fantasia Group (China) Company Limited, the president of Shenzhen Fantasia Real Estate Group Limited and the director of a number of the Group's subsidiaries including a non-executive director of Colour Life. Mr. Pan has over 18 years of experience in the real estate development industry in China. Prior to joining our Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問(深圳)有限公司). Mr. Pan obtained a Bachelor's degree in Conservancy and Hydropower Engineering from Chengdu University of Science and Technology (成都科技大學), now Sichuan University (四川大學), in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

Ms. ZENG Jie, Baby (曾寶寶), is an executive Director of the Company. She is also a member of the Company's nomination committee. Ms. Zeng is one of the controlling shareholders and the largest shareholder of the Company.

Mr. LAM Kam Tong (林錦堂), aged 46, is an executive Director, the chief financial officer and the company secretary of the Company. Mr. Lam joined the Group in May 2012 and is responsible for financial management, investor relations, and legal affairs of the Group, as well as the operation of Property International Company (物業國際公司) and a non-executive director of Colour Life. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam received his Bachelor's degree in Business Administration from the Chinese University of Hong Kong in July 1991. He has over 14 years of experience in professional auditing as well as extensive experience in the areas of investor relations management, auditing, mergers and acquisitions and offshore financing. Mr. Lam is currently an independent non-executive director of Pegasus Entertainment Holdings Limited (天馬娛樂控股有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange. Before joining the Group, Mr. Lam was an executive director, the chief financial officer and company secretary of China Aoyuan Property Group Ltd. (中國奧園地產股份有限公司), a company listed on the Main Board of the Stock Exchange, for over three years. From May 2006 to October 2008, Mr. Lam was the chief financial officer, company secretary and qualified accountant of Greentown China Holdings Ltd. (綠城中國控股有限公司), another listed company on the Main Board of the Stock Exchange. He resigned as an independent non-executive director of Sheng Yuan Holdings Limited (盛源控股有限公司), a company listed on the Main Board of the Stock Exchange, on 1 March 2014.

Mr. ZHOU Jinquan (周錦泉), aged 48, is an executive Director of the Company and the vice president of Fantasia Group (China) Co., Ltd. Mr. Zhou joined the Group in January 2013 and is responsible for the financial development department as well as the micro credit and financial leasing business. Prior to joining the Group, he was the deputy president of China Resources Bank of Zhuhai Head Office (珠海華潤銀行總行) from 2011 to 2013, the deputy president of Guangxi Beibu Gulf Bank Head Office (廣西北部灣銀行總行) from 2008 to 2011, the assistant of the president of Guosen Securities (國信證券) from 2004 and 2008, the general manager of International Department of Guoyuan Securities (國元證券國際部) from 2001 to 2004, the deputy general manager of International Department, the general manager of Business Department and Institution Department of Industrial and Commercial Bank, Shenzhen Branch (工商銀行深圳分行) from 1994 to 2001, the staff member of General Office of Guangdong Provincial Government Institute of International Economic Technology (廣東省政府辦公廳國際經濟技術研究所) from 1992 to 1994 and the staff member of Industrial and Commercial Bank, Beijing Branch, Haidian Office (工商銀行北京分行海淀分理處) from 1989 to 1990. Mr. Zhou obtained a Bachelor's degree in International Finance from Renmin University of China in 1989 and a Master's degree in International Finance from Renmin University of China in 1992.

Mr. WANG Liang (王亮), aged 45, is an executive Director of the Company and the vice president of Fantasia Group (China) Company Limited. He is also the director and supervisor of a number of the Group's subsidiaries. Mr. Wang joined the Group in April 2006 and is responsible for the investment management, audit and compliance, staffs' housing and education segments of the Group. Prior to joining the Group, he was the director of the financial management department of Huafu HK Co. Limited (香港華孚集團) and the general manager of the financial management department of one of its subsidiaries from 2005 to 2006, the assistant to the general manager of the financial management department of Shenzhen Feishang Industry Group Co., Ltd. (深圳市飛尚實業發展(集團)有限公司) in 2005 and the deputy manager of the finance department of Shenzhen Southern Zhongji Containers Manufacture Co. Ltd. (深圳南方中華集裝箱製造有限公司) from 1994 to 2001. Mr. Wang received a Bachelor's degree in Business Economics from Yangzhou Normal University (揚州師範學院), now Yangzhou University (揚州大學), in 1992.

Non-executive Directors

Mr. LI Dong Sheng (李東生), age 57, is a non-executive Director of the Company. He graduated from South China University of Technology in 1982 with a Bachelor's degree in Radio Technology and has more than 19 years of experience in the information technology field. Currently, Mr. Li is the chairman and CEO of TCL Corporation (TCL 集團股份有限公司), the Chairman of TCL Multimedia Technology Holdings Limited ("TCL Multimedia") and TCL Communication Technology Holdings Limited ("TCL Communication"), both of which are companies listed on the Stock Exchange, all of which produce consumer electronic products. He is also an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange, and an independent director of Legrand, a company listed on NYSE Euronext.

Mr. YUAN Hao Dong (袁浩東), age 42, is a non-executive Director of the Company. He graduated from Huazhong University of Science and Technology in December 2000 with a Master's degree in Business Administration and Management and has more than 11 years of work experience in financial management, corporate finance and merger and acquisition areas. Mr. Yuan joined TCL Corporation in 2000 as the senior manager of the strategic development department. Between 2002 and 2009, he was the finance manager of various subsidiaries of TCL Corporation and the vice general manager of the strategic investment centre and was generally responsible for planning and carrying out reorganization and merger and acquisition activities. Since 2012, He has been the general manager of the investment banking department of TCL Corporation. He is generally responsible for building capital platforms, implementing capital finance strategies, carrying out investments and dealing with matters concerning the acquisition and disposal of assets. Mr. Yuan was also the chief financial officer of Shenzhen Huaxing Electric Technology Co., Ltd. (深圳市華星光電技術有限公司) in 2009.

DIRECTORS' PROFILE

Independent Non-executive Directors

Mr. HO Man (何敏), aged 45, is an independent non-executive Director of the Company. He is also the chairman of the Company's audit committee and a member of each of the Company's remuneration committee and nomination committee, respectively. Mr. Ho holds a Master of Science degree in Finance from the London Business School and is a Chartered Financial Analyst and Certified Public Accountant. He has over 16 years of experience in private equity and financial industry. Since May 2014, Mr. Ho has taken up the post as the managing director of an investment holdings company. He joined a Hong Kong based mid-market private equity house in January 2010 and until December 2013, he was responsible for deal sourcing, evaluation and structuring, negotiation, post investment monitoring and realization, with particular emphasis on businesses in Hong Kong and the PRC. Prior to this, Mr. Ho joined CLSA Capital Partners (HK) Limited ("CLSA") in August 1997 and until October 2009 was the managing director and the head of China Growth and Expansion Capital of CLSA. Mr. Ho was a non-executive director and a member of the audit committee of SCUD Group Limited (飛毛腿集團有限公司), a company listed on the Main Board of the Stock Exchange, and a non-executive director and an audit committee member of Shanghai Tonva Petrochemical Co., Ltd. (上海棟華石油化工有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange, until October 2009. Mr. Ho is also presently an independent non-executive director and the chairman of audit committee of Fu Shou Yuan International Group Limited (福壽園國際集團有限公司), a company listed on the Main Board of the Stock Exchange.

Mr. HUANG Ming (黃明), aged 50, is an independent non-executive Director of the Company. He is the chairman of the Company's remuneration committee and a member of each of the Company's audit committee and nomination committee, respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and the Head of School of Finance of Shanghai University of Finance and Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. He was also the Associate Dean, visiting Professor of Finance and the Professor of Finance at the Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and from 2008 to 2010 respectively. Since July 2010, He has been a Professor of Finance at the China Europe International Business School (中歐國際工商學院). He graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a Ph.D in Physics and a Ph.D in Business from Cornell University and Stanford University respectively. Mr. Huang has been a non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會) and Yingli Green Energy Holdings Co., Ltd. (英利綠色能源控股有限公司), a company listed on the New York Stock Exchange, since 2007 and 2008, respectively. He was also appointed as an independent director of Qihoo 360 Technology Co. Ltd. (奇虎360科技有限公司), a company listed on the New York Stock Exchange, in 2011. Mr. Huang is currently as a non-executive director of 360buy Group (京東商城集團), Guosen Securities Company Limited (國信證券有限公司), and Tebon Securities Co. Ltd. (德邦證券有限公司). He is also an independent non-executive director of China Medical System Holdings Limited, a company listed on the Main Board of the Stock Exchange, and was appointed as an independent non-executive director of WH Group Limited, a company listed on the Main Board of the Stock Exchange, on 4 April 2014.

Dr. LIAO Jianwen (廖建文), aged 47, is an independent non-executive Director of the Company. He is also a member of each of the Company's audit committee, remuneration committee and nomination committee, respectively. Dr. Liao has extensive business research and teaching experience in the United States, Hong Kong and the People's Republic of China (the "PRC"). He has been an associate dean and professor of managerial practice in strategy and innovation at the Cheung Kong Graduate School of Business (長江商學院) since January 2012. Prior to that, Dr. Liao was an associate professor at the Stuart School of Business in Illinois Institute of Technology from 2006 to 2012. In 2001, he was also a visiting professor at Hong Kong University of Science and Technology. Dr. Liao received a Doctorate degree in business administration from Southern Illinois University at Carbondale (USA) in August 1996, a Master's degree in economics from Renmin University of China (中國人民大學) in February 1991, and a Bachelor's degree in industry engineering from Northeastern University (東北大學) (formerly known as Northeastern Institute of Technology (東北工學院)) in July 1988. He is currently an independent non-executive director of Colour Life, 361 Degrees International Limited and China Mengniu Dairy Company Limited, the companies are listed on the Main Board of the Stock Exchange. Additionally he also serves as an independent non-executive director of Qihoo 360 which is traded at New York Stock Exchange.

Mr. GUO Shaomu (郭少牧), aged 49, is an independent non-executive Director of the Company. He is also a member of each of the audit committee, remuneration committee and nomination committee, respectively. He has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate director of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally

engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Since January 2014, Mr. Guo has been an independent non-executive director of Galaxycore Inc., a leading China-based fabless image sensor company targeting the global mobile device and consumer electronics market. Since June 2014, Mr. Guo has been an independent non-executive director of Yida China Holdings Limited (a company listed on the Main Board of the Stock Exchange), a real estate developer based in Dalian, China. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

Ms. WONG Pui-sze, Priscilla, JP (王沛詩), aged 54, is an independent non-executive Director of the Company. She is also a member of each of the Company's audit committee, remuneration committee and nomination committee, respectively. Ms. Wong was appointed a Justice of the Peace in 2005. She is a member of Chinese People's Political Consultative Conference, Shanghai Committee in PRC. In Hong Kong, Ms. Wong serves as the Chairman of Appeal Board Panel (Consumer Good Safety), the Chairman of Employees Compensation Assistance Fund Board, a member of Court of University of Hong Kong, a member of Panel of the Witness Protection Review Board, a member of Financial Reporting Review Panel and a member of Hong Kong Bar Association Special Committee on Overseas Admissions (Civil). She graduated with a Bachelor of Law (Hons) degree from the University of Hong Kong and a Master of Laws degree from The London School of Economics and Political Science of The University of London. Ms. Wong was called to the Bar in Hong Kong in 1985 and is a practising barrister in Hong Kong. She is a mediator of Centre for Effective Dispute Resolution and an arbitrator of China International Economic and Trade Arbitration Commission. Ms. Wong is also an advocate and solicitor admitted in Singapore.

SENIOR MANAGEMENT'S PROFILE

Mr. JIAO Chuhua (焦曙華), aged 44, is the vice president of Fantasia Group (China) Company Limited. Mr. Jiao joined the Group in December 2011 and is responsible for the business of Fantasia Foundation (花樣年基金). Prior to joining the Group, he was the director of Gaosheng Consultancy Co., Ltd. (高盛顧問有限公司) from 2005 to 2011, the deputy general manager of the asset management and investment department of Kaili Asset Management Co., Ltd. (凱利資產管理有限公司) from 2002 to 2005 and the audit manager of the Anderson HuaQiang CPA accounting firm from 1997 to 2002. Mr. Jiao received a Bachelor's degree in Finance from Jiangxi College of Finance and Economics (江西財經學院) (now known as Jiangxi University of Finance and Economics (現稱為江西財經大學)) in 1991.

Ms. LIN Wenjia (林文佳), aged 52, is the assistant director of Fantasia Group (China) Company Limited. Ms. Lin joined the Group in November 2013 and is responsible for the human resource department, CEO office and international sector. Prior to joining the Group, she was the global head of the human resource department of CTBC Financial Holding Co. Ltd. (中國信託金融控股公司), the deputy director and deputy manager of the Chairman office of CTBC Bank (中國信託銀行) from 2009 to 2013, the partner of 台灣太景顧問公司 from 2008 to 2009, the human resource director of Standard Chartered Bank (Taiwan) from 2003 to 2007, the head of human resource of Prudential Insurance from 2002 to

2003, the director of human resource and the head secretary of the director office of Jih Sun Financial Holding Co., Ltd from 1999 to 2002, the training manager of 怡和集團惠康公司 from 1996 to 1998, the senior partner of 台灣英美加顧問公司 from 1988 to 1995. Ms. Lin received a Master's degree in business administration from National Taipei University (國立臺北大學) in 2001 and a Bachelor's degree in Accounting from Ming Chuan University (銘傳大學) in Taiwan in 1985.

Mr. GAO Fei (高飛), aged 41, is the chief data and information officer of Fantasia Group (China) Company Limited. Mr. Gao joined the Group in December 2013 and is responsible for the information and data management center and internet and experience study center. Prior to joining the Group, he was the system architect, project manager, department manager, product director, general manager and assistant president of Kingdee Software (China) Co., Ltd (金蝶軟件(中國)有限公司) from 2001 to 2013 and the lecturer of Nanchang University (南昌大學) from 1999 to 2001. Mr. Gao received a Master's degree in business administration from Guanghua School of Management Peking University (北京大學光華管理學院) in 2007 and a Master's degree in hydraulic and hydro-power engineering from Nanchang University in 1999.

SENIOR MANAGEMENT'S PROFILE

Mr. JIAN Jianxun (簡堅訓), aged 44, is the general counsel (法務長) of Fantasia Holdings Group (China) Co., Limited. Mr. Jian joined the Group in March 2014 and is responsible for legal department (法律事務部) and audit monitoring department (審計監察部). Prior to joining the Group, he was a lawyer of Zhong Yin Law Firm in Beijing (北京中銀律師事務所) from 2013 to 2014 and senior legal specialist (法務高專), deputy manager (副理), manager, assistant manager (協理), deputy general manager (chief compliance officer (合規總監) and general counsel of the Group (集團法務長)) of Polaris Financial Group (寶來金融集團) from 2001 to 2012. Mr. Jian received a PhD in Law from University of International Business and Economics (對外經濟貿易大學) in 2013 and a Master's degree in International Laws (國際法) from Tamkang University (淡江大學) in Taiwan in 1998.

Mr. ZHU Xuan (朱宣), aged 46, is the executive president (執行總裁) of Shenzhen Fantasia Real Estate Group Limited and is authorized to perform the duties of the chief executive. He is responsible for the product development department, the quality and technology department and the design management department of the product center. Mr. Zhu joined the Group in March 2013. Prior to joining the Group, he was the vice president of Yanhai Real Estate

Investment (China) Company Limited (沿海地產投資(中國)有限公司) from 2012 to 2013, the general manager of Zhonghui Xiyuan Group Construction Design Centre (中惠熙元集團工程設計中心) and the director of its district office in Guangzhou from 2010 to 2012, the chief architect of Shenzhen Excellence Property Group Limited (深圳卓越置業集團公司) and the assistant to the general manager of its Shenzhen office from 2006 to 2009, the deputy general manager and the chief engineer of SuzhouYoungor Property Company Limited (蘇州雅戈爾置業公司) from 2005 to 2006, the director and the general manager of Bowen Environmental Arts Design Company Limited (博聞環境藝術設計公司) from 2002 to 2005, the senior manager of the general construction and innovation enhancement centre of Rongkezhidi Real Estate Development Company Limited (融科智地房地產開發有限公司) under the Lenovo Group (聯想集團) from 1998 to 2002, the chief engineer of Jianyi Decoration Design Construction Company Limited (建藝裝飾設計工程有限公司) from 1995 to 1998, and the manager of the design department of Shenzhen Huahui Decoration Design Construction Company Limited (深圳華輝裝飾設計工程有限公司) from 1991 to 1993. Mr. Zhu received a Bachelor's degree in architecture from South China University of Technology (華南理工大學) in 1991.

SENIOR MANAGEMENT'S PROFILE

Ms. LI Chuanyu (李傳玉), aged 46, is the deputy chief executive of Shenzhen Fantasia Real Estate Group Limited. She is responsible for the financial management department, fund planning department, cost control department of the control center, development center (發展中心) and general contracting company (planning) (總承包公司(籌)). She is also the director of a number of subsidiaries of the Group. Ms. Li joined the Group in May 2001 and was the chief financial officer of Shenzhen Fantasia Real Estate Group Limited and the chief financial officer and the general manager of the financial management department of Fantasia Property Group Limited from 2001 to 2011. Prior to joining the Group, she was the deputy general manager of the financial department of Shenzhen Zhujiang Industry Company (深圳珠江實業公司) from 1996 to 2001. Ms. Li received a Master's degree in international accounting (國際會計) from the City University of Hong Kong in 2006.

Mr. LIU Zongbao (劉宗保), aged 46, is the vice president of Shenzhen Fantasia Real Estate Group Company Limited and the general manager of its Shenzhen office. He is responsible for the sales management and products development department of the sales center. He is also the director of a number of subsidiaries of the Group. Mr. Liu joined the Group in March 2005 and he was the sales director of our Company and the deputy general manager and general manager of the Chengdu branch of Fantasia Real Estate Group. Prior to joining our Group, he was the deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and the manager of the sales and marketing department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991. He is now studying in China Europe International Business School for EMBA.



SENIOR MANAGEMENT'S PROFILE

Mr. ZHANG Xuesen (張學森), aged 48, is the vice president of Shenzhen Fantasia Real Estate Group Company Limited and is responsible for operation management department (運營管理部) and procurement contract department (採購合約部) of the operation center. Mr. Zhang joined the Group in March 2014. Prior to joining the Group, he was the deputy general manager of China Construction Fourth Engineering Division Corp. Ltd. (中國建築第四工程局有限公司) from 2012 to 2014, the general manager of China State Construction Engineering Corporation (China State Construction Engineering Corporation Limited) (中國建築工程總公司(中國建築股份有限公司)), Guangdong branch from 1988 to 2012. Mr. Zhang received a Bachelor's degree in Industrial and Civil Architecture (工業與民用建築專業) from Harbin Civil Engineering and Architecture Institute (哈爾濱建築工程學院) in 1988.

Mr. TANG Xuebin (唐學斌), aged 47, was appointed as a director of Colour Life on 30 October 2012 and was re-designated as an executive director of Colour Life on 11 June 2014. He is also the chief executive officer of Colour Life. He joined the Group in 2002 and is responsible for the operation and management of Colour Life Group. He also serves as the general manager of a number of subsidiaries of Colour Life Group. Mr. Tang has over 15 years of experience in property management. Prior to joining the Group, he worked at China Overseas Property Management Co., Ltd. (中海物業管理有限公司), a company which is principally engaged in property management, from 1997 to 2001, where his last position held was the deputy general manager and was primarily responsible for the management of engineering department. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in July 1993, an Executive Master of Business Administration degree ("EMBA degree") from China Europe International Business School (中歐國際工商學院) in September 2010 and an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in June 2012.



SENIOR MANAGEMENT'S PROFILE

Mr. DONG Dong (董東), aged 51, was appointed as a director of Colour Life on 30 October 2012 and was re-designated as an executive director of Colour Life on 11 June 2014. He is also the chief operating officer of Colour Life. He joined the Group in 2004 and is responsible for the operation and management of information technology of Colour Life Group. He was the general manager of Shenzhen Kaiyuan Tongji from 2004 to 2005. In 2013, he became the vice president of Colour Life Group. Mr. Dong has 15 years of experience in property management. Prior to joining the Group, he was the manager, deputy manager and assistant manager of engineering department of China Overseas Property Management Co., Ltd. (中海物業管理有限公司), a company which is principally engaged in property development from September 1998 to January 2002, where he was primarily responsible for the management and operation of property development projects. He was the deputy chief engineer of Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理公司), a company which is principally engaged in property management from February 2002 to December 2004, where he was primarily responsible for the management and operation of property development projects. He was the electrical engineer and chief officer (科長) of quality control department and the senior engineer of Xinjiang Construction Corps No. 1 Construction and Installation Company (新疆生產建設兵團第一建築安裝公司), a company which is principally engaged in the engineering and construction business from November 1993 to May 1996, where he was primarily responsible for the management and operation of engineering and construction projects. Prior to November 1993, he was also a teacher of Xinjiang Shihezi University (新疆石河子農學院). Mr. Dong attended and completed a master research teaching assistance training course in fundamental physics (基礎物理) at Sichuan University (四川大學) in July 1992. Mr. Dong obtained the certificate of National Senior Engineer in July 1996. He also possesses the qualification as a Chinese government certified supervision engineer (國家註冊監理工程師) and registered real estate agent (國家註冊房地產經紀人). Mr. Dong obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in July 2013.

Mr. ZHOU Qinwei (周勤偉), aged 36, was appointed as a director of Colour Life on 25 April 2014 and was re-designated as an executive director of Colour Life on 11 June 2014. He is also the chief financial officer of Colour Life. He joined the Group in 2013 and is responsible for financial management of Colour Life Group. Mr. Zhou has approximately 13 years of experience in accounting and financial management and control. Prior to joining the Group, he was the group financial controller in Le Gaga Holdings Ltd. (樂嘎嘎控股有限公司), a company which is principally engaged in greenhouse vegetable production from March 2010 to December 2012, where he was primarily responsible for the financial management of the company. He worked at Syngenta (China) Investment Co., Ltd. (先正達(中國)投資有限公司), a company which is principally engaged in crop protection business from October 2006 to February 2010 where his last position held was the China financial controller and was primarily responsible for the financial management of the company. He served as a manager in Cap Gemini, a company which is principally engaged in IT services and business consultancy from January 2006 to October 2006, where he was primarily responsible for outsourcing projects' management and operation. Prior to 2006, he served as senior accountant at PricewaterhouseCoopers from July 2001 to January 2006, where he was primarily responsible for audit work and preparing financial statements. Mr. Zhou graduated from Sun Yet-Sen University (中山大學) with a Bachelor's degree of Management in July 2001, and obtained an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in August 2014.

Mr. CHEN Xiangming (陳湘明), aged 45, is the general manager of Fantasia Property Management (International) Co., Ltd. (花樣年物業管理(國際)有限公司). Mr. Chen joined the Group in July 2012 and is responsible for the overall management of Fantasia Property Management (International) Co., Ltd.. Prior to joining the Group, he was the general manager of Shenzhen Baopu Property Service Co., Ltd. (深圳市抱樸物業服務有限公司) from 2011 to 2012, the general manager of Shenzhen Terra Property Management Service Co., Ltd. (深圳市泰然物業管理服務有限公司) from 2007 to 2011, the general manager of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限公司) from 2006 to 2007, and the vice-general manager of Shenzhen Fantasia Property Management Co., Ltd. (深圳市花樣年物業管理有限公司) from 2002 to 2006. Mr. Chen completed his tertiary education in Safety Engineering from Hunan University Hengyang Campus in 1992.

SENIOR MANAGEMENT'S PROFILE

Mr. HE Linjun (何林軍), aged 37, is the deputy general manager of Fantasia Property Management (International) Co., Ltd. (花樣年物業管理(國際)有限公司). Mr. He joined the Group in November 2012 and is responsible for part of the business of Fantasia Property Management (International) Co., Ltd.. Prior to joining the Group, he was the assistant to the general manager of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限公司) from July 2006 to October 2012, the officer of the management office of Shenzhen Baoli Property Management Co., Ltd. (深圳市保利物業管理有限公司) from June 2004 to July 2006, the officer of the management office of Sanyi Property Management Co., Ltd. (三益物業管理有限公司) from March 2001 to May 2004 and the assistant to the officer of Shenzhen Mission Hills Golf Club (深圳市觀瀾湖高爾夫球會) from March 1999 to February 2001. Mr. He completed his tertiary education in Property Management from Jinan University in 2011.

Mr. QIU Zhidong (邱志東), aged 48, is the general manager of Shenzhen Fantasia Business Management Company Limited (深圳花樣年商業管理有限公司). Mr. Qiu joined the Group in June 2013 and is responsible for the overall daily operation and management of Shenzhen Fantasia Business Management Company Limited. Prior to joining the Group, he was the vice president of Shenzhen Jinguanghua Shiye Group (深圳金光華實業集團) from 2005 to 2013, the managing director of Shenzhen Jinguanghua Business Company Limited (深圳市金光華商業有限公司) from 2003 to 2005, the general manager of Shenzhen Modern Friendship Co., Ltd (現代友誼股份有限公司)/Shenzhen Friendship Department Store Company Limited (深圳友誼城百貨有限公司) from 1997 to 2003, the deputy director of Cadres Division of Organization Department (組織部幹部處) and Managerial Division of Corporate Leading Officers (企業領導人員管理處) of Shenzhen Municipal Committee of CPC (中共深圳市委) from 1992 to 1997, the official of Cadre Department of Organization Department of Chaozhou Municipal Committee of CPC (中共潮州市委組織部幹部科) from 1988 to 1992 and the teacher of Chaozhou High School (潮州高級中學) in Guangdong in 1988. Mr. Qiu received a Master's degree in Business Administration from Hong Kong Baptist University in 2003 and a Bachelor's degree in Computer Science from Hanshan Normal University (韓山師範學院) in Guangdong Province in 1988.

Mr. YUAN Yuzhang (遠玉章), aged 39, is the deputy general manager of Shenzhen Fantasia Business Management Company Limited (深圳花樣年商業管理有限公司). Mr. Yuan joined the Group in June 2012 and is responsible for the operation of department of planning and design and project management department of Shenzhen Fantasia Business Management Company Limited. Prior to joining the Group, he was the deputy general manager of Daqing Sartu Project of Wanda Plaza Investment Company Limited (萬達廣場投資有限公司) from 2009 to 2012, the deputy general manager of Design Department of Shenzhen Changcheng Investment Holding Co. Ltd (深圳長城投資控股股份有限公司) from 2006 to 2009 and the officer of Architecture Department of Jilin Architecture and Design Institute (吉林建築設計院建築室) from 1998 to 2005. Mr. Yuan received a Bachelor's degree in Architecture from Northwest Architecture and Engineering Institute (西北建築工程學院) in 1998.

Mr. GAO Ningwen (高寧文), aged 45, is the deputy general manager of Shenzhen Futainian Senior Care Investment Management Co., Ltd (深圳市福泰年投資管理有限公司). Mr. Gao joined the Group in June 2005 and was appointed this position in 2013, and is responsible for the development and management of the project of senior's housing. He was the deputy general manager of Dalian Huawanli Real Estate Development Co., Ltd. (大連市花萬里房地產開發有限公司) from 2010 to 2013, the officer of operation office and the manager of general manager office of Fantasia (Chengdu) Ecological Tourism Development Company Limited (花樣年(成都)生態旅遊開發有限公司) from 2006 to 2010 and the officer of Service Division of Chengdu Branch of Fantasia Property (花樣年物業成都公司) from 2005 to 2006. Prior to joining the Group, he was the vice manager of Lanzhou Pharmaceutical Company (蘭州醫藥公司) from 2002 to 2005. Mr. Gao graduated from the economic administration profession of Party School of Ningxia Autonomous Region (寧夏自治區黨校) in 1996.

SENIOR MANAGEMENT'S PROFILE

Mr. SONG Chengchang (宋誠昌), aged 36, is the general manager of the financial leasing business of Qianhai Fantasia Financial Services Company Limited, Shenzhen (深圳市前海花樣年金融服務有限公司). Mr. Song joined the Group in July 2013 and is responsible for the overall management of the financial leasing business of Qianhai Fantasia Financial Services Company Limited, Shenzhen. Prior to joining the Group, he was the vice president of Guangzhou Yuexiu Financial Leasing Co., Ltd. (廣州越秀融資租賃有限公司) from 2012 to 2013, the manager of Jiangnan Sun-branch of Industrial Bank Co. Ltd., Guangzhou Branch (興業銀行廣州分行江南支行) from 2010 to 2012, general manager of corporate finance of Ping An Bank Guangzhou Branch (平安銀行廣州分行) from 2008 to 2010, the wealth manager of Citibank (China) Co. Ltd. Guangzhou Branch (美國花旗銀行廣州分行) from 2004 to 2008, the manager of marketing department of Guangzhou Commercial Bank (廣州市商業銀行) from 1998 to 2004. Mr. Song received a Master's degree in MBA from Sun Yat-sen University in 2008 and a Bachelor's degree in International Finance from Sun Yat-sen University in 1998.

Mr. DONG Xiaogang (董小剛), aged 36, the general manager of financial development department of Fantasia Holdings Group (China) Co., Limited (花樣年集團(中國)有限公司). Mr. Dong joined the Group in January 2014 and is responsible for financial development department. Prior to joining the Group, he was the senior consultant for financial industry of Roland Berger Strategy Consultants (羅蘭貝格國際管理諮詢公司) from 2012 to 2013, the strategic manager of International Far Eastern Leasing Co. Ltd (遠東國際租賃公司) from 2009 to 2012, the chief financial officer of Qinhe Molding Company (秦合模具公司) from 2007 to 2009, the project manager of head office of Sino Life Insurance (生命人壽總公司) from 2003 to 2005 and the business planning specialist of Ping An Insurance Group (平安保險集團) from 2000 to 2002. Mr. Dong received a financial MBA from China Europe International Business School (中歐國際工商管理學院) (CEIBS) in 2007 and a Bachelor's Degree in Economics from Shanghai University of Finance and Economics (上海財經大學) in 2000.

Mr. CHEN Zhiguang (陳致光), aged 58, is the vice president of Shenzhen Fantasia Culture Tourism Management Company Limited (深圳市花樣年文化旅遊管理有限公司). Mr. Chen joined the Group in August 2014 and is responsible for the back-end business and new overseas business of Shenzhen Fantasia Culture Tourism Management Company Limited including finance, human resources and operation. Prior to joining the Group, he was the officer-in-charge of Standard Chartered Bank, Taiwan branch (台灣渣打銀行分行) from 2004 to 2014, the general manager of credit card business of American International Group (美國國際集團) from 2001 to 2004, the vice president of credit card business of Taiwan Region of Citibank (美國花旗銀行) from 1993 to 2001 and the general manager of consumer goods licensing (消費授權總經理) of Taiwan Disney from 1989 to 1993. Mr. Chen received a Bachelor's degree in Chemical and Chemical Engineering from Cheng Kung University (成功大學) in Taiwan in 1981.

Mr. LAW Saikuen (羅世權), aged 52, is the assistant president (助理總裁) of Shenzhen Fantasia Culture Tourism Management Company Limited (深圳市花樣年文化旅遊管理有限公司). Mr. Law joined the Group in November 2010 and is responsible for the business of scenic spots (景區), clubs, art museums and hotels of Shenzhen Fantasia Culture Tourism Management Company Limited. Prior to joining the Group, he was the project manager of Shangrila Hotel Management Co., Ltd. (香格里拉酒店管理有限公司) from 2003 to 2010, the senior project manager of 藝達控股有限公司 from 1993 to 2003 and the project manager of Hong Kong Standard Construction Company (香港標準建設公司) from 1989 to 1993. Mr. Law received a Master's degree in project management from Sydney Institute of Technology (悉尼技術學院) in 2004.

The Directors have pleasure in presenting their 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. The activities of its principal subsidiaries are set out in note 52 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2014 are set out in the consolidated statement of comprehensive income on page 94.

Dividends Distribution

The Directors recommend the declaration of a final dividend at the rate of HK5.39 cents per share to all persons registered as holders of shares of the Company on Thursday, 21 May 2015. The aggregate amount shall be paid out of the Company's share premium account.

Closure of Register of Members

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Thursday, 14 May 2015 ("AGM"), the register of members of the Company will be closed on Friday, 8 May 2015 to Thursday, 14 May 2015, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar,

Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 7 May 2015.

- (b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Wednesday, 20 May 2015 to Thursday, 21 May 2015, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 19 May 2015.

Share Capital

Details of change during the year in the share capital of the Company are set out in note 41 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the year are set out in note 15 to the consolidated financial statements.

Distributable Reserves of the Company

Distributable reserves of the Company as at 31 December 2014, calculated under the Cayman Islands Companies Law, amounted to RMB2,052,744,000 (2013: RMB1,928,285,000) representing share premium of RMB2,441,983,000 and accumulated loss of RMB389,239,000.

REPORT OF THE DIRECTORS

Directors and Directors' Service Contracts

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

Executive Directors:

Mr. Pan Jun (Chairman)
Ms. Zeng Jie, Baby
Mr. Lam Kam Tong
Mr. Zhou Jinquan
Mr. Wang Liang

Non-executive Directors:

Mr. Li Dong Sheng
Mr. Yuan Hao Dong

Independent non-executive Directors:

Mr. Ho Man
Mr. Liao Martin Cheung Kong, JP
(resigned on 18 November 2014)
Mr. Huang Ming
Mr. Xu Quan (resigned on 17 February 2015)
Dr. Liao Jianwen (appointed on 17 February 2015)
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)
Mr. Guo Shaomu (appointed on 17 February 2015)

In accordance with Article 83(3) of the Articles of Association, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu shall hold office until the forthcoming annual general meeting and shall then be eligible for re-election. In accordance with Article 84 of the Articles of Association, Messrs. Pan Jun, Lam Kam Tong, Zhou Jinquan and Ho Man shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. A circular containing the explanatory statement on buyback of the shares of the Company, the biographical details of the Director candidates and the notice of the AGM will be sent to Shareholders.

Each of Mr. Pan Jun and Ms. Zeng Jie, Baby entered into a service contract with the Company for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2012 for another term of three years. Mr. Lam Kam Tong entered into a service contract with the Company for an initial term of three years commencing from 23 May 2012. Mr. Lam was then appointed

as executive Director on 28 May 2012. Mr. Zhou Jinquan was appointed as executive Director on 28 March 2013. Mr. Zhou has entered into a service contract with the Company for an initial term of three years commencing from 28 March 2013. Mr. Wang Liang was appointed as executive Director on 6 January 2014. Mr. Wang entered into a service contract with the Company for an initial term of three years commencing from 6 January 2014. The above service contracts may only be terminated in accordance with the provisions of such service contract or by either party giving to the other not less than three months prior notice in writing.

Each of the non-executive Directors is appointed for a term of three years commencing on 6 January 2014.

Each of Mr. Ho Man and Mr. Huang Ming was appointed as independent non-executive Directors for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2012 for another term of three years. Each of Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu were appointed as independent non-executive Directors for an initial term of three years commencing from 17 February 2015.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

Directors' and Chief Executives' Interests and Short Position

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in

REPORT OF THE DIRECTORS

Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the “Listing Rules”) were as follows:

(i) Long positions in the shares and underlying shares of the Company:

Director	Nature of interest	Number of issued ordinary shares of the Company	Interest in underlying Shares of the Company	Approximate percentage of interest in the Company as at 31 December 2014
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾	3,302,166,000	–	57.35%
	Beneficial owner	–	9,980,000 ⁽²⁾	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000 ⁽²⁾	0.17%
Mr. Lam Kam Tong	Beneficial owner	–	2,770,000 ⁽²⁾	0.05%
Mr. Wang Liang	Beneficial owner	–	6,580,000 ⁽²⁾	0.11%
Mr. Ho Man	Beneficial owner	–	1,600,000 ⁽²⁾	0.03%
Mr. Huang Ming	Beneficial owner	–	1,600,000 ⁽²⁾	0.03%
Mr. Xu Quan (resigned on 17 February 2015)	Beneficial owner	–	1,600,000 ⁽²⁾	0.03%

Notes:

- (1) Fantasy Pearl International Limited (“Fantasy Pearl”) is owned as to 80% by Ice Apex Limited (“Ice Apex”) and 20% by Graceful Star Overseas Limited (“Graceful Star”). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) The relevant Director was granted options to subscribe for such number of shares of the Company under the Scheme (as defined under the sub-section headed “Share Option Scheme” in the “Corporate Governance and Other Information” section below) on 29 August 2011 and 16 October 2012 (in the case of Mr. Wang Liang).

(ii) Long positions in the debentures of the Company:

- USD300,000,000 aggregate principal amount of its 10.625% senior notes due 2019 (“USD Notes”)

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the USD Notes ⁽¹⁾
Ms. Zeng Jie, Baby	Interest in a controlled corporation ⁽²⁾	USD5,500,000	1.83%

Note:

- (1) The percentage of the interest in the USD Notes is based on the aggregate principal amount of USD300,000,000.
- (2) Fantasy Pearl is owned as to 80% by Ice Apex, a company wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie, Baby is deemed to be interested in the debentures held by Fantasy Pearl for the purpose of Part XV of the SFO.

REPORT OF THE DIRECTORS

(iii) Long positions in association corporations

A. Fantasy Pearl

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2014
Ms. Zeng Jie, Baby	Interest of controlled corporation ⁽¹⁾	80	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation ⁽²⁾	20	Ordinary	20%

Notes:

- (1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.
- (2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.

B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2014
Ms. Zeng Jie, Baby	Interest of controlled corporation	534,018,523 ^{(1), (2)}	Ordinary	53.40%
Mr. Pan Jun	Beneficial owner	895,440 ⁽³⁾	Ordinary	0.09%
Mr. Lam Kam Tong	Beneficial owner	150,000 ⁽³⁾	Ordinary	0.02%
Dr. Liao Jianwen	Beneficial owner	150,000 ⁽³⁾	Ordinary	0.02%

Notes:

- (1) These are the shares in Colour Life held by the Company which is owned as to 57.35% by Fantasy Pearl which is in turn owned as to 80% by Ice Apex and 20% by Graceful Star. While Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie Baby is deemed to be interested in the shares of Colour Life held by the Company for the purpose of Part XV of the SFO.
- (2) These include 30,061,741 Shares which are the subject of the two share subscription agreements both dated 29 May 2013 entered into by the Company with First Shanghai Securities Limited and China Bowen Capital Management Co., Ltd., respectively in which the Company has a right of first refusal that if at any time after the expiry of the lock-up period, being the 180th day after the listing date of Colour Life, the investors of the two share subscription agreements propose to sell, assign, transfer, pledge, hypothecate, create or permit to subsist any encumbrance or otherwise encumber or dispose of in any way, all or any part of any direct or indirect interest of any of the shares of Colour Life held by them, the Company would have an option to elect to purchase all or any part of the shares of Colour Life subscribed for by the investors.
- (3) These represent share options granted by Colour Life subject to vesting schedules.

C. Shenzhen Caizhiyun Network Technology Co., Ltd. (“Caizhiyun Network”)

Director	Nature of interest	Registered capital (RMB)	Approximate percentage of interest in the associated corporation as at 31 December 2014
Mr. Pan Jun	Personal	7,000,000 ⁽¹⁾	70%

Notes:

- (1) Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of Colour Life by virtue of certain structured contracts, details of which are disclosed in the section headed “History, Reorganization and the Group Structure” in Colour Life’s prospectus dated 17 June 2014.

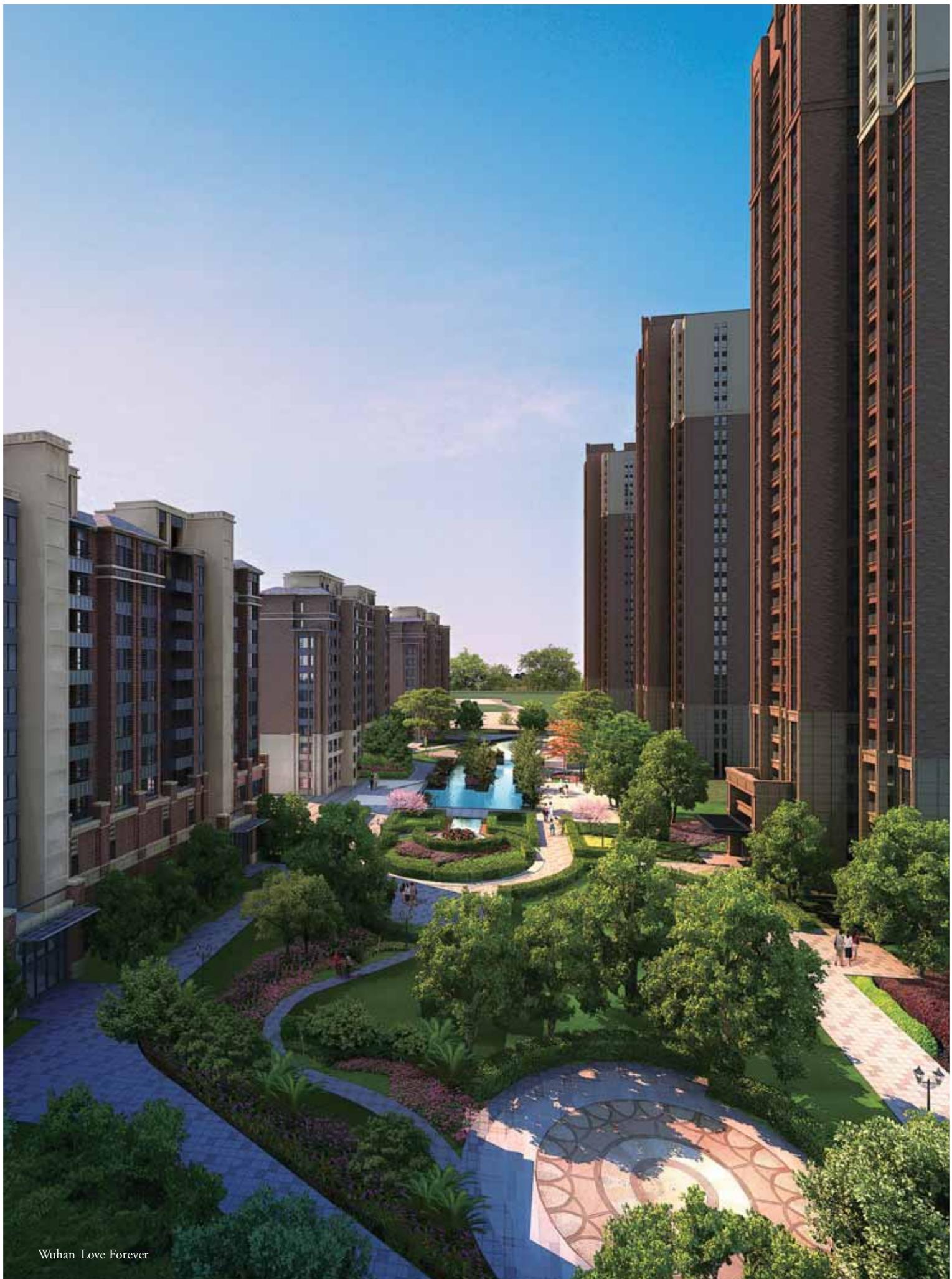
Save as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is 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.

Share Option Scheme

The Company adopted a share option scheme (the “Scheme”) which became effective on 27 October 2009 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company’s shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company’s shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll).

An offer of the grant of an option under the Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1 to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a Share.



REPORT OF THE DIRECTORS

The summary below set out the details of options granted as at 31 December 2014 pursuant to the Scheme:

Name	Date of grant	Exercise price	Closing price of the Shares on the date of grant		Balance as at 1 January 2014	Number of share option			Balance as at 31 December 2014	Note
			HK\$	HK\$		Granted during the year	Exercised during the year	Cancelled/ lapsed during the year		
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	(1)	
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	(3)	
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	(1)	
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	(3)	
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	-	-	-	2,770,000	(3)	
Mr. Wang Liang	29 August 2011	0.836	0.82	2,310,000	-	-	-	2,310,000	(1)	
	29 August 2011	0.836	0.82	1,500,000	-	-	-	1,500,000	(2)	
	16 October 2012	0.8	0.77	2,770,000	-	-	-	2,770,000	(3)	
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	(1)	
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	(3)	
Mr. Liao Martin Cheung Kong, JP (resigned on 18 November 2014)	29 August 2011	0.836	0.82	800,000	-	-	(800,000)	-	(2)	
	16 October 2012	0.8	0.77	800,000	-	-	(800,000)	-	(3)	
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	(1)	
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	(3)	
Mr. Xu Quan (resigned on 17 February 2015)	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	(1)	
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	(3)	
Other employees	29 August 2011	0.836	0.82	26,370,000	-	-	(2,520,000)	23,850,000	(1)	
	29 August 2011	0.836	0.82	10,750,000	-	(90,000)	(150,000)	10,510,000	(2)	
	16 October 2012	0.8	0.77	43,400,000	-	(34,200)	(2,845,800)	40,520,000	(3)	
Total				116,230,000		(124,200)	(7,115,800)	108,990,000		

REPORT OF THE DIRECTORS

Notes:

- (1) The share options are exercisable during the following periods:
 - (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;
 - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board; and
 - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board.
- (2) The share options are exercisable during the following periods:
 - (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;
 - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and
 - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.
- (3) The share options are exercisable during the following periods:
 - (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;
 - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and
 - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.

Colour Life adopted a share option scheme (“Colour Life Share Option Scheme”) by the written resolutions of the Shareholders passed on 11 June 2014. The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Colour Life Share Option Scheme is a share incentive scheme and is established to recognize, acknowledge and reward eligible participants who have contributed to the Colour Life Group and to encourage eligible participants to work towards enhancing the value of Colour Life. Eligible participants of the Colour Life Share Option Scheme include directors of Colour Life and employees of the Colour Life Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Colour Life Group who the board of directors of Colour Life (the “Colour Life Board”) considers, in its sole discretion, have contributed or will contribute to the Colour Life Group. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme is not permitted to exceed 10% in nominal amount of the aggregate of shares of Colour Life in issue, unless with the prior approval from Colour Life’s shareholders. The maximum number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of shares of Colour Life issue, unless with the prior approval from Colour Life’s shareholders and with such participants and his associates abstaining from voting. Options granted to any director, chief executive or substantial shareholder of Colour Life, or any of their respective associates, shall be subject to the prior approval of the independent non-executive directors of Colour Life. Where any option granted to a substantial shareholder or an independent non-executive director of Colour Life, or any of their respective associates, would result in the shares of Colour Life issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares of Colour Life in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares of Colour Life, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders of Colour Life (voting by way of poll).

REPORT OF THE DIRECTORS

An offer of the grant of an option under the Colour Life Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1 to Colour Life as consideration. Options may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Colour Life Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the shares of Colour Life on the date of grant, (ii) the average closing price of the shares of Colour Life for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share of Colour Life. An option may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Colour Life Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Colour Life Share Option Scheme. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The summary below sets out the details of movement of options granted as at 31 December 2014 pursuant to the Colour Life Share Option Scheme:

Name	Date of grant	Exercise price HK\$	Closing price of the Shares on the date of grant HK\$	Number of share option				Balance as at 31 December 2014	Note
				Balance as at 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year		
Mr. Tang Xuebin	29 September 2014	6.66	6.66	-	895,440	-	-	895,440	(1)&(2)
Mr. Dong Dong	29 September 2014	6.66	6.66	-	802,800	-	-	802,800	(1)&(2)
Mr. Zhou Qinwei	29 September 2014	6.66	6.66	-	467,300	-	-	467,300	(1)&(2)
Mr. Pan Jun	29 September 2014	6.66	6.66	-	895,440	-	-	895,440	(1)&(2)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	-	150,000	-	-	150,000	(1)&(2)
Mr. Zeng Liqing	29 September 2014	6.66	6.66	-	150,000	-	-	150,000	(1)&(2)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	-	150,000	-	-	150,000	(1)&(2)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	-	150,000	-	-	150,000	(1)&(2)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	-	150,000	-	-	150,000	(1)&(2)
Employees	29 September 2014	6.66	6.66	-	41,189,020	-	-	41,189,020	(1)&(2)
Total				0	45,000,000			45,000,000	

REPORT OF THE DIRECTORS

Notes:

- (1) 20,000,000 share options (including 1,679,530 share options granted to four directors of Colour Life, namely Mr. Tang Xuebin, Mr. Dong Dong, Mr. Zhou Qinwei and Mr. Pan Jun, and 18,320,470 share options granted to certain employees of the Colour Life Group) shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date on which the share options were granted ("Date of Grant"); (ii) one third of which shall be vested on the first anniversary of the Date of Grant, i.e. 29 September 2015; and (iii) the remaining one third of which shall be vested on the second anniversary of the Date of Grant, i.e. 29 September 2016.
- (2) 25,000,000 share options (including 2,131,450 share options granted to nine directors of Colour Life and 22,868,550 share options granted to certain employees of the Colour Life Group) shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the Date of Grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the Date of Grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the Date of Grant, i.e. 29 September 2017.

Purchase, Sale or Redemption of the Company's Shares

On 6 January 2014, 863,600,074 ordinary shares of the Company were issued at a subscription price of HK\$1.4129 per subscription share pursuant to a subscription agreement entered by the Company on 23 December 2013, details of which are disclosed in the Company's announcements dated 24 December 2013 and 7 January 2014, respectively.

Save as disclosed above, during the year ended 31 December 2014, neither the Company nor any of its subsidiaries and its joint ventures purchased, redeemed or sold any of the Company's listed securities.

Senior Notes

The Company for the first time issued senior notes due 2015 in the principal amount of US\$120 million at a coupon rate of 14% per annum, on 5 May 2010, for the purpose of funding the then and new property projects (including construction cost and land premium) and general corporate purposes.

On 20 September 2012, the Company issued senior notes due 2017 ("Senior Notes due 2017") in the principal amount of US\$250 million at a coupon rate of 13.75% per annum and on 16 January, the Company issued senior notes due 2020 ("Senior Notes due 2020") in the principal amount of US\$250 million at a coupon rate of 10.75% per annum. On 27 May, the Company issued senior notes due 2016 ("Senior Notes due 2016") in the principal amount of CNY1 billion at a coupon rate of 7.875% per annum. On 17 January 2014, the Company further issued senior notes due 2019 ("Senior Notes due 2019") in the principal amount of US\$300 million at a coupon rate of 10.625% per annum. The Company intended to use the net proceeds of all notes issued to refinance certain of its existing indebtedness, to finance its existing and new property development projects (including land premium and construction costs), and for other general corporate purposes.

Further details of the Senior Notes due 2017, Senior Notes due 2020, Senior Notes due 2016 and Senior Notes due 2019 are set out in note 39 to the consolidated financial statements.

Borrowings

Details of the borrowings of the Group are set out in note 37 of the consolidated financial statements.

Director's Interests in Significant Contracts

Save as disclosed in note 50 to the consolidated financial statements, no significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contract

No management contracts in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

Substantial Shareholders

As at 31 December 2014, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in our Company as at 31 December 2014
Fantasy Pearl	Beneficial interest ⁽¹⁾	3,302,166,000	57.35%
Ice Apex	Interest of controlled corporation ⁽¹⁾	3,302,166,000	57.35%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial interest ⁽²⁾	919,935,574	15.98%
TCL Corporation	Interest of controlled corporation ⁽²⁾	919,935,574	15.98%

Notes:

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) According to TCL Corporation's 2014 annual report dated 3 March 2015, as at 31 December 2014, T.C.L. Industries Holdings (H.K.) Limited held 919,935,574 shares of the Company representing 15.98% interest in the Company. T.C.L. Industries Holdings (H.K.) Limited is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares held by T.C.L. Industries Holdings (H.K.) Limited for the purpose of Part XV of the SFO.

REPORT OF THE DIRECTORS

Save as disclosed above, as of 31 December 2014, no other shareholder, other than directors or chief executives, of the Company 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.

Independence of Independent Non-Executive Directors

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 meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Major Customers and Suppliers

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.

Continuing Connected Transaction

The Company has entered into the following continuing connected transaction during the year ended 31 December 2014:

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC. Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Colour Life Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun

Network"). To enable the Colour Life Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service Co., Ltd. ("Shenzhen Colour Life Network Service"), Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the exclusive management and operation agreement, the call option agreement, the shareholders' rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the "Structured Contracts") on 16 June 2014 such that the Colour Life Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the "Contractual Arrangement"). The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. Colour Life is exploring various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. For details of the Structured Contracts, please refer to the section headed "History, Reorganization and the Group Structure – The Structured Contracts" in Colour Life's prospectus dated 17 June 2014.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, Mr. Pan and Mr. Tang are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, through the Colour Life Group, as if it was the Company's subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company, through Colour Life, to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by Colour Life's People's Republic of China (the "PRC") legal advisor. Colour Life Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that Colour Life manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for

as the Company's subsidiary, through Colour Life, and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Arrangements amounted to approximately RMB0.5 million for the year ended 31 December 2014 and approximately RMB3.5 million as of 31 December 2014, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

The Company had applied and the SEHK had granted a waiver that the Structured Contracts are exempt from the annual cap and independent shareholders' approval requirements under Rules 14A.36 and 14A.53 of the Listing Rules.

Mr. Pan and Mr. Tang may potentially have a conflict of interest with the Group. Both of Mr. Pan and Mr. Tang have undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

REPORT OF THE DIRECTORS

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

To ensure proper implementation of the Structured Contracts, Colour Life also takes the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Colour Life Board on a regular basis which will be no less frequent than on a quarterly basis;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of the Colour Life Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of Colour Life on the compliance and performance conditions under the Structured Contracts and other related matters;
- (d) the compliance department of Colour Life, headed by Mr. Zhou Qinwei ("Mr. Zhou"), monitored the proper implementation and Mr. Pan's and Mr. Tang's compliance with the Structured Contracts; and
- (e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Zhou, an executive director of Colour Life.

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the issuer group.

The board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu have reviewed the Structured Contracts and confirmed that the Structured Contracts have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transaction abovementioned:

- (i) has not been approved by the Board;
- (ii) are not in accordance with the pricing policies of the Company if the transactions involve provision of goods and services by the Company;
- (iii) have not been entered into in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the respective annual caps.

Related Party Transactions

During the year ended 31 December 2014, certain Directors and companies controlled by certain Directors entered into transactions with the Group which are disclosed in note 50 "Related Party Transactions" to the consolidated financial statements of the Group. Save as disclosed in the section headed "Continuing Connected Transaction", the Board confirmed that none of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

Interests in Competitors

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

Emolument Policy

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2014.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the reporting period, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorata basis to existing shareholders.

Corporate Governance

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

Sufficiency of Public Float

Based on information that is publicly available to the Company and within knowledge of its directors at the date of this annual report, the Company has maintained a sufficient public float throughout the year ended 31 December 2014.

Events After the End of the Reporting Period

Details of significant events occurring after the end of the reporting period are set out in note 54 to the consolidated financial statements.

Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Pan Jun
Chairman

Hong Kong, 2 March 2015

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules. For the period throughout the year ended 31 December 2014, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save for the following deviation:

- Code A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.
- Under Code A.6.7, the independent non-executive Directors and the non-executive Directors, as equal Board members, should attend the general meetings of the Company. However, due to other business commitment, Ms. Zeng Jie, Baby, the executive Director, Mr. Li Dong Sheng and Mr. Yuan Hao Dong, the non-executive Directors, and Mr. Liao Martin Cheung Kong, JP and Mr. Huang Ming, the independent non-executive Directors, did not attend the annual general meeting of the Company held on 14 May 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all Directors whether the Directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2014 and all Directors confirmed that they have complied with the Model Code throughout such period.

THE BOARD

Responsibilities

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Further, the Board is in charge of the task of maximizing the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the shareholders with a long-term return with stable and continuous growth.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

Composition and qualification requirements

The Board currently comprises of five executive Directors, being Mr. Pan Jun (Chairman), Ms. Zeng Jie, Baby, Mr. Lam Kam Tong, Mr. Zhou Jinqun and Mr. Wang Liang, two non-executive Directors, being Mr. Li Dong Sheng and Mr. Yuan Hao Dong, and five independent non-executive Directors, being Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. Biographical details of each Director are set out on pages 60 to 63.

Upon the resignation of Mr. Liao Martin Cheung Kong, JP as an independent non-executive Directors on 18 November 2014, the Board comprised a total of five executive Directors, two non-executive Directors and three independent non-executive Directors, which falls below the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules and less than one-third of its members as independent non-executive directors as required under Rule 3.10A of the Listing Rules. Following the appointment of Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu as independent non-executive Directors on 17 February 2015 and up to the date of this report, the Board comprises a total of five executive Directors, two non-executive Directors and five independent non-executive Directors, representing one-third of its members as independent non-executive Directors in compliance with Rule 3.10(1) and Rule 3.10A of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board.

Save as disclosed herein, throughout the year ended 31 December 2014 and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Board meetings and annual general meeting

The Board meets on a regular basis and four Board meetings and one annual general meeting for the year ended 31 December 2014 were held during the year. The individual attendance record is as follows:

Directors	No. of Board meetings attended/ No. of Board meetings held	AGM
Executive Directors		
Mr. Pan Jun	4/4	1/1
Ms. Zeng Jie, Baby	4/4	0/1
Mr. Lam Kam Tong	4/4	1/1
Mr. Zhou Jinqun	4/4	1/1
Mr. Wang Liang	4/4	1/1
Non-executive Directors		
Mr. Li Dong Sheng	4/4	0/1
Mr. Yuan Hao Dong	4/4	0/1
Independent non-executive Directors		
Mr. Ho Man	4/4	1/1
Mr. Liao Martin Cheung Kong, JP (resigned on 18 November 2014)	2/4	0/1
Mr. Huang Ming	4/4	0/1
Mr. Xu Quan (resigned on 17 February 2015)	4/4	1/1
Dr. Liao Jianwen (appointed on 17 February 2015)	N/A	N/A
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	N/A	N/A
Mr. Guo Shaomu (appointed on 17 February 2015)	N/A	N/A

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.

CORPORATE GOVERNANCE REPORT

Appointment and re-election of Directors

All executive Directors have entered into service contracts with the Company for a specific term of three years, all non-executive Directors have entered into letters of appointment with the Company for a specific term of three years, and all independent non-executive Directors have entered into letters of appointment with the Company for a specific term of three years. One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with our Company's Articles of Association. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Article shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Internal control

The Board is responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including control measures of financial and operational compliance and risk management functions of the Group twice per annum.

Directors' Training and professional development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme newly appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory

requirements being a newly appointed director. The Company further arranges an on-going training and professional development seminar for Directors.

During the year of 2014, all Directors were provided with monthly newsletter on the Group's business, operations and financial matters as well as updates, if any, on applicable legal and regulatory and market changes to facilitate the discharge of their responsibilities. The Company had also regularly circulated reading materials on the amendments to or updates on the relevant laws, rules and regulations to all Directors as part of their training materials in the continuous professional development plan of the Company and the Company confirmed that all Directors read the training materials. Continuing briefings and professional development for directors will be arranged whenever necessary.

All Directors had provided the Company Secretary with their training records for the year of 2014.

Indemnification of Directors and officers

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

Chairman and Chief Executive Officer

The chairman and chief executive officer of our Company is Mr. Pan Jun. The reasons for the two roles are being preformed by the same individual are set out on the section "Corporate Governance Code" of this report.

Board Committees

To enhance the effectiveness of the management of the Company, the Board has established three committees, namely the audit committee, the nomination committee and the remuneration committee to monitor corresponding aspects of the Company's affairs. The composition and the roles and functions of each committee are summarised as follows.

CORPORATE GOVERNANCE REPORT

The Board as a whole is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosures in this corporate governance report.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the CG Code, the Board adopted a revised terms of reference of the Audit Committee on 12 March 2012. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results of the Company have been reviewed by the Audit Committee.

The Audit Committee currently comprises five independent non-executive Directors, including Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the Audit Committee. During the year of 2014, the Audit Committee held two meetings. The individual attendance record is as follows:

Director	No. of meetings attended/ No. of meetings held
Mr. Ho Man (Committee chairman)	2/2
Mr. Liao Martin Cheung Kong, JP (resigned on 18 November 2014)	1/2
Mr. Huang Ming	2/2
Mr. Xu Quan (resigned on 17 February 2015)	2/2
Dr. Liao Jianwen (appointed on 17 February 2015)	N/A
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	N/A
Mr. Guo Shaomu (appointed on 17 February 2015)	N/A

The major roles and functions of the Audit Committee are to review important accounting policies, to supervise the Company's financial reporting processes, to monitor the performance of the external auditors and the internal audit department, to review and evaluate the effectiveness of the Company's financial reporting procedures and internal controls and to ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board.

During the reporting period, Audit Committee has been provided with the Group's financial statements, internal controls reports and other necessary financial information to consider, review and access significant issues arising from the financial statements, internal controls and work conducted. The Audit Committee also recommended the appointment of external auditors for the Company.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Company has established the remuneration committee (the “Remuneration Committee”) in compliance with the Listing Rules. In order to comply with the CG Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises an executive Director, Mr. Pan Jun, and five independent non – executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the committee. The individual attendance record is as follows:

Director	No. of meetings attended/ No. of meetings held
Mr. Huang Ming (Committee chairman)	1/1
Mr. Ho Man	1/1
Mr. Liao Martin Cheung Kong, JP (resigned on 18 November 2014)	0/1
Mr. Xu Quan (resigned on 17 February 2015)	1/1
Mr. Pan Jun	1/1
Dr. Liao Jianwen (appointed on 17 February 2015)	N/A
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	N/A
Mr. Guo Shaomu (appointed on 17 February 2015)	N/A

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company’s objectives from time to time.

During the year ended 31 December 2014, the Remuneration Committee reviewed, and determined the remuneration package of the Directors and senior management. The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed “Report of the Directors” and note 12 to the financial statements.

Nomination Committee

The Company has established the nomination committee (the “Nomination Committee”) in compliance with the Listing Rules to fulfill the functions of reviewing the structure of and nominating suitable candidates to the Board. In order to comply with the Revised CG Code, the Board (a) adopted a revised terms of reference of the Nomination Committee on 30 August 2013 and (b) announced that Mr. Pan Jun was appointed as chairman of the Nomination Committee in place of Ms. Zeng Jie, Baby with effect from 12 March 2012. Ms. Zeng Jie, Baby remains as a member of the Nomination Committee. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun, and, Ms. Zeng Jie, Baby and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. During the year of 2014, the Nomination Committee held 1 meetings. The individual attendance record is as follows:

Director	No. of meetings attended/ No. of meetings held
Mr. Pan Jun (Committee chairman)	1/1
Mr. Ho Man	1/1
Mr. Liao Martin Cheung Kong, JP (resigned on 18 November 2014)	0/1
Mr. Huang Ming	1/1
Mr. Xu Quan (resigned on 17 February 2015)	0/1
Ms. Zeng Jie, Baby	0/1
Dr. Liao Jianwen (appointed on 17 February 2015)	N/A
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	N/A
Mr. Guo Shaomu (appointed on 17 February 2015)	N/A

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge with reference to the “Board Diversity Policing” adopted by the Board on 29 August 2013 and the requirements under the Listing Rules.

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

During the year ended 31 December 2014, the Nomination Committee assessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2015 annual general meeting of the Company before putting forth for discussion and approval by the Board, and also reviewed the composition of the Board.

Auditors' Remuneration

The statement of the external auditors of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2014 is set out in the section headed "Independent Auditors' Report" in this annual report.

During the year, the total remuneration in respect of statutory audit services paid to the Company's auditors, Messrs. Deloitte Touche Tohmatsu ("Deloitte") amounted to approximately RMB5,853,000.

Internal Controls

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group.

During the year ended 31 December 2014, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board also will perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

Directors' Responsibilities for Financial Statements

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

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out on page 93 of the "Independent Auditors' Report" in this annual report.

Company Secretary

In compliance with Rule 3.28 of the Listing Rules, the Company Secretary is a full time employee and has the day – to-day knowledge of the Company's affairs. He is responsible for advising the Board on corporate governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

Shareholders Rights

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

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

Procedures by which enquiries may be put to the Board

Shareholders are provided with contact details of the Company, such as website, telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board or the company secretary through the above means. If shareholders have any enquiries in respect of their shareholdings and entitlements to dividend, they may contact Computershare Hong Kong Investor Services Limited, our share registrar from time to time.

Investor Relations

Constitutional Documents

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2014.

Effective Communication with Shareholders and Investors

As a showpiece of the Company facing the capital market, the Board believes that a transparent and timely disclosure of the Group's latest information will enable the shareholders and investors to have better understanding on the Group's operations and strategies. The Company recognises the importance of maintaining effective investor relations with the existing and potential investors. To enhance the communication between the Company and the investors, as well as to maintain the transparency of the Company, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain latest company information. In addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company's website at "www.cnfantasia.com" also acts as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. The Company will also actively correspond to any enquiries raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged company meetings, telephone conferences, investors meetings, luncheons and site visits, held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to reply questions raised.

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnfantasia.com) immediately after the relevant general meetings.

Deloitte.

德勤

TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED

花樣年控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Fantasia Holdings Group Co., Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 94 to 211, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 the 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 controls as the directors determine are necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

2 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	7	7,305,950	7,279,828
Cost of sales and services		(4,499,138)	(4,486,269)
Gross profit		2,806,812	2,793,559
Other income, gains and losses	8	(13,301)	385,511
Change in fair value of investment properties	16	575,840	167,319
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	29	95,665	10,177
Selling and distribution expenses		(269,719)	(315,184)
Administrative expenses		(585,730)	(487,390)
Finance costs	9	(290,948)	(260,294)
Share of results of associates		56	675
Share of results of joint ventures		(12,663)	(6,714)
Gain on disposal of subsidiaries	44(a)	223,707	116,644
Profit before tax	10	2,529,719	2,404,303
Income tax expense	11	(1,157,408)	(1,174,112)
Profit for the year		1,372,311	1,230,191
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties		9,942	3,960
Deferred taxation liability arising from revaluation of properties		(2,485)	(990)
Other comprehensive income for the year, net of income tax		7,457	2,970
Total comprehensive income for the year		1,379,768	1,233,161
Profit for the year attributable to:			
Owners of the Company		1,255,341	1,215,038
An owner of perpetual capital instrument		42,525	–
Other non-controlling interests		74,445	15,153
		1,372,311	1,230,191
Total comprehensive income attributable to:			
Owners of the Company		1,259,815	1,218,008
An owner of perpetual capital instrument		42,525	–
Other non-controlling interest		77,428	15,153
		1,379,768	1,233,161
Earnings per share – Basic (RMB)	14	0.22	0.23
Earnings per share – Diluted (RMB)	14	0.22	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,541,882	905,241
Investment properties	16	6,642,075	4,012,828
Interests in associates	17	1,753	1,566
Interests in joint ventures	18	609,981	71,084
Available-for-sale investment	19	38,910	38,910
Goodwill	20	133,918	79,267
Intangible assets	21	26,850	907
Prepaid lease payments	22	884,550	1,233,811
Premium on prepaid lease payments	23	175,847	390,032
Land development expenditure	24	667,965	666,131
Other receivables	30	376,841	376,841
Deposits paid for acquisition of subsidiaries	25	262,550	150,000
Deposit paid for acquisition of a property project	26	136,648	132,346
Deposits paid for acquisition of land use rights	27	1,005,685	435,423
Deferred tax assets	28	498,714	393,454
		13,004,169	8,887,841
CURRENT ASSETS			
Properties for sale	29	19,442,516	14,191,479
Prepaid lease payments	22	34,274	30,828
Premium on prepaid lease payments	23	3,678	10,853
Trade and other receivables	30	3,873,362	3,583,659
Amounts due from customers for contract works	31	59,460	41,059
Tax recoverable		34,130	46,114
Amount due from a joint venture	32	149,855	139,190
Restricted/pledged bank deposits	33	914,596	855,564
Bank balances and cash	33	3,738,040	2,776,879
		28,249,911	21,675,625
CURRENT LIABILITIES			
Trade and other payables	34	5,516,143	2,453,629
Deposits received for sale of properties		3,386,888	4,678,224
Amounts due to customers for contract works	31	8,195	54,318
Amount due to a related party	35	–	506
Amount due to a non-controlling shareholder	43(a)	419,960	–
Amounts due to joint ventures	36	996,467	–
Tax liabilities	37	3,016,193	2,784,573
Borrowings – due within one year	38	4,122,925	2,053,357
Obligations under finance leases	39	20,826	26,003
Senior notes		746,051	–
		18,233,648	12,050,610
NET CURRENT ASSETS		10,016,263	9,625,015
TOTAL ASSETS LESS CURRENT LIABILITIES		23,020,432	18,512,856

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT LIABILITIES			
Amount due to a non-controlling shareholder	43(a)(i)	686,667	–
Deferred tax liabilities	28	1,096,155	719,916
Borrowings – due after one year	37	3,651,475	4,942,036
Obligations under finance leases	38	119,749	140,418
Senior notes	39	6,022,081	4,843,390
Provision	43(a)	31,931	29,591
Redeemable shares	40	–	6,177
		11,608,058	10,681,528
		11,412,374	7,831,328
CAPITAL AND RESERVES			
Share capital	41	497,485	429,575
Reserves		8,955,574	6,890,876
Equity attributable to owners of the Company		9,453,059	7,320,451
Perpetual capital instrument	42	710,500	–
Other non-controlling interests		1,248,815	510,877
Total non-controlling interests		1,959,315	510,877
		11,412,374	7,831,328

The consolidated financial statements on pages 94 to 211 were approved and authorised for issue by the Board of Directors on 2 March 2015 and are signed on its behalf by:

DIRECTOR

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company										Attributable to non-controlling interests				Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000 (Note viii)	Statutory reserves RMB'000 (Note iv)	Discretionary reserves RMB'000 (Note ix)	Property revaluation reserve RMB'000 (Note v)	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share option reserve of Colour Life RMB'000	Non-controlling interests RMB'000	Sub-total RMB'000	
At 1 January 2013	457,093	2,451,225	(64,168)	7,420	40,600	40,539	1,477	30,913	3,636,031	6,601,130	-	-	320,036	320,036	6,921,166
Profit for the year	-	-	-	-	-	-	-	-	1,215,038	1,215,038	-	-	15,153	15,153	1,230,191
Surplus on revaluation of properties	-	-	-	-	-	-	-	3,960	-	3,960	-	-	-	-	3,960
Deferred taxation liability arising from revaluation of properties	-	-	-	-	-	-	-	(990)	-	(990)	-	-	-	-	(990)
Other comprehensive income for the year	-	-	-	-	-	-	-	2,970	-	2,970	-	-	-	-	2,970
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	2,970	1,215,038	1,218,008	-	-	15,153	15,153	1,233,161
Acquisition of subsidiaries (note 43)	-	-	-	-	-	-	-	-	-	-	-	-	52,430	52,430	52,430
Deemed disposal of partial interest in subsidiaries without loss of control (note 44(c))	-	-	99,143	-	-	-	-	-	-	99,143	-	-	131,421	131,421	230,564
Contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000	6,000
Dividend distributed to shareholders of the Company (note 13)	-	(228,576)	-	-	-	-	-	-	-	(228,576)	-	-	-	-	(228,576)
Recognition of equity-settled share-based payments (note 47)	-	-	-	8,756	-	-	-	-	-	8,756	-	-	-	-	8,756
Shares repurchased and cancelled	(27,518)	(346,338)	-	-	-	-	-	-	-	(373,856)	-	-	-	-	(373,856)
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	(4,154)	-	-	-	-	-	-	(4,154)	-	-	(14,438)	(14,438)	(18,592)
Disposal of a subsidiary (note 44(a))	-	-	-	-	-	-	-	-	-	-	-	-	275	275	275
Transfer	-	-	-	-	-	3,198	-	-	(3,198)	-	-	-	-	-	-
At 31 December 2013	429,575	1,876,311	30,821	16,176	40,600	43,737	1,477	33,883	4,847,871	7,320,451	-	-	510,877	510,877	7,831,328
Profit for the year	-	-	-	-	-	-	-	-	1,255,341	1,255,341	42,525	-	74,445	116,970	1,372,311
Surplus on revaluation of properties	-	-	-	-	-	-	-	5,965	-	5,965	-	-	3,977	3,977	9,942
Deferred taxation liability arising from revaluation of properties	-	-	-	-	-	-	-	(1,491)	-	(1,491)	-	-	(994)	(994)	(2,485)
Other comprehensive income for the year	-	-	-	-	-	-	-	4,474	-	4,474	-	-	2,983	2,983	7,457

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to owners of the Company										Attributable to non-controlling interests				Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000 (Note viii)	Statutory reserves RMB'000 (Note iv)	Discretionary reserves RMB'000 (Note ix)	Property revaluation reserve RMB'000 (Note v)	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share option reserve of Colour Life RMB'000	Non-controlling interests RMB'000	Sub-total RMB'000	
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	4,474	1,255,341	1,259,815	42,525	-	77,428	119,953	1,379,768
Acquisition of subsidiaries (note 43(a))	-	-	-	-	-	-	-	-	-	-	-	-	45,983	45,983	45,983
Issue of share as consideration of acquisition of subsidiary	67,900	871,625	-	-	-	-	-	-	-	939,525	-	-	-	-	939,525
Issue of share upon exercise of share option	10	101	-	(30)	-	-	-	-	-	81	-	-	-	-	81
Dilution of interests in subsidiaries (note vi)	-	-	314,811	-	-	-	-	-	-	314,811	-	-	395,403	395,403	710,214
Contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	2,108	2,108	2,108
Dividend distributed to shareholders of the Company (note 13)	-	(306,054)	-	-	-	-	-	-	-	(306,054)	-	-	-	-	(306,054)
Recognition of equity-settled share-based payments (note 47)	-	-	-	3,353	-	-	-	-	-	3,353	-	29,780	-	29,780	33,133
Acquisition of additional interests in subsidiaries from non-controlling shareholders (note vii)	-	-	(115,802)	-	-	-	-	-	-	(115,802)	-	-	(124,053)	(124,053)	(239,855)
Disposal of a subsidiary (note 44(a))	-	-	-	-	-	-	-	-	-	-	-	-	(57,904)	(57,904)	(57,904)
Deemed disposal partial interest without loss of control (note 44(c))	-	-	36,879	-	-	-	-	-	-	36,879	-	-	362,361	362,361	399,240
Issue of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	700,000	-	-	700,000	700,000
Distribution to owners of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(32,025)	-	-	(32,025)	(32,025)
Capitalisation of redeemable shares (note 40)	-	-	-	-	-	-	-	-	-	-	-	-	6,832	6,832	6,832
Transfer	-	-	-	-	-	1,106	-	(1,106)	-	-	-	-	-	-	-
At 31 December 2014	497,485	2,441,983	266,709	19,499	40,600	44,843	1,477	38,357	6,102,106	9,453,059	710,500	29,780	1,219,035	1,959,315	11,412,374

Notes:

- (i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out final dividend from share premium account.
- (ii) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.
- (iii) Share options reserve represents the share-based payment under the Company's share option scheme.
- (iv) The statutory reserves and discretionary reserves relate to subsidiaries in the People's Republic of China (the "PRC") and are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and increase capital upon approval from the relevant authorities.
- (v) Property revaluation surplus arose from the transfer of owner-occupied property to investment properties at the date of change in use.
- (vi) Colour Life Service Group Co., Limited ("Colour Life"), a 67.19% owned subsidiary of the Group as at 31 December 2013, has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 30 June 2014. On the same date, 250,000,000 ordinary shares with a par value of HK\$0.01 each of Colour Life were issued by way of public offering and placing ("Share Offer"), the net proceeds received by Colour Life, after deducting the expenses relating to the Share Offer, is RMB710,214,000. The Group's percentage of equity interest in Colour Life was then diluted from 67.19% to 50.39% upon completion of the Share Offer. The difference of RMB314,811,000 between the share of net assets of Colour Life amounted to RMB395,403,000 and the net proceeds were recognised in special reserve.
- (vii) During the year ended 31 December 2014, the Group acquired additional interests in subsidiaries from the non-controlling shareholders. The difference between the consideration paid of RMB239,813,000 and proportionate share of the subsidiary's net assets of RMB124,053,000 by the Group was charged to the special reserve of RMB115,802,000.
- (viii) Contribution reserve represents (1) the contribution/distribution to shareholders during the group reorganisation in 2009; (2) the difference between the consideration paid and the fair value of net assets acquired from related parties; (3) the difference between the consideration received and the carrying amount of net assets disposed of to related parties during the group reorganisation in 2009; and (4) the waiver of shareholder loans in 2009.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before tax	2,529,719	2,404,303
Adjustments for:		
Change in fair value of investment properties	(575,840)	(167,319)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	(95,665)	(10,177)
Release of prepaid lease payments	24,588	18,544
Release of premium on prepaid lease payments	22,910	15,342
Amortisation of intangible assets	3,505	906
Depreciation of property, plant and equipment	91,095	64,521
Investment income	–	(246,161)
Gain on disposal of property, plant and equipment	(321)	(39)
Gain on disposal of subsidiaries	(223,707)	(116,644)
Allowance (reversal) on bad and doubtful debts, net	39,653	(4,117)
Interest income	(23,351)	(7,007)
Finance costs	290,948	260,294
Net foreign exchange loss (gain)	50,514	(91,838)
Share of results of associates	(56)	(675)
Share of results of joint ventures	12,663	6,714
Share-based payment expenses	33,133	8,756
Operating cash flows before movements in working capital	2,179,788	2,135,403
Addition to prepaid lease payments	(275,995)	(762,995)
(Increase) decrease in land development expenditure	(1,834)	156,249
Increase in properties for sale	(2,422,000)	(567,599)
Increase in deposits paid for acquisition of land use rights	(260,544)	(277,300)
Increase in trade and other receivables	(145,613)	(874,704)
(Increase) decrease in amounts due from customers for contract works	(18,401)	11,423
(Decrease) increase in amounts due to customers for contract works	(46,123)	52,027
Decrease in trade and other payables	2,237,813	149,402
(Decrease) increase in deposits received for sale of properties	(1,198,314)	492,120
Cash generated from operations	48,777	514,026
Income tax paid	(766,398)	(634,141)
Interest paid	(1,025,521)	(816,234)
NET CASH FROM OPERATING ACTIVITIES	(1,743,142)	(936,349)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Deposits paid for acquisition of a property project		(4,302)	(6,342)
Increase in restricted bank deposits		(81,739)	(147,950)
Disposal of structured deposits		–	42,200
Settlement of consideration payables of acquisition of assets and liabilities through acquisitions of subsidiaries and acquisition of businesses		(19,462)	(257,030)
Settlement of consideration receivables of disposal of subsidiaries		205,369	–
Purchases of property, plant and equipment		(569,531)	(113,387)
Additions to investment properties		(652,727)	(100,975)
Acquisitions of assets and liabilities through acquisitions of subsidiaries (net of cash and cash equivalents acquired)	43(a)	(189,846)	(1,778,391)
Acquisition of businesses (net of cash and cash equivalents acquired)	43(b)	(39,788)	(183,223)
Capital injection to an associate		(490)	–
Proceeds received upon derecognition of a joint venture		19,449	–
Interest received		23,351	7,007
Dividend received from an associate		359	280
Proceeds from disposal of property, plant and equipment		14,998	3,646
Disposal of subsidiaries	44(a)	–	195,122
Disposal of partial interests of subsidiaries	44(b)	(28,128)	–
Disposal of partial interests of subsidiaries resulting in loss of control	44(b)	–	–
Deposits paid for acquisition of subsidiaries		(212,550)	(148,790)
Proceeds from disposal of investment properties		12,214	85,826
Capital injection to a joint venture		–	(58,078)
Acquisition of investments in joint ventures		(361,731)	–
Advance to a joint venture		(10,665)	(139,190)
Repayment from a joint venture		10,020	–
NET CASH USED IN INVESTING ACTIVITIES		(1,830,746)	(2,599,275)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES			
Net proceeds from the issuance of senior notes	39	1,801,274	2,508,503
Net proceeds from Share Offer of Colour Life		710,214	–
Net proceeds from issuance of perpetual capital instrument		700,000	–
Contribution from non-controlling shareholders		2,108	6,000
New borrowings raised		7,856,159	5,345,377
Repayment of borrowings		(6,856,676)	(3,867,220)
Distribution to owners of perpetual capital instrument		(32,025)	–
Dividend paid to shareholders of the Company		(306,054)	(228,576)
Repayment to a related party		(506)	(1,067)
Acquisition of additional interest in subsidiaries		(239,855)	(18,592)
Shares repurchased		–	(373,856)
Repayment of obligations under finance leases		(32,120)	(58,324)
Proceeds from dilution of interest in a subsidiary that does not result in losing of control	43(b)	–	193,500
Deemed disposal of partial interest in a subsidiary	44(c)	36,990	43,241
Issue of share upon exercise of share option		81	–
Advance from joint ventures		897,209	–
NET CASH FROM FINANCING ACTIVITIES		4,536,799	3,548,986
NET INCREASE IN CASH AND CASH EQUIVALENTS		962,911	13,362
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,776,879	2,788,106
Effect of foreign exchange rate changes		(1,750)	(24,589)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		3,738,040	2,776,879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. General

The Company is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands (the “BVI”). Its ultimate controlling party is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The addresses of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands, corporate head office in Hong Kong is Room 1202-03, New World Tower 1, 16-18 Queen’s Road Central, Hong Kong, and corporate headquarter in People’s Republic of China is Block A, Funian Plaza, Shihua Road and Zijing Road Interchange in Futian Dutyfree Zone, Shenzhen 518048, Guangdong Province, China.

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time in the current year:

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

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 “Investment Entities”

The Group has applied the amendments to HKFRS10, HKFRS 12 and HKAS27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investments entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

As the company is not an investment entity (assessed based on the criteria set out in HKFRS 10 as at 1 January 2014), the application of the amendments has had no impacts on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

Amendments to HKAS 36 “Recoverable Amount Disclosure for Non-Financial Assets”

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 “Fair Value Measurements”.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRSs	Annual Improvements to HFRSs 2010–2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HFRSs 2011–2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HFRSs 2012–2014 Cycle ⁵

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

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

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

⁴ Effective for annual periods beginning on or after 1 July 2014

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exception

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

HKFRS 15 “Revenue from contracts with Customer”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipates that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvement to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce special guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 “Disclosure – Offsetting Financial Assets and Financial Liabilities” issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 Interim Financial Reporting.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in earnings at the beginning of that period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

Annual Improvements to HKFRSs 2012–2014 Cycle (continued)

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group’s consolidated financial statements.

Except for the above impact, the Directors of the Company do not anticipate that the application of other new and revised HKFRSs will not have significant impact on the Group’s consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "*Income Taxes*" and HKAS 19 "*Employee Benefits*" respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "*Share-based Payment*" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "*Non-current Assets Held for Sale and Discontinued Operations*" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 “*Provisions, Contingent Liabilities and Contingent Assets*”, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group’s policy for the goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. The associate and joint venture uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, and investment in an associate or a joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "*Impairment of Assets*" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Agency fee, service income, management fee, parking fee and consultation fee

Agency fee, service income, management fee, parking fee and consultation fee are recognised when services are provided.

The Group's policy for recognition of revenue from construction services is described in the accounting policy for construct in contracts below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Revenue recognition (continued)

Hotel operation

Revenue from hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services is recognised when the services are rendered.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Land development expenditure

Land development expenditure is stated at the lower of cost and net realisable value. The cost includes expenditure directly attributable to the development of relevant projects such as road construction, demolition, resettlement work and borrowing cost.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Properties for sale

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Cost of each unit in each phase of development is determined using the weighted average method.

Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale.

The Group transfers a property from inventories to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: loans and receivables and available-for-sale (“AFS”) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits paid for acquisition of land use rights, subsidiaries and a property project, other receivables (non-current), trade and other receivables, amount due from a joint venture, restricted/pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets measured at amortised cost, 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related party and a shareholder, amounts due to joint ventures, obligations under finance leases, redeemable shares and borrowings) are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- (i) the amount of the obligation under the contract, as determined in accordance with HKAS 37 “*Provision, Contingent Liabilities and Contingent Assets*”; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Borrowing costs

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Leasing (continued)

The Group as lessee (continued)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale or for use in the production or supply of goods or services, and are initially recognised at cost and released to profit or loss over the remaining lease term on a straight-line basis. The prepaid lease payments in respect of development of projects for sale whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

Premium on prepaid lease payments

The premium on prepaid lease payments represent the excess of the consideration paid over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC acquired through acquisition of subsidiaries and released to profit or loss over the remaining lease term on a straight-line basis. The premium on prepaid lease payments in respect of projects whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. Significant Accounting Policies (continued)

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period in which they arise.

Share-based payment transactions

Equity-settled share-based payment transactions

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Key sources of estimation uncertainty

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

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of approximately RMB19,442,516,000 (2013: RMB14,191,479,000). Cost, including the cost of land, development expenditure, borrowing costs capitalized in accordance with the Group's accounting policy and other attributable expenses, are allocated to each unit in each phase based on saleable gross floor area, using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be write-down on the properties under development for sale and completed properties for sale.

Land appreciation tax ("LAT")

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As explained in above, the carrying amounts of investment properties are presumed to be recovered entirely through sale, as such deferred tax charge on the fair value change of investment properties has taken into account the LAT payable the disposal of these properties.

Deferred tax assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade receivable is RMB1,034,555,000 (2013: carrying amount of RMB661,721,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill net of accumulated impairment loss was approximately RMB133,918,000 (2013: carrying amount of RMB79,267,000).

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of intangible assets net of accumulated impairment loss was approximately RMB26,850,000 (2013: carrying amount of RMB907,000).

Fair value measurements and valuation processes

The investment properties of the Group are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt, which includes amounts due to joint ventures as disclosed in note 36, amount due to a non-controlling shareholder as disclosed in note 43(a), amount due to a related party as disclosed in note 35, borrowings as disclosed in note 37, obligations under finance leases disclosed in note 38, senior notes as disclosed in note 39, redeemable shares as disclosed in note 40, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of bank and other borrowings to ensure compliance with financial covenants.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding and considers the cost of capital and the risks associated with each class of capital, the Group does not have any target gearing ratio.

The directors of the Company then assess the annual budget and 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.

6. Financial Instruments

(a) Categories of financial instruments

	2014 RMB'000	2013 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	7,725,618	5,952,755
AFS financial assets	38,910	38,910
Financial liabilities		
Amortised cost	21,810,703	14,276,722

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits paid for acquisition of land use rights, subsidiaries and a property project, trade and other receivables, finance lease receivables, amount due from a joint venture, restricted bank deposits, bank balances and cash, trade and other payables, amount due to a related party and shareholder, obligations under finance leases, redeemable shares, borrowings and senior notes. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Currency risk

The Group has bank balances, borrowings, redeemable shares, obligations under finance leases and senior notes which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2014 RMB'000	2013 RMB'000
Assets		
United States Dollars ("USD")	60,413	57,407
Hong Kong Dollars ("HKD")	318,722	307,011
Taiwan Dollars ("TWD")	–	2,255
Japanese Yen ("JPY")	3,366	25,795
Singapore Dollars ("SGD")	243	17,734
Liabilities		
USD	6,904,709	4,651,224
HKD	85,251	108,500
JPY	42,413	40,551

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in USD, TWD, SGD, JPY and HKD against RMB.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in the RMB against the relevant foreign currencies. 5% (2013: 5%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rates. The sensitivity analysis includes bank balances, borrowings, redeemable shares, obligations under finance leases and senior notes. A positive number indicates an increase in profit for the year where the RMB strengthens 5% (2013: 5%) against the relevant currencies. For a 5% (2013: 5%) weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) *Currency risk* (continued) *Foreign currency sensitivity analysis*

	2014 RMB'000	2013 RMB'000
USD		
Increase in profit for the year	342,215	229,691
HKD		
Decrease in profit for the year	(11,674)	(9,926)
TWD		
Decrease in profit for the year	–	(113)
JPY		
Increase in profit for the year	1,952	738
SGD		
Decrease in profit for the year	(12)	(887)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

(ii) *Interest rate risk*

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

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate borrowings, obligations under finance leases, redeemable shares and senior notes. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the London Interbank Offer Rate ("LIBOR") arising from the Group's USD borrowings, the Hong Kong Interbank Offer Rate ("HIBOR") arising from the Group's HKD borrowings and Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate") from the Group's RMB borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Interest rate risk (continued)

Interest rate risk sensitivity analysis

Bank balances and restricted bank deposits

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances and restricted bank deposits at the end of the reporting period. A 25 basis points (2013: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2013: 25 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would increase/decrease by approximately RMB8,724,000 (2013: increase/decrease of approximately RMB6,838,000).

Variable-rate borrowings

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50 basis points (2013: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would decrease/increase by approximately RMB20,421,000 (2013: decrease/increase of approximately RMB19,923,000), net of interest that would be capitalised in accordance with the Group's accounting policy.

(iii) Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 49(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

In order to minimise the credit risk, the Group has policies in place 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 individual trade debt at the end of the reporting period 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 significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

As at 31 December 2014, the Group has concentration of credit risk on the deposits paid for acquisition of a property project, land use rights and subsidiaries and amount due from a joint venture. These balances are paid to counterparties which are all engaged in PRC property development business and property operation service, and are either state-owned entities or companies with high credit rating, the directors of the Company consider that the credit risk is limited.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

For properties under development which are subject to pre-sales agreements, the Group generally typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's purchase deposit and sell 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.

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings, amount due to a related party, obligations under finance leases, redeemable shares and senior notes as a significant source of liquidity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2014								
Trade and other payables	-	1,537,773	1,208,257	981,732	1,296,740	-	5,024,502	5,024,502
Amount due to a non-controlling shareholder	-	419,960	-	-	686,667	-	1,106,627	1,106,627
Amounts due to joint ventures	-	996,467	-	-	-	-	996,467	996,467
Borrowings								
- fixed rate	9.50	704,450	907,858	290,483	295,944	339,174	2,537,909	2,328,927
- variable rate	7.48	763,320	227,754	1,709,395	3,203,810	330,574	6,234,853	5,445,473
Obligations under finance leases	4.16	730	5,423	20,082	96,284	37,771	160,290	140,575
Senior notes	12.05	82,224	105,170	2,082,441	7,603,460	82,224	9,955,519	6,768,132
Financial guarantee contracts	-	4,778,135	-	-	-	-	4,778,135	-
		9,283,059	2,454,462	5,084,133	13,182,905	789,743	30,794,302	21,810,703
At 31 December 2013								
Trade and other payables	-	601,625	349,257	1,253,553	60,400	-	2,264,835	2,264,835
Amounts due to related parties	-	506	-	-	-	-	506	506
Borrowings								
- fixed rate	9.27	62,800	25,226	120,590	1,719,704	67,282	1,995,602	1,682,552
- variable rate	6.76	184,012	549,799	1,188,563	3,685,254	527,398	6,135,026	5,312,841
Obligations under finance leases	4.16	765	6,065	25,765	100,932	61,368	194,895	166,421
Redeemable shares	12.00	-	-	-	7,748	-	7,748	6,177
Senior notes	12.37	82,133	105,053	368,621	4,718,364	1,774,448	7,048,619	4,843,390
Financial guarantee contracts	-	3,162,990	-	-	-	-	3,162,990	-
		4,094,831	1,035,400	2,957,092	10,292,402	2,430,496	20,810,221	14,276,722

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2014, there is no aggregate undiscounted principal amounts of these bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

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

- The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair value of financial guarantee contracts at initial recognition is determined to be insignificant, using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default; and
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, fair value determined based on the discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

Except for the following financial liabilities, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

		2014	2014	2013	2013
	Fair value hierarchy	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Senior notes	Level 1	6,768,132	6,333,896	4,843,390	5,222,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. Revenue and Segment Information

An analysis of the Group's revenue for the year is as follows:

	2014 RMB'000	2013 RMB'000
Sales of properties	6,535,319	6,733,340
Rental income	136,462	128,673
Agency fee from provision of property agency services	18,653	12,683
Management fee and installation services fee from provision of property operation services	504,243	314,764
Hotel operations	111,273	90,368
	7,305,950	7,279,828

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the operating and reportable segments of the Group.

The Group has five reportable and operating segments as follows:

Property development	–	developing and selling of commercial and residential properties in the PRC
Property investment	–	leasing of commercial and residential properties
Property agency services	–	provision of property agency and other related services
Property operation services	–	provision of property management, installation of security systems and other related services
Hotel operations	–	provision of hotel accommodation, hotel management and related services, food and beverage sale and other ancillary services

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, exchange gain/loss, share of results of associates and joint ventures, gain on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers also review the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint ventures, available-for-sale investments, amount due from a joint venture, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. Revenue and Segment Information (continued)

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For 31 December 2014

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External revenues	6,535,319	136,462	18,653	504,243	111,273	7,305,950
Inter-segment revenues	147,775	–	–	90,238	–	238,013
Segment results	1,854,053	637,038	17,234	299,063	5,323	2,812,711
Segment assets	26,161,619	6,875,227	11,731	1,203,359	955,256	35,207,192

Amounts included in the measure of
segment profit or loss or segment assets:

Additions to non-current assets (note)	73,249	2,139,128	689	10,594	623,839	2,847,499
Change in fair value of investment properties	–	575,840	–	–	–	575,840
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	95,665	–	–	–	–	95,665
Release of prepaid lease payments	20,341	–	–	1,967	1,937	24,245
Release of premium on prepaid lease payments	22,910	–	–	–	–	22,910
Amortisation of intangible assets	–	–	–	3,505	–	3,505
Depreciation of property, plant and equipment	21,496	6,475	–	8,639	54,046	90,656
Gain on disposal of property, plant and equipment	321	–	–	–	–	321
Reversal of allowance on bad and doubtful debts, net	28,599	–	–	11,054	–	39,653

Inter-segment revenues are charged at prevailing market rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. Revenue and Segment Information (continued)

Segment revenues, results, assets and other material items for 31 December 2013:

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Total RMB'000
External revenues	6,733,340	128,673	12,683	314,764	90,368	7,279,828
Inter-segment revenues	104,383	–	1,157	404,902	–	510,442
Segment results	2,294,476	170,405	11,106	129,765	1,010	2,606,762
Segment assets	20,300,865	4,334,570	3,912	937,689	570,952	26,147,988
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets (note)	13,781	111,149	1,493	322,125	46,884	495,432
Change in fair value of investment properties	–	167,319	–	–	–	167,319
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	10,177	–	–	–	–	10,177
Release of prepaid lease payments	14,917	–	–	1,767	1,577	18,261
Release of premium on prepaid lease payments	15,342	–	–	–	–	15,342
Investment income	246,161	–	–	–	–	246,161
Amortisation of intangible assets	–	–	–	906	–	906
Depreciation of property, plant and equipment	15,427	5,239	–	15,453	28,119	64,238
Gain on disposal of property, plant and equipment	39	–	–	–	–	39
Reversal of allowance on bad and doubtful debts, net	4,117	–	–	–	–	4,117

Inter-segment revenues are charged at prevailing market rate.

Note: Additions to non-current assets comprise mainly additions to goodwill, property, plant and equipment and investment properties and exclude interests in associates and joint ventures, deposits paid for acquisition of land use rights, acquisition of subsidiaries and acquisition of a property project and deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. Revenue and Segment Information (continued)

Reconciliation:

	2014 RMB'000	2013 RMB'000
Revenue:		
Total revenue for operating and reportable segments	7,543,963	7,790,270
Elimination of inter-segment revenues	(238,013)	(510,442)
Group's total revenue	7,305,950	7,279,828
Total segment results		
Elimination of inter-segment results	(68,860)	(56,730)
Unallocated amounts:		
Unallocated income, gains and losses	(27,163)	98,847
Unallocated corporate expenses	(107,121)	(94,887)
Finance costs	(290,948)	(260,294)
Gain on disposal of subsidiaries	223,707	116,644
Share of results of associates	56	675
Share of results of joint ventures	(12,663)	(6,714)
Profit before tax	2,529,719	2,404,303
	2014 RMB'000	2013 RMB'000
Assets:		
Total assets for operating and reportable segments	35,207,192	26,147,988
Unallocated assets:		
Interests in associates	1,753	1,566
Interests in joint ventures	609,981	71,084
Available-for-sale investment	38,910	38,910
Restricted/pledged bank deposits	914,596	855,564
Amount due from a joint venture	149,855	139,190
Bank balances and cash	3,738,040	2,776,879
Corporate assets	593,753	532,285
Group's total assets	41,254,080	30,563,466

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC.

During the years ended 31 December 2014 and 2013, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. Revenue and Segment Information (continued)

	2014 RMB'000	2013 RMB'000
Other material items:		
<i>Release of prepaid lease payments</i>		
Reportable segment totals	24,245	18,261
Unallocated amount	343	283
	24,588	18,544
<i>Release of premium on prepaid lease payments</i>		
Reportable segment and Group's totals	22,910	15,342
<i>Depreciation of property, plant and equipment</i>		
Reportable segment totals	90,656	64,238
Unallocated amount	439	283
Group's total	91,095	64,521
<i>Additions to non-current assets</i>		
Reportable segment totals	2,847,499	495,432
Unallocated amount	8,864	5,649
Group's total	2,856,363	501,081
<i>Gain on disposal of property, plant and equipment</i>		
Reportable segment and Group's totals	321	39
<i>Allowance (reversal) on bad and doubtful debt, net</i>		
Reportable segment and Group's totals	39,653	(4,117)

8. Other Income, Gains and Losses

	2014 RMB'000	2013 RMB'000
Investment income (note i)	–	246,161
Interest income	23,351	7,007
Government grants (note ii)	571	29,335
Net exchange (loss) gain	(50,514)	91,838
Others	13,291	11,170
	(13,301)	385,511

Notes:

- (i) The amount represented the return or receivables from the People's Government of Pixian County ("Pixian Government") (see note 30(ii)).
- (ii) The amount represents the grants received from the relevant PRC local governments to encourage the development of real estate industry. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. Finance Costs

	2014 RMB'000	2013 RMB'000
Interest on:		
– borrowings wholly repayable within five years	308,626	315,091
– borrowings not wholly repayable within five years	60,870	66,988
– senior notes	768,529	542,664
– finance leases	8,759	1,045
– redeemable shares	655	–
– amount due to a non-controlling shareholder	141,099	–
	1,288,538	925,788
Less: Amount capitalised in properties under development for sale	(953,941)	(658,372)
Amount capitalised in investment properties under development	(4,123)	(7,122)
Amount capitalised in construction in progress	(39,526)	–
	290,948	260,294

In 2014, certain amount of finance costs capitalised arose on the general borrowing pool and were calculated by applying the capitalisation rate of 11.76% per annum (2013: 13.24% per annum) to expenditures on qualifying assets.

10. Profit Before Tax

	2014 RMB'000	2013 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	20,278	14,784
Other staff's salaries and allowances	346,739	264,165
Retirement benefit scheme contributions	62,003	47,884
Share-based payments	768	6,555
Total staff costs	429,788	333,388
Less: Amount capitalised in properties under development for sale	(167,094)	(92,920)
	262,694	240,468
Auditor's remuneration	5,853	4,868
Release of prepaid lease payments	24,588	18,544
Release of premium on prepaid lease payments	22,910	15,342
Depreciation of property, plant and equipment	91,095	64,521
Amortisation of intangible assets	3,505	906
Gain on disposal of property, plant and equipment	(321)	(39)
(Reversal of) allowance on bad and doubtful debts, net	39,653	(4,117)
Listing expense of a non-wholly own subsidiary of the Company	16,282	22,854
Cost of properties sold recognised as an expense	4,091,116	4,233,681
Contract cost recognised as an expense	24,878	22,321
Rental expenses in respect of rented premises under operating leases	13,893	9,128
Gross rental income from investment properties	(136,462)	(128,673)
Less: direct operating expenses from investment properties that generated rental income	9,784	6,664
	(126,678)	(122,009)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. Income Tax Expense

	2014 RMB'000	2013 RMB'000
Current tax:		
PRC taxes		
Enterprise Income Tax ("EIT")	538,665	634,865
Land Appreciation Tax ("LAT")	382,487	576,870
	921,152	1,211,735
Deferred tax		
Current year	236,256	(37,623)
	1,157,408	1,174,112

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's PRC enterprise income tax ("EIT") is calculated based on the applicable tax rate on assessable profits, if applicable.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. Income Tax Expense (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Notes	2014 RMB'000	2013 RMB'000
Profit before tax		2,529,719	2,404,303
Tax at PRC EIT rate of 25%	(i)	632,430	601,076
Tax effect of share of results of associates		(14)	(169)
Tax effect of share of results of joint ventures		3,166	1,679
Tax effect of income not taxable for tax purpose		(143)	(1,323)
Tax effect of expenses not deductible for tax purpose	(ii)	90,602	68,814
Tax effect of tax losses not recognised		144,938	71,319
Utilisation of tax losses previously not recognised		(17,672)	(10,132)
LAT		382,487	576,870
Tax effect of LAT		(95,622)	(144,218)
Tax effect of different tax rates of subsidiaries		(3,789)	(6,509)
Others	(iii)	21,025	16,705
Income tax expense for the year		1,157,408	1,174,112

Notes:

- (i) Majority of the assessable profits of the Group were derived from subsidiaries situated in the PRC and the applicable enterprise income tax rate of those subsidiaries is 25%.
- (ii) The amounts for the years ended 31 December 2014 and 2013 mainly relate to the tax effect of expenses incurred by offshore companies, including the interest on senior notes and professional fees.
- (iii) The amounts for the years ended 31 December 2014 and 2013 mainly represent the deferred tax of LAT payable on change in fair value of the Group's investment properties in the PRC upon sales of those investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. Directors', Chief Executive's and Employees' Remunerations

The emoluments paid or payable to the directors and the chief executive were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000 (note v)	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2014						
<i>Executive directors:</i>						
Pan Jun (潘軍) (note i)	–	2,442	–	54	746	3,242
Zeng Jie (曾寶寶)	–	2,506	–	53	746	3,305
Lam Kam Tong (林錦堂)	–	1,733	2,060	–	229	4,022
Zhou Jinqun (周錦泉)	–	1,644	2,028	54	–	3,726
Wang Liang (王亮) (note ii)	–	1,718	1,936	54	384	4,092
<i>Non-executive directors:</i>						
Li Dongsheng (李東生) (note ii)	240	–	–	–	–	240
Yuan Haodong (袁浩東) (note ii)	240	–	–	–	–	240
<i>Independent non-executive directors:</i>						
He Min (何敏)	240	–	–	–	120	360
Huang Ming (黃明)	240	–	–	–	120	360
Liao Changjiang (廖長江) (note iii)	211	–	–	–	120	331
Xu Quan (許權)	240	–	–	–	120	360
	1,411	10,043	6,024	215	2,585	20,278
For the year ended 31 December 2013						
<i>Executive directors:</i>						
Pan Jun (潘軍) (note i)	–	2,497	787	44	746	4,074
Zeng Jie (曾寶寶)	–	2,497	787	44	746	4,074
Lam Kam Tong (林錦堂)	–	1,920	963	15	229	3,127
Zhou Jinqun (周錦泉) (note iv)	–	1,247	783	39	–	2,069
<i>Independent non-executive directors:</i>						
He Min (何敏)	240	–	–	–	120	360
Huang Ming (黃明)	240	–	–	–	120	360
Liao Changjiang (廖長江)	240	–	–	–	120	360
Xu Quan (許權)	240	–	–	–	120	360
	960	8,161	3,320	142	2,201	14,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. Directors', Chief Executive's and Employees' Remunerations (continued)

Notes:

- (i) Mr. Pan Jun is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.
- (ii) Appointed on 6 January 2014.
- (iii) Resigned on 18 November 2014.
- (iv) Appointed on 28 March 2013.
- (v) The discretionary bonus is determined by the Board of Directors based on the Group's performance for each financial year.

Employees' emoluments

The five individuals with the highest emoluments in the Group included 5 (2013: 3) directors for the year ended 31 December 2014. Details of their emoluments are set out above. The emoluments of the remaining nil (2013: 2) of the five highest paid individuals are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and allowances	–	3,296
Discretionary bonus	–	1,929
Retirement benefit scheme contributions	–	95
Share-based payments	–	847
	–	6,167

Their emoluments were within the following band:

	2014 No. of employees	2013 No. of employees
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	–	1

During the years ended 31 December 2014 and 2013, no remuneration was paid by the Group to any of the directors and Chief Executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and Chief Executive waived any remuneration for the years ended 31 December 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. Dividends

	2014 RMB'000	2013 RMB'000
<hr/>		
Dividends recognised as distribution during the year:		
2013 Final – HK6.68 cents (2013: 2012 final dividend HK5.50 cents) per share	306,054	228,576

Note: Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of HK5.39 cents, equivalent to RMB4.36 cents (2013: final dividend for the financial year ended 31 December 2013 of HK6.68 cents, equivalent to RMB5.27 cents) per share amounting to approximately RMB251,000,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

14. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2014 RMB'000	2013 RMB'000
<hr/>		
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	1,255,341	1,215,038
<hr/>		
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,743,200,974	5,181,097,750
Effect of dilutive potential ordinary shares Share options	5,218,237	26,579,949
<hr/>		
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,748,419,211	5,207,677,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

15. Property, Plant and Equipment

	Hotel buildings RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2013	416,015	44,904	27,283	81,381	24,604	84,500	678,687
Additions	–	4,946	8,667	26,754	245,373	51,347	337,087
Acquisition of subsidiaries (note 43(a) and (b))	–	49,622	–	6,554	–	–	56,176
Disposal of subsidiaries (note 44(a))	–	–	–	–	(991)	–	(991)
Transfer upon completion	2,910	40,589	–	–	–	(43,499)	–
Transfer to investment properties (Note)	–	(4,947)	–	–	–	–	(4,947)
Disposals	–	–	–	(1,007)	(6,371)	–	(7,378)
At 31 December 2013	418,925	135,114	35,950	113,682	262,615	92,348	1,058,634
Transfer from property for sales	91,509	–	–	–	–	–	91,509
Transfer from investment properties (note 16)	–	33,130	–	–	–	–	33,130
Additions	237,000	10,010	52,464	27,054	12,086	270,443	609,057
Acquisition of subsidiaries (note 43(a) and (b))	–	3,314	4,266	5,223	2,249	–	15,052
Disposal of subsidiaries (note 44(a) and (b))	–	–	–	(937)	(444)	–	(1,381)
Transfer to investment properties (Note)	(5,009)	(155)	–	–	–	–	(5,164)
Disposals	–	–	(6,050)	(21,767)	(1,723)	–	(29,540)
At 31 December 2014	742,425	181,413	86,630	123,255	274,783	362,791	1,771,297
DEPRECIATION							
At 1 January 2013	20,175	8,970	17,336	33,057	13,462	–	93,000
Provided for the year	22,250	13,640	4,429	17,094	7,108	–	64,521
Eliminated on disposal of subsidiaries	–	–	–	–	(267)	–	(267)
Eliminated on disposals	–	–	–	(668)	(3,103)	–	(3,771)
Transfer to investment properties (Note)	–	(90)	–	–	–	–	(90)
At 31 December 2013	42,425	22,520	21,765	49,483	17,200	–	153,393
Provided for the year	22,956	21,489	8,133	2,759	35,758	–	91,095
Eliminated on disposal of subsidiaries	–	–	–	(88)	(40)	–	(128)
Eliminated on disposals	–	(656)	(740)	(11,607)	(1,860)	–	(14,863)
Transfer to investment properties (Note)	(82)	–	–	–	–	–	(82)
At 31 December 2014	65,299	43,353	29,158	40,547	51,058	–	229,415
CARRYING AMOUNTS							
At 31 December 2014	677,126	138,060	57,472	82,708	223,725	362,791	1,541,882
At 31 December 2013	376,500	112,594	14,185	64,199	245,415	92,348	905,241

Note: During the year ended 31 December 2014, buildings with carrying amount of RMB5,082,000 (2013: RMB4,857,000) were transferred to investment properties upon change in use as evidenced by commencement of operating leases. The excess of the fair value of these properties at the date of change in use over the carrying amounts, amounting to approximately RMB9,942,000 (2013: RMB3,960,000) were recognised in other comprehensive income and accumulated in the property revaluation reserve in equity.

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For the year ended 31 December 2014

15. Property, Plant and Equipment (continued)

The following useful lives are used in the calculation of depreciation:

Hotel buildings	Over the shorter of the term of lease or 20 years
Buildings	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvements	5–10 years
Furniture, fixtures and equipment	5 years
Transportation equipment	5 to 15 years

As at 31 December 2014, certain of the Group's buildings and hotel buildings with carrying amounts of RMB521,182,000 (2013: RMB223,582,000) were pledged to banks to secure certain banking facilities granted to the Group.

The hotel buildings amounting to approximately RMB637,556,000 (2013: RMB336,122,000) and RMB39,570,000 (2013: RMB40,378,000) are held under medium-term and long-term leases in the PRC, respectively. All the buildings are held under medium-term lease in the PRC at the end of both reporting periods.

As at 31 December 2014, transportation equipment amounting to approximately RMB205,903,000 (2013: RMB235,710,000) are held under finance lease.

16. Investment Properties

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2013	3,170,233	252,000	3,422,233
Transfer from property, plant and equipment (note 15)	8,817	–	8,817
Additions	21,447	86,650	108,097
Transfer from completed properties for sale (note 29)	104,137	–	104,137
Transfer upon completion of construction work	22,390	(22,390)	–
Disposals	(85,826)	–	(85,826)
Net change in fair value recognised in profit or loss	55,885	111,434	167,319
Acquisition of subsidiaries (note 43(a))	314,301	290,227	604,528
Disposal of subsidiaries (note 44(a))	(316,477)	–	(316,477)
At 31 December 2013	3,294,907	717,921	4,012,828
Transfer from property, plant and equipment (note 15)	15,024	–	15,024
Additions	44,596	612,254	656,850
Transfer from prepaid lease payments (note 22)	–	504,266	504,266
Transfer from premium on prepaid lease payments (note 23)	–	154,569	154,569
Transfer from completed properties for sale (note 29)	602,110	–	602,110
Transfer upon completion of construction work	531,216	(531,216)	–
Disposals	(12,214)	–	(12,214)
Transfer to property, plant and equipment (note 15)	(33,130)	–	(33,130)
Net change in fair value recognised in profit or loss	25,094	550,746	575,840
Acquisition of subsidiaries (note 43(a))	165,932	–	165,932
At 31 December 2014	4,633,480	2,008,595	6,642,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. Investment Properties (continued)

As at 31 December 2014, the fair value of the Group's completed investment properties of RMB4,633,480,000 (2013: RMB3,294,907,000) and investment properties under development of RMB2,008,595,000 (2013: RMB717,921,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, independent qualified professional valuers not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties are determined by income capitalisation approach, which is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under construction are arrived at by residual method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.

In estimating the fair value of the properties, highest and best use of the properties is their current use.

As at 31 December 2014, investment properties with fair value of RMB710,559,000 (2013: RMB624,867,000) represent completed car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied as there were no special provisions to obtain any title certificates, according to the relevant laws and regulations in the PRC.

As at 31 December 2014, certain of the Group's investment properties with an aggregate fair value of RMB3,644,819,000 (2013: RMB2,339,332,000) were pledged to banks to secure the banking facilities granted to the Group.

The investment properties amounting to approximately RMB2,478,575,000 (2013: RMB945,592,000) and RMB4,163,500,000 (2013: RMB3,067,236,000) are held under medium-term and long-term leases in the PRC, respectively. All of the Group's property interests held under operating leases to earn rentals are classified and accounted for as investment properties and are measured using the fair value model.

The following table gives information about how the fair values of these investment properties as at 31 December 2014 and 31 December 2013 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. Investment Properties (continued)

Investment properties held by the Group	Fair value as at 31 December 2014 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range
Completed investment properties	4,579,312	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield (the higher of the term yield, the lower of the fair value) 2. Reversionary yield (the higher of the reversionary yield, the lower of the fair value) 3. Vacancy ratio (the higher of vacancy, the lower of the fair value)	2.0%–5.0% 2.3%–6.0% 0.0%–8.0%
Completed investment properties	54,168	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	N/A	N/A
Investment properties under construction	1,390,599	Level 3	Residual method – based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.	1. Contingency (the higher of the contingency, the lower of the fair value) 2. Developer's profit (the higher of the developer's profit, the lower of the fair value) 3. Marketing costs (the higher of the marketing costs, the lower of the fair value) 4. Future construction costs for completion (the higher of the construction costs, the lower of the fair value) 5. Gross development value (RMB64/M) (the higher of the gross development value, the higher of the fair value)	5% 10% 2% N/A RMB5,000–RMB9,200
Investment properties under construction	617,996	Level 3	Replacement cost method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm) (the higher of the market unit sales rate, the higher of the fair value)	RMB5,600–RMB13,000
	6,642,075				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. Investment Properties (continued)

Investment properties held by the Group	Fair value as at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range
	31 December 2013 RMB'000				
Completed investment properties	3,245,541	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield (the higher of the term yield, the lower of the fair value) 2. Reversionary yield (the higher of the reversionary yield, the lower of the fair value) 3. Vacancy ratio (the higher of vacancy, the lower of the fair value)	2.0%–5.5% 2.3%–6.0% 0.0%–8.0%
Completed investment properties	49,366	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	N/A	N/A
Investment properties under construction	318,160	Level 3	Residual method – based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.	1. Contingency (the higher of the contingency, the lower of the fair value) 2. Developer's profit (the higher of the developer's profit, the lower of the fair value) 3. Marketing costs (the higher of the marketing costs, the lower of the fair value) 4. Future construction costs for completion (the higher of the construction costs, the lower of the fair value) 5. Gross development value (RMB59/M) (the higher of the gross development value, the higher of the fair value)	5% 10% 2% N/A RMB5,000–RMB10,000
Investment properties under construction	399,761	Level 3	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm) (the higher of the market unit sales rate, the higher of the fair value)	RMB5,300–RMB9,715
	4,012,828				

During the year ended 31 December 2014, there were investment properties amounting to approximately RMB107,335,000 (2013: nil) transferred out of Level 3 upon completion of construction work. There were no transfers into Level 3 during the years ended 31 December 2014 and 31 December 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. Interests in Associates

	2014 RMB'000	2013 RMB'000
Cost of investments, unlisted	990	500
Share of post-acquisition results and other comprehensive income, net of dividends received	763	1,066
	1,753	1,566

As at 31 December 2014 and 2013, the Group had interests in the following associates:

Name of associates	Registered capital/ share capital	Equity interest attributable to the Group as at 31 December		Principal activities
		2014	2013	
Shenzhen Yuezhong Property Management Co., Limited 深圳市越眾物業管理有限公司	RMB1,000,000	50%	50%	Property management
Capitalrise Investment Pte. Ltd. 新加坡置富投資有限公司	SGD100	29%	29%	Inactive
Shenzhen Qianhai House Keeper Network Service Co., Ltd 深圳市前海房管家服務有限公司	RMB1,000,000	49%	–	Property management

In the opinion of the directors of the Company, no associate is individually material to the Group.

18. Interests in Joint Ventures

	2014 RMB'000	2013 RMB'000
Cost of investments, unlisted	628,132	77,798
Share of post-acquisition results and other comprehensive income, net of dividends received	(18,151)	(6,714)
	609,981	71,084

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For the year ended 31 December 2014

18. Interests in Joint Ventures (continued)

As at 31 December 2014 and 2013, the Group had interests in the following joint ventures:

Name of joint ventures	Total capital amount injected by investors	Group's capital contribution over total capital injected by investors as at 31 December		Principal activities
		2014	2013	
Fantasia (Novena) Pte. Ltd. ("Novena")	SGD1,000,000	90.0%	90.0%	Property development in Singapore
TCL伊托邦(武漢)城市建設投資有限公司 TCL Yituobang (Wuhan) City Construction Investment Company Limited ("Yituobang") (note i)	RMB20,000,000	50.0%	–	Property development in PRC
南京中儲房地產開發有限公司 Nanjing Zhongchu Property Development Company Limited ("Zhongchu")	RMB240,000,000	60.0%	–	Property development in PRC
寧波世紀華豐房產有限公司 Ningbo Century Huafeng Property Company Limited ("Huafeng") (note ii)	RMB427,500,000	49.0%	100.0%	Property development in PRC
新疆同之年股權投資合夥企業(有限合夥) Xinjiang Tongzhinian Equity Investment Partnership (Limited Liability Partnership) ("Xinjiang Tongzhinian") (note iii and iv)	RMB210,000,000	–	9.4%	Investment in property project in PRC

According to the Articles of Association of Novena, Yituobang, Zhongchu and Huafeng, all operating and financing decisions require unanimous consent and approval from the shareholders including the Group and the other party.

Notes:

For the year ended 31 December 2014

- (i) The Group acquired 50% equity interests in Yituobang through the acquisition of the entire equity interest and indebtedness due to a former shareholder in Huizhou TCL Property Development Company Limited (惠州TCL房地產開發有限公司) ("Huizhou TCL") from TCL Corporation and two other independent third parties, and details of the related acquisition are disclosed in note 43(a).
- (ii) The Group partially disposed of its 51% equity interests in Huafeng to an independent third party, and details of related disposal are disclosed in note 44(b).
- (iii) On 30 August 2014, the Group acquired additional 45% equity interests in TCL King Electronic Shenzhen Company Limited from Xinjiang Tongzhinian at a cash consideration of RMB238,535,000. Xinjiang Tongzhinian was liquidated at 30 November 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. Interests in Joint Ventures (continued)

For the year ended 31 December 2013

(iv) The Group disposed of its 45% equity interests in TCL King Electronic Shenzhen Company Limited to Xinjiang Tongzhinian, and details of related disposal are disclosed in note 44(c).

The principal activities of the above joint ventures are strategic to the Group to continue with the expansion of the Group's property development operation.

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

All of these joint ventures are accounted for using the equity method in these consolidated financial statements.

Novena

	2014 RMB'000	2013 RMB'000
Current assets	809,158	761,219

The above amounts of assets mainly include the followings:

Properties under development	807,421	750,855
Bank balances	1,737	9,808
Prepayment	–	556
Current liabilities	238,861	168,714
Non-current liabilities	518,925	535,132

The above amounts of liabilities mainly include the followings:

Trade and other payables	66,573	26,438
Deposits received for sale of properties	22,433	3,086
Amount due to the Group	149,855	139,190
Borrowings	518,925	535,132
Loss and total comprehensive expense for the year	6,001	7,159

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

Net assets of the joint venture	51,372	57,373
Proportion of the Group's ownership interest in Novena	90.0%	90.0%
Carrying amount of the Group's interest in Novena	46,235	51,636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. Interests in Joint Ventures (continued)

Zhongchu

	2014 RMB'000
Current assets	2,752,641
Non-current assets	383

The above amounts of assets include the followings:

Property, plant and equipment	383
Properties under development for sale	1,127,542
Trade and other receivables	645,245
Amount due from certain subsidiaries of the Company	962,387
Bank balances and cash	17,467
Current liabilities	2,152,909

The above amounts of liabilities include the followings:

Trade and other payables	2,152,909
Loss and total comprehensive expense for the year	2,880

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

	2014 RMB'000
Net assets of the joint venture	600,115
Proportion of the Group's ownership interest in Zhongchu	60.0%
Carrying amount of the Group's interest in Zhongchu	360,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. Interests in Joint Ventures (continued)

Huafeng

	2014 RMB'000
Current assets	1,422,656

The above amounts of assets include the followings:

Properties under development	1,124,066
Trade and other receivables	274,510
Amount due to certain subsidiaries of the Company	24,080
Current liabilities	629,005
Non-current liabilities	398,400

The above amounts of liabilities include the followings:

Trade and other payables	629,005
Borrowings	398,400
Loss and total comprehensive expense for the year	9,476

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

	2014 RMB'000
Net assets of the joint venture	395,251
Proportion of the Group's ownership interest in Huafeng	49.0%
Carrying amount of the Group's interest in Huafeng	193,673

19. Available-For-Sale Investment

The investment represents 10% equity investment in unlisted equity security issued by a private entity incorporated in the PRC. Its principal activity is property development in PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. It was acquired during the year ended 31 December 2013 through the acquisition of entire equity interest in Charmful Limited (see note 43(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. Goodwill

	RMB'000
COST	
At 1 January 2013	48,004
Arising on acquisition of businesses (note 43(b))	62,779
At 31 December 2013	110,783
Arising on acquisition of businesses (note 43(b))	54,651
At 31 December 2014	165,434
IMPAIRMENT	
At 1 January 2013, 31 December 2013 and 31 December 2014	31,516
CARRYING AMOUNTS	
At 31 December 2014	133,918
At 31 December 2013	79,267

During the year ended 31 December 2014, the Group acquired several subsidiaries from independent third parties at total cash consideration of approximately RMB72,605,000. The principal activities of the acquirees are mainly provision of property operation services. Details of related acquisition are disclosed in note 43(b).

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from those business combinations.

During the years ended 31 December 2014 and 2013, management of the Group determined that there is no impairment of its CGU containing goodwill for the acquisition of businesses.

21. Intangible Assets

	Property management contracts RMB'000
COST	
Arising on acquisition of subsidiaries in 2013 and at 1 January 2014 (note 43(b))	1,813
Arising on acquisition of subsidiaries (note 43(b))	29,448
At 31 December 2014	31,261
AMORTISATION	
Charge for year in 2013 and at 1 January 2014	906
Charge for the year	3,505
At 31 December 2014	4,411
CARRYING AMOUNTS	
At 31 December 2014	26,850
At 31 December 2013	907

The property management contracts and customer relationship were acquired from independent third parties through the acquisition of subsidiaries during the years ended 31 December 2014 and 2013.

The above intangible assets have finite useful lives are amortised on a straight line basis over the contracts period of 6 to 60 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

22. Prepaid Lease Payments

The Group's prepaid lease payments comprise:

	2014 RMB'000	2013 RMB'000
Leasehold land in the PRC		
Medium-term lease	331,382	757,486
Long-term lease	587,442	507,153
	918,824	1,264,639
Analysed for reporting purposes as:		
	2014 RMB'000	2013 RMB'000
Current assets	34,274	30,828
Non-current assets	884,550	1,233,811
	918,824	1,264,639

During the year ended 31 December 2014, the Group acquired prepaid lease payments of RMB621,159,000 (2013: RMB7,228,000) through the acquisition of subsidiaries as disclosed in note 43(a).

During the year ended 31 December 2014, the Group acquired prepaid lease payments of RMB275,995,000 (2013: RMB766,512,000) through public auction.

During the year ended 31 December 2014, prepaid lease payments of RMB714,115,000 (2013: RMB476,915,000) were transferred to properties under development for sale upon commencement of the related construction work in certain property development projects.

During the year ended 31 December 2014, prepaid lease payments of RMB504,266,000 (2013: nil) were transferred to investment properties upon finalisation of development plan of investment properties projects in PRC.

As at 31 December 2014, certain of the Group's prepaid lease payments with a carrying amount of RMB718,467,000 (2013: RMB429,083,000) were pledged to banks to secure the banking facilities granted to the Group.

23. Premium on Prepaid Lease Payments

Premium on prepaid lease payments of the Group represent the excess of the fair value over the carrying amount of the prepaid lease payments and amounting to nil (2013: RMB186,398,000) and RMB179,525,000 (2013: RMB214,487,000) in respect of leasehold lands in the PRC under medium-term and long-term lease acquired through acquisition of subsidiaries during the year and are amortised over the period of the remaining lease term on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. Premium on Prepaid Lease Payments (continued)

	RMB'000
COST	
At 1 January 2013	630,538
Acquisition of assets and liabilities through acquisition of subsidiaries (note 43(a))	45,412
Transfer to property under development for sales	(246,809)
At 31 December 2013	429,141
Transfer to property under development for sales	(45,412)
Transfer to investment properties under construction (note 16)	(179,353)
At 31 December 2014	204,376
AMORTISATION	
At 1 January 2013	20,175
Amortised for the year	15,342
Eliminated on transfer to property under development for sales	(7,261)
At 31 December 2013	28,256
Amortised for the year	22,910
Eliminated on transfer to property under development for sales	(1,531)
Eliminated on transfer to investment properties under construction (note 16)	(24,784)
At 31 December 2014	24,851
CARRYING AMOUNTS	
At 31 December 2014	179,525
At 31 December 2013	400,885

Analysed for reporting purposes as:

	2014 RMB'000	2013 RMB'000
Current assets	3,678	10,853
Non-current assets	175,847	390,032
	179,525	400,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

24. Land Development Expenditure

	2014 RMB'000	2013 RMB'000
Cost incurred	667,965	666,131

In March 2011, the Group entered into agreement (“Agreement”) with the People’s Government of Chengdu (“Chengdu Government”) relating to the development of the Wu Gui Qiao Town located in Jinjiang area, Chengdu, Sichuan Province (“Land Development Project 1”). Under the Agreement, the Group is required to jointly construct the ancillary facilities on these parcels of land pursuant to the guidelines set by the Chengdu Government while the Chengdu Government is required to complete the demolition and resettlement work on these parcels of land. The balance of land development expenditure represents the cost incurred for constructing the ancillary facilities. The additions during the year ended 31 December 2014 amounted to approximately RMB1,834,000 (2013: RMB111,586,000) and balance as at 31 December 2014 amounted to approximately RMB667,965,000 (2013: RMB666,131,000).

Chengdu Government is required to arrange public auction for these parcels of land on or before 30 June 2015 after the Group has completed the construction of ancillary facilities and the Chengdu Government is required to pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement.

The Land Development Project 1 is not expected to be completed within the normal operating cycle of the Group and accordingly is classified as non-current assets.

25. Deposits Paid for Acquisition of Subsidiaries

As at 31 December 2014, the Group has made deposits of approximately RMB119,889,000 (2013: RMB50,000,000) in relation to the acquisition of parcels of land through acquisition of Yunnan Zhongfucheng Property Development Company Limited (雲南眾福成房地產開發有限公司) (“Yunnan Zhongfucheng”) from an independent third party. The aforesaid companies are principally engaged in property development in the PRC.

As at 31 December 2014, the Group has made deposits of approximately RMB142,661,000 in relation to the acquisition of a number of companies which are principally engaged in property operation in the PRC from independent third parties. According to the sale and purchase agreements, in case of incompleteness of the acquisitions, the deposits paid will be fully refund to the Group. As at the date of issuance of these consolidated financial statements, the Group has completed the acquisition of Shenyang Tiansheng Hegan Property Management Co., Ltd. (瀋陽天盛河畔物業有限公司) and Tieling Shiji Zhongtian Property Management Co., Ltd. (鐵嶺世紀中天物業有限公司).

As at 31 December 2013, the Group has made deposits of approximately RMB100,000,000 in relation to the acquisition of parcels of land through acquisition of Shenzhen Jinding Investment Company Limited (深圳市金地盈投資有限公司) (“Shenzhen Jinding”) from an independent third party. The aforesaid company is principally engaged in property development in the PRC. The acquisition of Shenzhen Jinding was completed in 2014 (see note 43(a)).

26. Deposit Paid for Acquisition of a Property Project

As at 31 December 2014, the Group had made deposit of approximately RMB136,648,000 (2013: RMB132,346,000) in relation to the acquisition of a property project from an independent property developer. During the year ended 31 December 2014, the Group made additional deposit of approximately RMB4,302,000 for acquiring the aforesaid property project.

The aforesaid deposit relates to acquisition of a building for hotel operations and is therefore classified as non-current assets.

At the date these consolidated financial statements were authorised for issue, the acquisition of the property project has not been completed.

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27. Deposits Paid for Acquisition of Land Use Rights

As at 31 December 2014, the Group had made deposits of approximately RMB1,005,685,000 in relation to acquisition of land use rights from third parties (2013: RMB435,423,000). In the opinion of the directors of the Company, the aforesaid transactions are expected to be completed within twelve months from the end of the reporting period.

28. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years are as follow:

	Fair value change of investment properties RMB'000	Revaluation of other properties RMB'000	Temporary difference on accruals RMB'000	Tax losses RMB'000	Intangible assets RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2013	747,634	19,484	(9,926)	(110,003)	–	(284,003)	363,186
Charge to other comprehensive income	–	990	–	–	–	–	990
Acquisition of subsidiaries (note 43(a) and (b))	31,801	–	–	–	453	–	32,254
Charge (credit) to profit or loss	66,381	–	(20,782)	(8,783)	(227)	(74,212)	(37,623)
Disposal of a subsidiaries (note 44(a))	(32,345)	–	–	–	–	–	(32,345)
At 31 December 2013	813,471	20,474	(30,708)	(118,786)	226	(358,215)	326,462
Charge to other comprehensive income	–	2,485	–	–	–	–	2,485
Acquisition of subsidiaries (note 43(a))	19,294	–	(4,029)	(7,444)	7,362	2,508	17,691
Charge (credit) to profit or loss	324,462	–	(12,737)	(60,456)	(876)	(14,137)	236,256
Disposal of subsidiaries (note 44(a) and (b))	–	–	4,105	12,785	–	(2,343)	14,547
At 31 December 2014	1,157,227	22,959	(43,369)	(173,901)	6,712	(372,187)	597,441

Note: Others mainly represent the deductible temporary difference arising from LAT provision.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

28. Deferred Taxation (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 RMB'000	2013 RMB'000
Deferred tax assets	(498,714)	(393,454)
Deferred tax liabilities	1,096,155	719,916
	597,441	326,462

As at 31 December 2014, the Group had unutilised tax losses of approximately RMB2,118,150 (2013: RMB1,388,626,000). A deferred tax asset has been recognised in respect of approximately RMB695,604,000 (2013: RMB475,144,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB1,422,546,000 (2013: RMB913,482,000) due to the unpredictability of future profits streams.

As at 31 December 2014, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was approximately RMB7,324,895,000 (2013: RMB4,939,281,000). No deferred tax liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

29. Properties for Sale

	2014 RMB'000	2013 RMB'000
Completed properties for sale	6,266,564	3,510,942
Properties under development for sale	13,175,952	10,680,537
	19,442,516	14,191,479

As at 31 December 2014, certain of the Group's properties for sale with a carrying amount of RMB5,832,326,000 (2013: RMB5,455,403,000) were pledged to secure certain banking facilities granted to the Group.

During the year ended 31 December 2014, completed properties for sale with an aggregate carrying amount of approximately RMB506,445,000 (2013: RMB93,960,000) were transferred to investment properties upon change in use as evidenced by signing of relevant tenancy agreements.

The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to approximately RMB95,665,000 (2013: RMB10,177,000) were recognised in the consolidated statement of profit or loss and other comprehensive income.

Included in the amount are properties under development for sale of approximately RMB7,389,330,000 (2013: RMB4,593,617,000) in relation to property development projects that are expected to complete after one year from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. Trade and Other Receivables

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, services and management income in respect of property management.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, certain portion are received on or before the date of delivery of the properties to customers which is recorded as deposits received for sale of properties and the remaining balance are normally settled within 30–90 days from date of delivery of the properties to the customers under the sale and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and services fee income is received in accordance with the terms of the relevant property service agreements, normally within 30 days to 1 year after the issuance of demand note to the residents. Each customer from the property management services has a designated credit limit.

Hotel operation income is in the form of cash sales.

	2014 RMB'000	2013 RMB'000
Trade receivables	1,034,555	661,721
Other receivables (note i)	321,438	278,857
Prepayments and other deposits	103,146	116,237
Prepayments for suppliers	187,386	226,028
Prepayments for construction work	1,262,129	1,511,936
Consideration receivables on disposal of subsidiaries (note 44(a))	286,446	205,369
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control (note 44(b))	206,410	–
Consideration receivables on disposal of partial interests in subsidiaries without loss of control (note 44(c))	162,250	–
Amount due from Pixian Government (note ii)	135,989	375,989
Other tax prepayments (note iii)	173,613	207,522
	<hr/> 3,873,362	<hr/> 3,583,659

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. Trade and Other Receivables (continued)

Notes:

- (i) The balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation segment.
- (ii) In September 2009, the Group entered into an agreement ("Agreement 1") with Pixian Government relating to the joint development of the Wangcong Ancient Sichuan Culture Park located in Pixian County, Chengdu, Sichuan Province ("Land Development Project 2"). Under the Agreement 1, the Group is responsible for preparing overall plans and detailed designs of the culture park as well as the construction of road nearby while the Pixian Government is required to complete the demolition and resettlement work, arrange public auction and pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 1.

During the year ended 31 December 2013, the Group entered into an agreement ("Agreement 2") with Pixian Government relating to the cancellation of the Agreement 1 and revision of the terms of the Land Development Project 2. Under the Agreement 2, the Group is responsible for provision of funds to Pixian Government and management of the Land Development Project to Pixian Government while the Pixian Government is required to repay finance cost at Benchmark Rate, investment income at 12% per annum and project management fee at 3% per annum based on the accumulated cost incurred by the Group as stipulated in the formula set out in the Agreement 2, before the execution of Agreement 2.

During the year ended 31 December 2014, RMB240,000,000 has been settled by Pixian Government and the remaining amount of RMB135,989,000, which represents the finance cost and investment income receivables, is required to be settled on or before 30 June 2015. The principal amounting to approximately RMB376,841,000 is required to be settled upon the land are disposed by Pixian Government which is classified as non-current assets.

- (iii) During the year ended 31 December 2014, the Group is required to prepay business tax amounting to approximately RMB188,054,000 (2013: RMB204,844,000) in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects. At 31 December 2014, amount of RMB168,946,000 (2013: RMB200,573,000) has been prepaid and included in other tax prepayments.

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the date of delivery of the properties to the customers at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
0 to 30 days	617,505	300,701
31 to 90 days	101,979	97,072
91 to 180 days	72,856	45,825
181 to 365 days	141,341	143,666
Over 1 year	100,874	74,457
	1,034,555	661,721

The trade receivables as at 31 December 2014 included the receivables from the property sales of approximately RMB343,772,000 (2013: RMB375,759,000) whereby the banks have agreed to provide mortgage facilities to the property purchasers and the banks are in the process of releasing the funds to the Group.

For property investment and property operating services, before accepting any new customer, the Group would assess the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. Trade and Other Receivables (continued)

As at 31 December 2014, included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB315,071,000 (2013: RMB236,948,000) which are past due for which the Group has not provided impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2014 RMB'000	2013 RMB'000
91 to 180 days	72,856	45,825
181 to 365 days	141,341	143,666
Over 1 year	100,874	74,457
	315,071	236,948

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2014 RMB'000	2013 RMB'000
Balance at the beginning of the year	9,102	13,219
Impairment losses reversed	(5,044)	(5,697)
Impairment losses recognised	44,697	1,580
Balance at the end of the year	48,755	9,102

As at 31 December 2014, included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of RMB48,755,000 (2013: RMB9,102,000) of which the debtors have been in trade dispute with the Group.

31. Amounts Due from Customers for Contract Works

	2014 RMB'000	2013 RMB'000
Contract costs incurred plus recognised profits less recognised losses	363,489	544,747
Less: progress billings	(312,224)	(558,006)
	51,265	(13,259)
Analysed for reporting purposes as:		
Amounts due from customers for contract works	59,460	41,059
Amounts due to customers for contract works	(8,195)	(54,318)
	51,265	(13,259)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

32. Amount Due from a Joint Venture

As at 31 December 2014, the balance of amount due from a joint venture, Novena, amounting to approximately RMB149,855,000 (2013: RMB139,190,000) is of non-trade nature, unsecured, interest-free and repayable on demand.

33. Restricted/Pledged Bank Deposits/Bank Balances and Cash

Restricted/pledged bank deposits

The deposits carry interest rates ranging from 0.4% to 0.5% (2013: 0.4% to 0.5%) per annum. The restricted bank deposits amounting to approximately RMB272,741,000 (2013: RMB130,792,000) will be released upon the buyers obtaining the individual property ownership certificate, while a total amount RMB145,211,000 (2013: RMB178,737,000) are proceeded from presale of properties with the restriction of use for settlement of construction costs for relevant property projects, and term deposits amounting to approximately RMB496,644,000 (2013: RMB545,038,000) were pledged to banks to secure the short term banking facilities granted to the Group.

Bank balances and cash

The bank balances carry variable interest rates ranging from 0.4% to 2.3% (2013: 0.4% to 2.3%) per annum.

As at 31 December 2014, bank balances of the relevant group entities denominated in foreign currencies of USD, HKD, TWD, JPY and SGD, are RMB60,413,000 (2013: RMB57,407,000), RMB318,722,000 (2013: RMB307,011,000), nil (2013: RMB2,255,000), RMB3,366,000 (2013: RMB25,795,000) and RMB243,000 (2013: RMB17,734,000), respectively.

34. Trade and Other Payables

	2014 RMB'000	2013 RMB'000
Trade payables	3,706,547	1,660,348
Deposits received (note i)	183,996	24,067
Other payables (note ii)	891,659	515,233
Other tax payables	137,307	61,559
Payroll payables	100,835	74,103
Welfare payables	4,673	2,620
Retention payables	6,870	60,400
Consideration payables (note 43(a) and (b))	426,297	19,462
Accruals	57,959	35,837
	5,516,143	2,453,629

Notes:

- (i) The balance of RMB183,996,000 (2013: RMB24,067,000) represents the earnest money received from potential property buyers..
- (ii) The balance mainly represents a subsidy received from a local government authority for a property development project and will be recognised in profit or loss on a systematic basis in the same periods in which the expenses are incurred, i.e. when the cost of sales were recognised upon the completion of the project and delivery of the properties to buyers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

34. Trade and Other Payables (continued)

Trade payables principally comprise amounts outstanding for purchase of materials for the construction of properties for sale and ongoing expenditures. The average credit period for purchase of construction materials ranged from six months to one year.

The following is an aged analysis of the Group's trade payables and retention payables presented based on the invoice date at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
0 to 60 days	2,774,979	1,217,018
61 to 180 days	260,645	223,488
181 to 365 days	507,270	153,212
1–2 years	118,654	42,320
2–3 years	11,014	80,116
Over 3 years	40,855	4,594
	3,713,417	1,720,748

As at 31 December 2014, the balances of RMB6,870,000 (2013: RMB60,400,000) represents the retention money of approximately 5% to 10% of the construction contract price.

35. Amount Due to a Related Party

	2014 RMB'000	2013 RMB'000
深圳立方建築設計顧問有限公司 Shenzhen Cube Architecture Designing Consultants Company Limited (“Cube Architecture”) (Note)	–	506

Note: Cube Architecture is an associate of a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company. The amount was unsecured, interest-free and represents the payables to Cube Architecture for the design fee of several property projects of the Group, and accordingly was of trade nature. The aging of the balance was within 90 days.

36. Amounts Due to Joint Ventures

As at 31 December 2014, the amounts due to Zhongchu amounting to RMB962,387,000 (2013: nil), Huafeng amounting to RMB24,080,000 (2013: nil) and Yituobang amounting to RMB10,000,000 (2013: nil) are of non-trade nature, unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

37. Borrowings

	Notes	2014 RMB'000	2013 RMB'000
Bank loans		6,174,400	5,395,393
Other loans	(i)	1,600,000	1,600,000
		7,774,400	6,995,393
Secured	(ii)	7,636,242	5,886,462
Unsecured		138,158	1,108,931
		7,774,400	6,995,393
Carrying amount repayable:	(iii)		
Within one year		4,122,925	1,873,357
More than one year, but not exceeding two years		1,867,361	2,148,749
More than two years, but not exceeding five years		927,821	2,445,580
More than five years		856,293	527,707
Total borrowings		7,774,400	6,995,393
Less: Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)		–	(180,000)
Less: Amounts due within one year shown under current liabilities		(4,122,925)	(1,873,357)
Borrowings due within one year		(4,122,925)	(2,053,357)
Borrowings due after one year		3,651,475	4,942,036

Notes:

- (i) Other loans amounting to RMB1,600,000,000 (2013: RMB1,600,000,000) represent loans provided by certain trust companies, which are secured by property, plant and equipment, investment properties and properties for sale, carry interest at the fixed rate of 9.5% (2013: 9.5%) per annum. The loan balances as at 31 December 2014 will be fully repaid within 2015.
- (ii) As at 31 December 2014, certain directors of the Company provided joint guarantees to the banks and trust companies to secure the Group's bank and other borrowings amounting to RMB59,640,000 (2013: RMB53,552,000) in aggregate.
- (iii) The amounts due are based on scheduled repayment dates set out in the loan agreements.

At 31 December 2014, all borrowings are denominated in RMB except that secured borrowings amounting to approximately RMB136,577,000 (2013: RMB624,432,000), RMB85,251,000 (2013: RMB108,500,000) and RMB42,413,000 (2013: RMB40,551,000) are denominated in USD, HKD and JPY respectively, the functional currencies of relevant group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

37. Borrowings (continued)

The analysis of the Group's fixed-rate borrowings based on their contractual maturity dates (or reset dates) is as follows:

	2014 RMB'000	2013 RMB'000
Fixed-rate borrowings:		
Within one year	1,854,542	57,075
More than one year, but not exceeding two years	244,791	1,557,075
More than two years, but not exceeding five years	2,221	4,083
More than five years	227,373	64,319
	2,328,927	1,682,552

In addition, the Group has variable-rate borrowings which carry interest linked to LIBOR, HIBOR and Benchmark Rate. Interest is reset every six months. The analysis of the Group's variable-rate borrowings based on their contractual maturity dates are as follows:

	2014 RMB'000	2013 RMB'000
Variable-rate borrowings:		
Within one year	2,268,383	1,816,282
More than one year, but not exceeding two years	1,622,570	591,674
More than two years, but not exceeding five years	925,600	2,441,497
More than five years	628,920	463,388
	5,445,473	5,312,841

The ranges of effective interest rates (which are the contracted interest rates) on the Group's borrowings are as follows:

	2014	2013
Effective interest rate:		
Fixed-rate borrowings	9.5% per annum	9.5% per annum
Variable-rate borrowings		
LIBOR	+2.0% per annum	+2.0% per annum
HIBOR	+2.0% per annum	+2.0% per annum
Benchmark Rate	-0.1% to +3.5% per annum	-0.1% to +3.3% per annum

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

38. Obligations under Finance Leases

	2014 RMB'000	2013 RMB'000
Analysed for reporting purposes as:		
Current liabilities	20,826	26,003
Non-current liabilities	119,749	140,418
	140,575	166,421

It is the Group's policy to lease certain of its transportation equipment under finance leases. The average lease term is 7 years (2013: 8 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging 4.2% (2013: 4.2%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Amounts payable under finance leases				
Within one year	26,235	32,595	20,826	26,003
More than one year but not more than two years	25,369	26,530	20,426	26,003
More than two years but not more than five years	70,915	74,402	62,878	62,408
More than five years	37,771	61,368	36,445	52,007
	160,290	194,895	140,575	166,421
Less: future finance charge	(19,715)	(28,474)	N/A	N/A
Present value of lease obligations	140,575	166,421	140,575	166,421
Less: Amount due for settlement within 12 months (shown under current liabilities)			(20,826)	(26,003)
Amount due for settlement after 12 months			119,749	140,418

Finance lease obligations are denominated in USD, which is not the functional currency of the relevant group entity and secured by lessor's charge on the leased asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

39. Senior Notes

	Notes	2014 RMB'000	2013 RMB'000
2010 senior notes due 2015	(i)	746,051	739,633
2012 senior notes due 2017	(ii)	1,557,925	1,548,229
2013 – January senior notes due 2020	(iii)	1,572,291	1,566,332
2013 – May senior notes due 2016	(iv)	996,332	989,196
2014 senior notes due 2019	(v)	1,895,533	–
		6,768,132	4,843,390
Less: amounts included in current liabilities		(746,051)	–
Amounts included in non-current liabilities		6,022,081	4,843,390

Notes:

(i) 2010 senior notes

On 12 May 2010, the Company issued guaranteed senior notes in an aggregate principal amount of US\$120,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 98.3% of the principal amount. The senior notes are listed on the Singapore Exchange Securities Trading Limited (the “SGX”). The senior notes carry interest of 14.0% per annum and interest is payable semi-annually on 12 May and 12 November in arrears. The senior notes will mature on 12 May 2015, unless redeemed earlier.

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 5 May 2010 (“Applicable Premium 1”) as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 1 is the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of the amount equivalent to the principal amount and related interest up to 12 May 2015 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 12 May 2013, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 114% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date. As of 31 December 2014, no senior notes had been redeemed by exercised of this option and this option was expired.

The senior notes contain a liability component and the above early redemption options:

- (a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14.9% per annum to the liability component since the senior notes were issued.

- (b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, at 31 December 2013 and 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

39. Senior Notes (continued)

Notes: (continued)

(ii) 2012 senior notes

On 27 September 2012, the Company issued senior notes in an aggregate principal amount of US\$250,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 99.5% of the principal amount of the senior notes. The senior notes are listed on the SGX. The senior notes carry interest of 13.8% per annum and interest is payable semi-annually on 27 March and 27 September in arrears. The notes will mature on 27 September 2017, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 20 September 2012 ("Applicable Premium 2") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 2 is the greater of (1) 1% of the principal amount of such senior notes and (2) the excess of the amount equivalent to the principal amount and related interest up to 27 September 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 September 2015, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 113.8% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The senior notes contain a liability component and the above early redemption options:

- (a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14.8% per annum to the liability component since the senior notes were issued.

- (b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, at 31 December 2013 and at 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

39. Senior Notes (continued)

Notes: (continued)

(iii) 2013 – January senior notes

On 22 January 2013, the Company issued guaranteed senior notes in an aggregate principal amount of US\$250,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.75% per annum and interest is payable semi-annually on 22 January and 22 July in arrears. The senior notes will mature on 22 January 2020, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 22 January 2013 ("Applicable Premium 3") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 3 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 22 January 2020 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 22 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to 100% percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Period	Redemption price
22 January 2017–21 January 2018	105.3750%
22 January 2018–21 January 2019	102.6875%
22 January 2019 and thereafter	100.0000%

At any time and from time to time prior to 22 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date and at 31 December 2013.

The senior notes contain a liability component and the above early redemption options:

- (a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 11.27% per annum to the liability component since the senior notes were issued.

- (b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, at 31 December 2013 and at 31 December 2014.

(iv) 2013 – May senior notes

On 27 May 2013, the Company issued guaranteed senior notes in an aggregate principal amount of RMB1,000,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 7.875% per annum and interest is payable semi-annually on 27 November and 27 May in arrears. The senior notes will mature on 27 May 2016, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

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For the year ended 31 December 2014

39. Senior Notes (continued)

Notes: (continued)

(iv) 2013 – May senior notes (continued)

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 27 May 2013 (“Applicable Premium 4”) as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 4 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 27 May 2016 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 May 2016, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 107.875% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The senior notes contain a liability component and the above early redemption options:

- (a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 8.73% per annum to the liability component since the senior notes were issued.

- (b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, at 31 December 2013 and at 31 December 2014.

(v) 2014 senior notes

On 23 January 2014, the Company issued guaranteed senior notes in an aggregate principal amount of USD300,000,000. The senior notes are guaranteed by certain equity interests of the subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.625% per annum and interest is payable semi-annually on 23 January and 23 July in arrears. The senior notes will mature on 23 January 2019, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time prior to 23 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 23 January 2014 (“Applicable Premium 5”) as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 5 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 23 January 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 23 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on 23 January of the years indicated below.

Period	Redemption price
23 January 2017 – 22 January 2018	105.31250%
23 January 2018 and thereafter	102.65625%

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For the year ended 31 December 2014

39. Senior Notes (continued)

Notes: (continued)

(v) 2014 senior notes (continued)

At any time and from time to time prior to 23 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The senior notes contain a liability component and the above early redemption options:

- (a) 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 derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 11.06% per annum to the liability component since the senior notes were issued.

- (b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2014.

The movements of the liability component in the senior notes during the year are set out below:

	2014 RMB'000	2013 RMB'000
Carrying amount as at 1 January	4,843,390	2,329,003
Net proceeds on the date of issuance	1,801,274	2,508,503
Exchange loss (gain)	8,479	(102,625)
Interest expenses	768,529	542,664
Less: interest paid to note holders	(653,540)	(434,155)
Carrying amount as at 31 December	6,768,132	4,843,390

The carrying amounts and fair values of senior notes (based on the ask price in SGX) are disclosed below:

		2014 Carrying amount RMB'000	2014 Fair value RMB'000	2013 Carrying amount RMB'000	2013 Fair value RMB'000
Senior notes	Level 1	6,768,132	6,333,896	4,843,390	5,222,844

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40. Redeemable Shares

On 29 May 2013, the Company, Colour Life, China Bowen Capital Management Limited (“China Bowen”) and Splendid Fortune Enterprise Limited entered into a subscription agreement, pursuant to which Colour Life agreed to issue and allot to China Bowen, and China Bowen agreed to subscribe for an aggregate of 13,752 ordinary shares (“China Bowen Subscription Shares”) with a total subscription price of HK\$7,762,400 (equivalent to US\$1,000,000 or RMB6,177,000).

Colour Life has granted an option (the “Put Option”) to China Bowen that in the event that an initial public offering of Colour Life does not complete on or before 4 June 2015 (or such later date as Colour Life and China Bowen may agree in writing) (“Put Option Completion Date”), China Bowen may, for a period of 30 Days thereafter, by notice in writing to Colour Life, require Colour Life to purchase all the China Bowen Subscription Shares then held by China Bowen at the amount equal to the sum of the subscription amount by China Bowen plus a return calculated at the rate of 12% per annum minus any dividends or distribution and any amounts in relation to the transfer of disposal of such China Bowen Subscription Shares, received by China Bowen in relation to the China Bowen Subscription Shares.

The Company has presented the above subscription with the Put Option as a financial liability as at 31 December 2013. If Colour Life completes a qualifying initial public offering on or before 4 June 2015, the China Bowen subscription Shares will be reclassified to share capital of Colour Life and non-controlling interests of the Group and then the carrying amount of the redeemable shares would be included in the share premium of Colour Life and non-controlling interests of the Group.

The effective rate of the redeemable share is 12% per annum, during the year ended 31 December 2014, finance cost amounting of RMB655,000 was charged to profit or loss.

As disclosed in note (vi) of consolidated statement of changes in equity, Colour Life has listed its shares on 30 June 2014, the redeemable shares amounting to RMB6,832,000 were transferred to equity of Colour Life and non-controlling interests of the Group accordingly.

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For the year ended 31 December 2014

41. Share Capital

	Number of shares	Amount HK\$	Equivalent to RMB'000
Ordinary shares of HK\$0.1 each			
Authorised:			
At 1 January 2013, 31 December 2013, and 31 December 2014	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2013	5,207,221,750	520,722,175	457,093
Shares repurchased and cancelled	(313,488,000)	(31,348,800)	(27,518)
At 31 December 2013	4,893,733,750	489,373,375	429,575
Issue of shares as consideration for the acquisition of Huizhou TCL (note 43(a)(i))	863,600,074	86,360,007	67,900
Issue of shares upon exercise of share option	124,200	12,420	10
At 31 December 2014	5,757,458,024	575,745,802	497,485

None of the Company's subsidiaries sold or redeemed any of the Company's listed securities during the years ended 31 December 2014 and 2013.

42. Perpetual Capital Instrument

In April 2014, a wholly owned subsidiary (the "Subsidiary") of the Company issued perpetual capital instrument (the "Perpetual Capital Instrument") with the aggregate principal amount of RMB700,000,000 by entering into a Perpetual Capital Instrument Agreement (the "Agreement") with an independent third party. The Perpetual Capital Instrument was issued for development of existing property development project in PRC.

Pursuant to the Agreement, the Perpetual Capital Instrument has no fixed maturity date and redeemable at the Subsidiary's option at its principal amount together with accrued, unpaid or deferred distribution payments. The distribution rate for the instruments are 9% per annum for the first and second year, then increase to 24% per annum for the third year and years after. If no distribution is paid in that year, the distribution rate will be adjusted by a 100% premium in the next year and so on. The distribution rate is capped at 24% per annum. The Perpetual Capital Instrument is jointly guaranteed by two subsidiaries of the Company, Pan Jun and Zeng Jie, Baby, the controlling shareholders of the Company, and a land use right owned by a wholly owned subsidiary of the Company.

The payments of distribution can be deferred at the discretion of the Subsidiary. While any distributions are unpaid or deferred, the Company and the Subsidiary cannot declare or pay dividends. Therefore, the Perpetual Capital Instruments are classified as equity instrument and presented as a part of equity in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries

For the year ended 31 December 2014

- (i) On 6 January 2014, the Group acquired several property development projects through the acquisition of the entire equity interest and indebtedness due to former shareholder in Huizhou TCL from TCL Corporation and two other independent third parties at a consideration of approximately RMB1,905,053,000.

The consideration of RMB939,525,000 has been settled by the issuance of 863,600,074 ordinary shares in the Company to TCL Corporation, and the remaining consideration of RMB965,528,000 will be payable within 3 years.

- (ii) On 30 June 2014, the Group acquired a property development project through the acquisition of the 81% equity interest in Shenzhen Jindiying from an independent third party at a total cash consideration of approximately RMB250,000,000 included deposit amounting to RMB100,000,000 deposits for such acquisition has been paid in 2013.

- (iii) On 31 August 2014, the Group acquired a property development project through the acquisition of the 81% equity interest in Shenzhen Yonglihongying Investment Company Limited (深圳市永利鴻盈投資有限公司) from an independent third party at a cash consideration of approximately RMB646,555,000. As at 31 December 2014, the consideration of RMB260,490,000 has been settled and the remaining consideration of RMB385,705,000 will be payable within one year.

- (iv) On 30 June 2014, the Group disposed 51% equity interest in Chengdu Wangcong Property Development Company Limited (成都望叢房地產開發有限公司) (“Wangcong”), an indirectly wholly owned subsidiary of the Company, to an independent third party at a cash consideration of RMB182,580,000, which will be settled before 31 December 2014, resulting in loss of control upon completion of the transaction. Due to the financial difficulty of the independent third party, the consideration receivable cannot be settled and on 31 August 2014, the Group and the independent third party entered into a termination agreement pursuant to which the transaction for the disposal of 51% equity interest in Wangcong was terminated at a consideration of RMB182,580,000 and the deposit received had been returned to the independent third party. The Group regained the control of Wangcong. Wangcong is principally engaged in property development which holds properties under development in the PRC.

- (v) On 30 November 2014, the Group acquired a property development project through the acquisition of the 64% equity interest in Shenzhen Guozhengxiangqian Investment Development Company Limited (深圳市國正向前投資發展有限公司) from an independent third party at a cash consideration of approximately RMB21,120,000 which will be payable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2014 (continued)

The above transactions are accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions are summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	14,186
Investment properties	165,932
Interest in a joint venture	10,007
Prepaid lease payments	621,159
Deposits paid for acquisition of land use rights	309,718
Deferred tax assets	9,282
Properties for sale	4,324,725
Trade and other receivables	217,430
Amounts due from certain subsidiaries of the Company to Wangcong	330,687
Tax recoverables	17,355
Bank balances and cash	220,644
Trade and other payables	(689,122)
Deposits received for sale of properties	(702,998)
Amounts due to certain subsidiaries of the Company	(427,507)
Amount due to a joint venture	(10,000)
Tax payables	(88,419)
Deferred tax liabilities	(19,611)
Borrowings	(1,084,084)
	3,219,744
Identifiable net assets attributable to:	
Interests in a joint venture	(174,465)
Non-controlling interests	(39,971)
	3,004,945
Total consideration satisfied by:	
Cash	410,490
Issue of shares as consideration of acquisition of subsidiaries	939,525
Deposit for acquisition of a subsidiary paid in 2013	100,000
Consideration receivables related to disposal of Wangcong to be waived upon termination (note 44(b))	182,580
Consideration payable to a non-controlling shareholder (note)	965,528
Consideration payable to independent third parties (note 34)	406,825
	3,004,948
Net cash outflow arising on acquisitions	
Cash consideration paid during the year	410,490
Bank balances and cash acquired	(220,644)
	189,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2014 (continued)

Note: According to the sales and purchase agreements, the remaining unpaid consideration due to TCL Corporation is interest bearing at 10.58% per annum and to be settled by three instalments and the last instalment to be settled before 6 January 2017, the unpaid consideration payables are as follows:

	RMB'000
Consideration payables at date of acquisition	965,528
Interest expense for the year	141,099
	1,106,627
Repayable within one year	419,960
Repayable after one year	686,667
Classified as amount due to a non-controlling shareholder	1,106,627

For the year ended 31 December 2013

- (i) On 30 January 2013, the Group acquired a parcel of land through the acquisition of 60% equity interest in Shenzhen Tengxing Hongda Investment Development Co., Ltd. (深圳騰星宏達投資發展有限公司) ("Shenzhen Tengxing") from an independent third party.

Pursuant to the agreement signed by the Group and the former equity holder of Shenzhen Tengxing, the Group was required to pay cash of approximately RMB47,900,000 for the acquisition. In addition, the Group agreed with the former equity holder of Shenzhen Tengxing that after the construction of property project is completed by the Group, the Group is required to transfer 5% of the completed property in this property project to the former equity holder of Shenzhen Tengxing. The Group is responsible for management and providing funding to finance this property project. In addition, the former equity holder of Shenzhen Tengxing Hongda Investment Development Co., Ltd ("Shenzhen Tengxing") will not share any profit or loss of the property project.

Accordingly, the potential amount of the costs (including development expenditure and other attributable expenses of the construction of properties) to be incurred to complete for this 5% completed property to be delivered to the former equity holder of Shenzhen Tengxing is accounted for as a provision amounted to RMB29,591,000 in the consolidated statement of financial position as at 31 December 2013.

Against 40% equity interest in this background in Shenzhen Tentxing is not considered as non-controlling interest of the Group.

- (ii) On 9 May 2013, the Group acquired a completed investment property situated in Shanghai, the PRC through the acquisition of the entire registered capital of China Land Property Holdings Limited (中國地產集團有限公司) at a cash consideration of approximately RMB282,500,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2013 (continued)

- (iii) On 22 May 2013, the Group acquired a parcel of land situated in Suzhou, the PRC which was under development through the acquisition of the entire equity interest in Suzhou Yin Zhuang Real Estate Company Limited (蘇州銀莊置地有限公司) from an independent third party at a cash consideration of approximately RMB511,959,000.
- (iv) On 26 June 2013, the Group acquired a parcel of land situated in Ningbo, the PRC which was under development through the acquisition of the entire equity interest in Huafeng at a cash consideration of approximately RMB602,902,000.
- (v) On 30 November 2013, the Group acquired the 10% equity interest in AFS through the acquisition of the entire equity interest in Charmful Limited of a cash consideration of approximately RMB38,923,000. The investee engages in property development in Nanjing, the PRC. As at 31 December 2014, the outstanding consideration of amounting to RMB19,461,000 is included in trade and other payables.
- (vi) On 25 December 2013, the Group acquired a parcel of land situated in Shenzhen, the PRC which was under development through the acquisition of the entire equity interest in Shenzhen Shengbaijing Investment Development Company Limited (深圳市生百景投資發展有限公司) at a cash consideration of approximately RMB68,000,000.
- (vii) On 30 November 2013, the Group acquired a parcel of land situated in Shenzhen, the PRC which was under development through the acquisition of the entire equity interest in Twinkle Electronic Company Limited (天歌電子有限公司) at a cash consideration of approximately RMB52,780,000.
- (viii) On 25 December 2013, the Group acquired a parcel of land situated in Shenzhen, the PRC which was under development through the acquisition of the entire equity interest in Shenzhen Zhongji Jade Property Development Company Limited (深圳市中稷玉石房地產開發有限公司) at a cash consideration of approximately RMB200,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

For the year ended 31 December 2013 (continued)

The above transactions are accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions is summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	55
Investment properties	604,528
Available-for-sale investment	38,910
Prepaid lease payments	7,228
Premium on prepaid lease payments	45,412
Deposit for acquisition of land use rights	217,073
Properties under development for sale	970,377
Other receivables	137,552
Bank balances and cash	7,112
Other payables	(118,574)
Tax payable	(2)
Deferred tax liabilities	(31,801)
	1,877,870
Identifiable net assets shared by non-controlling interests	(43,315)
	1,834,555
Total consideration satisfied by:	
Cash	1,785,503
Consideration payable due within one year included in trade and other payables (note)	19,461
Provision arisen of acquisition of Shenzhen Tengxing	29,591
	1,834,555
Net cash outflow arising on acquisitions	
Cash consideration paid during the year	1,785,503
Bank balances and cash acquired	(7,112)
	1,778,391

Note: In 2014, the consideration payable was settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses

For the year ended 31 December 2014

- (i) On 1 December 2014, the Group acquired the entire equity interest in Foshan Nanhai Julong Property Management Company Limited (佛山市南海鉅隆物業管理有限公司) (“Foshan Julong”) at a cash consideration of approximately RMB3,800,000. Foshan Julong was acquired so as to continue the expansion of the Group’s property management operation.
- (ii) On 1 July 2014, the Group acquired 80% equity interest in Shanghai Yinshun Property Management Company Limited (上海銀順物業管理有限公司) (“Shanghai Yinshun”) at a cash consideration of approximately RMB3,480,000. Shanghai Yinshun was acquired so as to continue the expansion of the Group’s property management operation.
- (iii) On 1 July 2014, the Group acquired 51% equity interest in Jiangsu Chengzhi Property Services Company Limited (江蘇城置物業服務有限公司) (“Jiangsu Chengzhi”) at a cash consideration of RMB1. Jiangsu Chengzhi was acquired so as to continue the expansion of the Group’s property management operation.
- (iv) On 1 July 2014, the Group acquired 68% equity interest in Yinchuan Dushijia Property Services Company Limited (銀川都市佳物業服務有限公司) (“Yinchuan Dushijia”) at a cash consideration of approximately RMB400,000. Yinchuan Dushijia was acquired so as to continue the expansion of the Group’s property management operation.
- (v) On 1 July 2014, the Group acquired 70% equity interest in Hubei Fenglin Property Services Company Limited (湖北楓林物業服務有限公司) (“Hubei Fenglin”) at a cash consideration of approximately RMB20,000,000. Hubei Fenglin was acquired so as to continue the expansion of the Group’s property management operation.
- (vi) On 31 August 2014, the Group acquired 70% equity interest in Hangzhou Gaosheng Property Management Company Limited (杭州高盛物業管理有限公司) (“Hangzhou Gaosheng”) at a cash consideration of approximately RMB16,880,000. Hangzhou Gaosheng was acquired so as to continue the expansion of the Group’s property management operation.
- (vii) On 1 July 2014, the Group acquired 80% equity interest in Henan Huajing Property Services Company Limited (河南華璟物業服務有限公司) (“Henan Huajing”) at a cash consideration of approximately RMB1,880,000. Henan Huajing was acquired so as to continue the expansion of the Group’s property management operation.
- (viii) On 1 September 2014, the Group acquired 70% equity interest in Yichang Kunda Property Company Limited (宜昌坤達物業有限公司) (“Yichang Kunda”) at a cash consideration of approximately RMB2,000,000. Yichang Kunda was acquired so as to continue the expansion of the Group’s property management operation.
- (ix) On 1 August 2014, the Group acquired 100% equity interest in Jiangxi Juan Property Management Company Limited (江西居安物業管理有限公司) (“Jiangxi Juan”) at a cash consideration of approximately RMB800,000. Nanchang Juan was acquired so as to continue the expansion of the Group’s property management operation.
- (x) On 1 August 2014, the Group acquired 87% equity interest in Nanjing Anju Property Company Limited (南京安居物業有限公司) (“Nanjing Anju”) at a cash consideration of approximately RMB15,000,000. Nanjing Anju was acquired so as to continue the expansion of the Group’s property management operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2014 (continued)

- (xi) On 1 June 2014, the Group acquired entire equity interest in Harbin Shenghengji Property Management Company Limited (哈爾濱盛恒基物業管理有限公司) (“Harbin Shenghengji”) at a cash consideration of approximately RMB500,000. Harbin Shenghengji was acquired so as to continue the expansion of the Group’s property management operation.
- (xii) On 1 September 2014, the Group acquired 70% equity interest in Jiujiang Tianhong Property Service Company Limited (九江天宏物業服務有限公司) (“Jiujiang Tianhong”) at a cash consideration of approximately RMB2,000,000. Jiujiang Tianhong was acquired so as to continue the expansion of the Group’s property management operation.
- (xiii) On 1 November 2014, the Group acquired 68% equity interest in Steadlink Asset Management PTE Ltd (“Steadlink”) at a cash consideration of approximately RMB5,865,000. Steadlink was acquired so as to continue the expansion of the Group’s property management operation.

Total consideration transferred

	RMB’000
Cash	53,133
Consideration payable due within one year included in trade and other payables (note 34)	19,472
	72,605

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the “administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB’000
Intangible assets	29,448
Property, plant and equipment	866
Trade and other receivables	26,104
Bank balances and cash	13,345
Trade and other payables	(37,213)
Amounts due to certain subsidiaries of the Company	(1,069)
Tax payable	(153)
Deferred tax liabilities	(7,362)
	23,966

The trade and other receivables acquired with a fair value of approximately RMB26,104,000 approximate its gross contractual amount.

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For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2014 (continued)

Non-controlling interests

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB6,012,000.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	72,605
Non-controlling interests	6,012
Less: fair value of net assets acquired	(23,966)
Goodwill arising on acquisition	54,651

Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date.

Intangible assets of RMB29,448,000 (2013: RMB1,813,000) in relation to the acquisition of subsidiaries under property management segment have been recognised by the Group.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Cash consideration paid	53,133
Less: bank balances and cash acquired	(13,345)
	39,788

For the year ended 31 December 2013

- (i) On 8 January 2013, the Group acquired 90% equity interest in Nanjing Mingcheng at a consideration of approximately RMB5,680,000. Nanjing Mingcheng was acquired so as to continue the expansion of the Group's property management operation.
- (ii) On 6 February 2013, the Group acquired the entire equity interest in Xiehe Golf at a consideration of approximately RMB159,993,000. Xiehe Golf is principally engaged in provision of golf course services and was acquired with the objective of entering into the market of golf course services.
- (iii) On 26 March 2013, the Group acquired 51% equity interest in Shaanxi Colour Life at a consideration of approximately RMB1. Shaanxi Colour Life was acquired so as to continue the expansion of the Group's property management operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2013 (continued)

- (iv) On 1 May 2013, the Group acquired 90% equity interest in Nanjing Huitao at a consideration of approximately RMB5,280,000. Nanjing Huitao was acquired so as to continue with the expansion of the Group's property management operation.
- (v) On 1 July 2013, the Group acquired 80% equity interest in Wuxi Taihu Garden at a consideration of approximately RMB3,200,000. Wuxi Taihu was acquired so as to continue with the expansion of the Group's property management operation.
- (vi) On 1 July 2013, the Group acquired 70% equity interest in Shanghai Xinzhou at a consideration of approximately RMB13,880,000. Shanghai Xinzhou was acquired so as to continue with the expansion of the Group's property management operation.
- (vii) On 1 July 2013, the Group acquired 90% equity interest in Nanjing Jinjiang at a consideration of approximately RMB9,880,000. Nanjing Jinjiang was acquired so as to continue with the expansion of the Group's property management operation.

Total consideration transferred

	RMB'000
Cash	197,913

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and recognised as an expense in the current year and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Property, plant and equipment	56,121
Prepaid lease payments	139,502
Intangible assets	1,813
Trade and other receivables	19,548
Bank balances and cash	9,010
Trade and other payables	(80,587)
Tax payables	(258)
Deferred tax liabilities	(453)
Borrowings	(447)
	144,249

The trade and other receivables acquired with a fair value of approximately RMB19,548,000 approximate its gross contractual amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

43. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2013 (continued)

Non-controlling interests

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB9,115,000.

Goodwill arising on acquisition

	RMB'000
Consideration transferred	197,913
Non-controlling interests	9,115
Less: fair value of net assets acquired	(144,249)
Goodwill arising on acquisition	62,779

Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date. These assets could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	RMB'000
Cash consideration paid	197,913
Less: deposits paid in prior years	(5,680)
Less: bank balances and cash acquired	(9,010)
	183,223

44. Disposal of Subsidiaries

(a) Disposal of subsidiaries

For the year ended 31 December 2014

- (i) On 29 December 2014, the Group disposed of its 61% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd (至卓飛高線路板(深圳)有限公司) ("Topsearch Printed Circuits") to an independent third party for a cash consideration of approximately RMB347,670,000. Topsearch Printed Circuits was engaged in property development which holds properties for sale in the PRC.
- (ii) On 8 December 2014, the Group disposed of its 54% equity interest in Shenzhen Tongzhinian Equity Investment Fund Company Limited (深圳市同之年股權投資基金有限公司) ("Tongzhinian Fund") to an independent third party for a cash consideration of approximately RMB7,775,000. Tongzhinian Fund was engaged in equity investment in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

44. Disposal of Subsidiaries (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 December 2014 (continued)

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed in respect of the above transactions are summarised below:

	RMB'000
Consideration satisfied by:	
Cash	68,999
Consideration receivable within one year (note 30)	286,446
	355,445
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	6
Deferred tax assets	512
Properties for sale	341,047
Trade and other receivables	21,791
Bank balances and cash	14,546
Trade and other payables	(31,380)
Borrowings	(156,880)
Net assets disposed of	189,642
Gain on disposal of subsidiaries:	
Cash consideration	68,999
Consideration receivable (note 30)	286,446
Net assets disposed of	(189,642)
Non-controlling interests	57,904
Gain on disposal	223,707
Net cash inflow arising on disposal:	
Cash consideration	68,999
Bank balances and cash disposed of	(14,546)
	54,453

For the year ended 31 December 2013

- (i) On 30 November 2013, the Group disposed of its entire equity interest in China Land Property Holdings Limited (中國地產集團有限公司) ("China Land") to an independent third party for a consideration of approximately RMB405,000,000. China Land was engaged in provision of property investment.
- (ii) On 11 January 2013, the Group disposed of its entire equity interest in Shenzhen Caiyue Hotel Company Limited (深圳市彩悅酒店有限公司) ("Caiyue Hotel") to independent third parties for a consideration of approximately RMB2,000. Caiyue Hotel was engaged in provision of hotel services.
- (iii) On 13 March 2013, the Group disposed of its entire equity interest in Shenzhen Caiyue Hotel management Company Limited (深圳市彩悅酒店管理有限公司) ("Caiyue Hotel Management") to independent third parties for a consideration of approximately RMB2,000. Caiyue Hotel Management was engaged in provision of hotel services.
- (iv) On 16 July 2013, the Group disposed of its entire equity interests in Shenzhen Colour Life Qingjie Service Company Limited (深圳市彩虹清潔服務有限公司) ("Colour Life Qingjie") to an independent third party for a consideration of approximately RMB1,250,000. Colour Life Qingjie was engaged in provision of property operation services.
- (v) On 1 January 2013, the Group disposed of its 51% equity interests in Shenzhen Robert Housekeeper Properties Management Co., Limited (深圳市羅伯特管家物業管理有限公司) ("Shenzhen Robert") to an independent third party for a consideration of approximately RMB380,000. Shenzhen Robert was engaged in provision of property operation services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

44. Disposal of Subsidiaries (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 December 2013 (continued)

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed in respect of the above transactions are summarised below:

	RMB'000
Consideration satisfied by:	
Cash	201,265
Consideration receivable within one year	205,369
	406,634
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	724
Investment properties	316,477
Trade and other receivables	1,608
Bank balances and cash	6,143
Other payables	(2,638)
Tax payable	(254)
Deferred tax liabilities	(32,345)
	289,715
Gain on disposal of subsidiaries:	
Cash consideration	201,265
Consideration receivable (note 30)	205,369
Net assets disposed of	(289,715)
Non-controlling interests	(275)
	116,644
Net cash inflow arising on disposal:	
Cash consideration	201,265
Bank balances and cash disposed of	(6,143)
	195,122

The subsidiaries disposed of did not contribute significantly to the Group's cash flows, revenue and profit before tax during the year ended 31 December 2013.

(b) Disposal of partial interests in subsidiaries resulting in loss of control

For the year ended 31 December 2014

On 30 June 2014, the Group disposed of 51% equity interests in both Wangcong (as detailed in note 43(a)(iv)) and Huafeng, previous indirect wholly owned subsidiaries of the Company, to an independent third party resulting in lost control upon completion of the transactions. The remaining equity interests in Wangcong and Yinzhuan are classified as interests in joint ventures. The joint ventures are principally engaged in property development which holds properties under development in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

44. Disposal of Subsidiaries (continued)

(b) Disposal of partial interests in subsidiaries resulting in loss of control (continued)

For the year ended 31 December 2014 (continued)

These transactions were accounted for as disposal of partial interests in subsidiaries resulting in loss of control. Details are summarised below:

Assets and liabilities derecognised at dates of loss of control of the disposed subsidiaries are as follows:

	RMB'000
Property, plant and equipment	1,247
Deferred tax assets	14,035
Properties under development for sale	2,270,964
Trade and other receivables	43,013
Amounts due from certain subsidiaries of the Company to Wangcong (note)	419,945
Tax recoverable	17,633
Restricted bank deposits	22,707
Bank balances and cash	28,128
Trade and other payables	(98,906)
Amounts due to certain subsidiaries of the Company	(10,020)
Deposits received for sale of properties	(796,020)
Borrowings	(1,150,000)
	762,726
Less: retained equity interest held by the Group – classified as interests in joint ventures	(373,736)
	388,990
Satisfied by:	
Consideration receivables (note 30)	206,410
Consideration receivables upon termination of disposal transaction (note 43(a)(iv))	182,580
	388,990
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(28,128)

Note: Amount due from certain subsidiaries of the Company, which is shown as amounts due to joint ventures on the consolidated statement of financial position of the Group, is unsecured, interest-free and repayable on demand.

(c) Deemed disposal of partial interests in subsidiaries without loss of control

For the year ended 31 December 2014

- (i) During the year ended 31 December 2014, the Group disposed of its 49% equity interest in Guilin Wanhao Property Development Company Limited (桂林萬豪房地產開發有限公司) (“Wanhao”), which was held by the Group through a wholly owned subsidiary of the Company, to an independent third party, for a cash consideration of approximately RMB198,900,000. Wanhao was engaged in provision of property development.

The difference of RMB28,623,000 between the consideration received of RMB198,900,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to approximately RMB170,277,000 is credited to the special reserve of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

44. Disposal of Subsidiaries (continued)

(c) Deemed disposal of partial interests in subsidiaries without loss of control (continued)

For the year ended 31 December 2014 (continued)

- (ii) During the year ended 31 December 2014, the Group disposed of its 40% equity interest in Chengdu Fantasia Zhifu Property Development Company Limited (成都花樣年置富房地產開發有限公司) (“Zhifu”), which was held by the Group through a wholly owned subsidiary of the Company, to an independent third party, for a cash consideration of approximately RMB200,340,000. Zhifu was engaged in provision of property development.

The difference of RMB8,256,000 between the consideration received of RMB200,340,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to approximately RMB192,084,000 is credited to the special reserve of the Group.

	RMB'000
Satisfied by:	
Cash consideration received	36,990
Settlement in exchange for construction work (note 51)	200,000
Consideration receivables (note 30)	162,250
	399,240
Net cash inflow arising on deemed disposal:	
Cash consideration	36,990

For the year ended 31 December 2013

- (i) During the year ended 31 December 2013, the Group disposed of its 45% equity interests in TCL King Electronics (Shenzhen) Company Limited (TCL王牌電子(深圳)有限公司) (“TCL”), which was held by the Group through a 54% owned subsidiary of the Company, to Xinjiang Tongzhinian, a joint venture of the Group, for a cash consideration of approximately RMB193,500,000. TCL was engaged in provision of property development.

The difference of RMB65,087,000 between the consideration received of RMB193,500,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to RMB128,413,000 is credited to the special reserve of the Group.

- (ii) During the year ended 31 December 2013, a subsidiary of the Group issued new shares to the non-controlling shareholders, the difference of RMB34,056,000, between the consideration received of RMB37,064,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to RMB3,008,000 is credited to the special reserve of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

45. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 RMB'000	2013 RMB'000
Within one year	7,997	8,014
In the second to the fifth year inclusive	6,280	13,364
	14,277	21,378

Operating lease payments represent rentals payable by the Group for certain offices premises. Leases are negotiated for an average term of 1 to 5 years with fixed rentals.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014 RMB'000	2013 RMB'000
Within one year	123,237	106,230
In the second to the fifth year inclusive	328,331	261,625
After the fifth year	77,661	146,228
	529,229	514,083

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of 1 to 18 years with fixed rentals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

46. Other Commitments

	2014 RMB'000	2013 RMB'000
Construction commitments in respect of properties for sale contracted for but not provided in the consolidated financial statements	4,307,410	4,732,040
Construction commitments in respect of investment properties contracted for but not provided in the consolidated financial statements	138,089	31,881
	2014	2013
Consideration committed in respect of capital expenditure	134,532	11,620
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	21,335	–
Consideration committed in respect of acquisition of subsidiaries authorised but not yet contracted	241,936	–

47. Share Option Scheme

47.1 The Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"), and will expire on 28 August 2021 and 15 October 2022. Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HK\$1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

As at 31 December 2014, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 108,990,000 (2013: 116,230,000) of HK\$0.1 each, representing approximately 2.0% (2013: 2.4%) of the issued share capital of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

47. Share Option Scheme (continued)

47.1 The Company (continued)

Details of the share options granted under the Scheme is as follows:

Category of Grantees	Date of grant	Exercise price per share	Vesting period	Exercisable period
Directors	29 August 2011	HK\$0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	HK\$0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022
Employees	29 August 2011	HK\$0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	HK\$0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022

The following table discloses movements of the Company's share options held by employees and directors during the years ended 31 December 2014 and 2013:

Category of Grantees	Date of grant	Vesting period	Outstanding at		Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2013		Granted during the year	Reclassification due to change of positions of Directors and employees		Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2014	
			1 January 2013	31 December 2013				31 December 2013	31 December 2013		Directors and employees	Cancelled/ lapsed during the year			31 December 2013	31 December 2014
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors	29 August 2011	29.8.2011–28.8.2012	1,318,000	–	–	–	1,318,000	–	381,000	–	(80,000)	–	–	–	1,619,000	
		29.8.2011–28.8.2013	2,636,000	–	–	–	2,636,000	–	1,143,000	–	(240,000)	–	–	–	3,539,000	
		29.8.2011–28.8.2014	9,226,000	–	–	–	9,226,000	–	2,286,000	–	(480,000)	–	–	–	11,032,000	
	16 October 2012	16.10.2013–15.10.2013	1,595,000	–	–	–	1,595,000	–	277,000	–	(80,000)	–	–	–	1,792,000	
		16.10.2013–15.10.2014	3,190,000	–	–	–	3,190,000	–	831,000	–	(240,000)	–	–	–	3,781,000	
	16.10.2013–15.10.2015	11,165,000	–	–	–	11,165,000	–	1,662,000	–	(480,000)	–	–	–	12,347,000		
			29,130,000	–	–	–	29,130,000	–	6,580,000	–	(1,600,000)	–	–	–	34,110,000	
Employees	29 August 2011	29.8.2011–28.8.2012	4,181,000	–	(88,000)	–	4,093,000	–	(381,000)	–	(267,000)	(9,000)	–	–	3,436,000	
		29.8.2011–28.8.2013	8,363,000	–	(176,000)	–	8,186,000	–	(1,143,000)	–	(454,000)	(18,000)	–	–	6,571,000	
		29.8.2011–28.8.2014	29,267,000	–	(616,000)	–	28,651,000	–	(2,286,000)	–	(1,949,000)	(63,000)	–	–	24,353,000	
	16 October 2012	16.10.2013–15.10.2013	4,846,000	–	(229,000)	–	4,617,000	–	(277,000)	–	(285,000)	(3,000)	–	–	4,052,000	
		16.10.2013–15.10.2014	9,692,000	–	(458,000)	–	9,234,000	–	(831,000)	–	(489,000)	(7,000)	–	–	7,907,000	
	16.10.2013–15.10.2015	33,922,000	–	(1,603,000)	–	32,319,000	–	(1,662,000)	–	(2,072,000)	(24,000)	–	–	28,561,000		
			90,270,000	–	(3,170,000)	–	87,100,000	–	(6,580,000)	–	(5,516,000)	(124,000)	–	–	74,880,000	
Total			119,400,000	–	(3,170,000)	–	116,230,000	–	–	–	(7,116,000)	(124,000)	–	–	108,990,000	
Exercisable at the end of the year																22,445,000
																68,082,000

Note: Wang Liang (王亮) was appointed as an executive director of the Company on 6 January 2014 (disclosed in note 12) so that the share options granted to Wang Liang in prior years are classified into category of directors in 2014.

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For the year ended 31 December 2014

47. Share Option Scheme (continued)

47.1 The Company (continued)

The closing price of the shares on the date of grant was HK\$0.77 at 16 October 2012. Binomial Option Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	16 October 2012
Market price	HK\$0.77
Exercise price	HK\$0.80
Expected volatility	44.87%
Risk-free rate	0.66%
Expected dividend yield	5.195%

The Group recognised the total expense of approximately RMB3,353,000 for the year ended 31 December 2014 (2013: RMB8,756,000) in relation to share options granted by the Company.

47.2 Colour Life

A subsidiary of the Company, Colour Life, operates a share option scheme (the "Colour Life's Scheme"). The Colour Life's Scheme was adopted pursuant to a resolution passed on 29 September 2014 for the primary purposes of providing incentives to certain directors and employees of the Colour Life and its subsidiaries ("Eligible Employees"), and will expire on 28 September 2024. Under the Colour Life's Scheme, the Board of Directors of Colour Life is authorised to grant options at a consideration of HK\$1 per option to the Eligible Employees to subscribe for shares of Colour Life ("Colour Life's Shares").

The maximum number of Colour Life's Shares which may be issued upon exercise of all options to be granted under the Colour Life's Scheme ("Colour Life's Options") and any other share option schemes of Colour Life shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of Colour Life in issue at any point in time. Colour Life's Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of Colour Life's share capital or with a value in excess of HK\$5 million must be approved in advance by Colour Life's shareholders.

The exercisable period of an option is determined by the directors of Colour Life at their discretion. The expiry date of Colour Life's Options may be determined by the Board of Directors of the Colour Life which shall not be later than the expiry day of Colour Life's Scheme.

The exercise price is determined by the directors of Colour Life, and will not be less than the greater of: (i) the closing price of Colour Life on the offer date; (ii) the average of the closing price of Colour Life's shares for the five trading days immediately preceding the offer of Colour Life's options and (iii) the nominal value per share of Colour Life.

As at 31 December 2014, the total number of Colour Life's shares to be issued upon the exercise of all options granted under the Colour Life's Scheme is 45,000,000 (2013: nil) of HK\$0.1 each, representing approximately 4.5% (2013: nil) of the issued share capital of Colour Life.

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For the year ended 31 December 2014

47. Share Option Scheme (continued)

47.2 Colour Life (continued)

The closing price of Colour Life's shares on the date of grant was HK\$6.66 at 29 September 2014. Binomial Option Pricing Model had been used to estimate the fair value of Colour Life's options. The variables and assumptions used in computing the fair value of the share options are based on Colour Life's best estimate. The value of an Colour Life's option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	29 September 2014
Market price and Exercise price	HK\$6.66
Expected volatility	48.82%
Risk-free rate	2.01%
Expected dividend yield	0.00%

During the year ended 31 December 2014, the estimated fair value of Colour Life's options at the date of grant was approximately RMB145,528,000. The Group recognised the total expense of approximately RMB29,780,000 for the year ended 31 December 2014 (2013: RMB nil) in relation to share options granted by Colour Life.

48. Retirement Benefits Plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes lower of 5% of relevant payroll costs or HK\$1,250 per person per month to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

49. Contingent Liabilities

	2014 RMB'000	2013 RMB'000
(i) Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	4,778,135	3,162,990

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

	2014 RMB'000	2013 RMB'000
(ii) Financial guarantees given to a bank for the banking facilities granted to a joint venture, Novena	518,925	535,132

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50. Related Party Disclosures

- (a) During the year, in addition to those disclosed in elsewhere at the consolidated financial statements, the Group had significant transactions with related parties as follows:

Related parties	Relationship	Transactions	2014 RMB'000	2013 RMB'000
惠東縣大亞灣三角洲俱樂部有限公司 Huidong Dayawan San Jiao Zhou Company Limited	Company controlled by Ms. Zeng Jie, Baby, a controlling shareholder and director of the Company	Management service fee recognised	–	95
Cube Architecture	An associate of Shenzhen Tianguo Investment Development Company Limited (深圳市天闊投資發展有限公司), a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	Design services fee incurred	1,740	2,118

- (b) **Compensation of key management personnel**

The remuneration of directors and other members of key management during the year is as follows:

	2014 RMB'000	2013 RMB'000
Short-term benefits	67,875	54,426
Post-employment benefits	9,214	8,102
Share-based payments	2,536	5,639
	79,625	68,167

- (c) **Related party balance**

Amount due from a director

Particular of amount due from a director is as follows:

	2014 RMB'000	2013 RMB'000
Name of director		
Mr. Pan Jun	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

50. Related Party Disclosures (continued)

(c) Related party balances (continued) *Amounts due from directors* (continued)

	2014 RMB'000	2013 RMB'000
Name of director		
Mr. Pan Jun	–	1,400

The balance is unsecured, interest-free and repayable on demand. The amount due from a director during 31 December 2013 has been fully settled by the director in November 2013.

(d) Others

As at 31 December 2014, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB59,640,000 (2013: RMB53,552,000) in aggregate.

During the year ended 31 December 2014, the Group had sold certain properties to its key management personnels (not including the directors of the Company) of the Group, at a cash consideration of approximately RMB3,005,000 (2013: RMB10,803,000).

51. Major Non-Cash Transactions

- During the year ended 31 December 2014, the Group entered into a sale and purchase agreement with a contractor for the sale of properties amounting to approximately RMB282,949,000 (2013: RMB280,000,000) in exchange for the construction work provided by the contractor equivalent to approximately RMB282,949,000 (2013: RMB280,000,000).
- During the year ended 31 December 2014, the Group acquired Huizhou TCL from TCL Corporation (as detailed in note 43(a)). The consideration of RMB939,525,000 has been settled by the issuance of 863,600,074 ordinary shares in the Company to TCL Corporation.
- During the year ended 31 December 2014, the Group entered into a settlement agreement with acquirer of equity interests in Wanhao and Zhifu (as detailed in note 44(c)) and a contractor for the settlement of consideration receivables of RMB200,000,000 in exchange for the construction work provided by the contractor equivalent to RMB200,000,000.

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52. Particulars of Principal Subsidiaries of the Company

52.1 General Information of subsidiaries

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
Winning Sky International Limited ^Δ	The BVI 8 March 2006	US\$100	100%	100%	Investment holding	Private limited liability
Fantastic Victory Limited ^Δ	The BVI 3 September 2007	US\$100	100%	100%	Investment holding	Private limited liability
Wisdom Regal Limited ^Δ	The BVI 3 September 2007	US\$100	100%	100%	Investment holding	Private limited liability
Colour Life Services Group Co., Ltd ("Colour Life") ^Δ	The Cayman Islands 16 March 2011	HK\$100,000,000	50%	67%	Investment holding	Private limited liability
Ace Link Pacific Limited [‡]	The BVI 3 September 2007	US\$100	100%	100%	Investment holding	Private limited liability
Fantasia Hotel Management Group Company Limited ^Δ	The BVI 17 June 2009	US\$1	100%	100%	Investment holding	Private limited liability
Talent Bright International Limited ^Δ	The BVI 17 June 2009	US\$1	100%	100%	Investment holding	Private limited liability
香港花樣年投資控股集團有限公司 Fantasia Investment Holdings Company Limited ("Fantasia Investment Holdings")	Hong Kong 19 February 2001	HK\$10,000	100%	100%	Investment holding	Private limited liability
悅泰投資有限公司 Joytime Investment Limited	Hong Kong 6 November 2007	HK\$10,000	100%	100%	Investment holding	Private limited liability
金展集團有限公司 Gold Genius Holdings Limited [‡]	Hong Kong 8 November 2007	HK\$10,000	100%	100%	Investment holding	Private limited liability
花樣年酒店管理(國際)有限公司 Fantasia Hotel Management (International) Company Limited	Hong Kong 15 July 2009	HK\$1	100%	100%	Investment holding	Private limited liability
花樣年物業管理(國際)有限公司 Fantasia Property Management (International) Company Limited	Hong Kong 15 July 2009	HK\$1	100%	100%	Investment holding	Private limited liability

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52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
香港康年貿易有限公司 Hong Kong Kangnian Trading Company Limited	Hong Kong 24 September 2009	US\$500,000	100%	100%	Trading and investment holding	Private limited liability
花樣年集團(中國)有限公司 Fantasia Group (China) Company Limited*	The PRC 20 January 2006	RMB1,624,843,500	100%	100%	Investment holding and property development	Limited liability company
天津松江花樣年置業有限公司 Tianjin Songjiang Fantasia Real Estate Company Limited* ("Tianjin Songjiang")	The PRC 29 May 2006	RMB50,000,000	60%	60%	Property development	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Fantasia Real Estate Group Limited* ("Shenzhen Fantasia")	The PRC 28 September 1996	RMB150,000,000	100%	100%	Investment holding, property development and investment	Limited liability company
深圳市彩生活服務集團有限公司 Shenzhen Fantasia Colour Life Service Group Limited*#	The PRC 25 August 2006	RMB15,000,000	100%	100%	Investment holding	Limited liability company
惠州大亞灣花萬裏實業有限公司 Huizhou Daya Bay Huawanli Industry Company Limited*	The PRC 8 June 2007	RMB51,000,000	100%	100%	Property development	Limited liability company
天津市花樣年投資有限公司 Tianjin Fantasia Investment Company Limited*	The PRC 12 June 2006	RMB100,000,000	100%	100%	Property development	Limited liability company
成都市花樣年房地產開發有限公司 Chengdu Fantasia Real Estate Company Limited*	The PRC 18 October 2001	RMB75,610,000	100%	100%	Property development and investment	Limited liability company
深圳市花千里房地產開發有限公司 Shenzhen Huaqianli Real Estate Investment Development Company Limited*	The PRC 28 August 2006	RMB660,339,487	100%	100%	Investment holding	Limited liability company

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52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
深圳置富房地產開發有限公司 Shenzhen Zhifu Real Estate Investment Development Company Limited*	The PRC 1 July 1994	RMB946,843,500	100%	100%	Property development and investment	Limited liability company
深圳宏威裝飾設計工程有限公司 Shenzhen Hongwei Decoration & Designing Company Limited*	The PRC 25 May 1994	RMB10,000,000	100%	100%	Provision of interior design services	Limited liability company
深圳市花樣年物業管理有限公司 Shenzhen Fantasia Property Management Company Limited**	The PRC 11 December 2000	RMB5,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Company Limited**	The PRC 12 June 2007	RMB10,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Company Limited**	The PRC 15 November 2001	RMB5,000,000	100%	100%	Provision of security system design, installation and maintenance services	Limited liability company
深圳市蓮塘物業管理有限公司 Shenzhen Liantang Property Management Company Limited*	The PRC 16 November 1999	RMB5,500,000	100%	100%	Provision of property operation services	Limited liability company
花樣年實業發展(成都)有限公司 Fantasia (Chengdu) Development Company Limited*	The PRC 4 July 2001	RMB50,000,000	100%	100%	Property development and investment	Limited liability company
花樣年(成都)生態旅遊開發 有限公司 Fantasia (Chengdu) Ecological Tourism Development Company Limited*	The PRC 7 September 2006	RMB1,344,970,000	100%	100%	Property development	Limited liability company
成都花萬裏置業有限公司 Chengdu Huawanli Real Estate Company Limited*	The PRC 25 October 2005	RMB100,000,000	100%	100%	Property development and investment	Limited liability company

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
成都花千里置業有限公司 Chengdu Huaqianli Real Estate Company Limited*	The PRC 6 November 2006	RMB704,680,000	100%	100%	Property development	Limited liability company
成都花百里置業有限公司 Chengdu Huabaili Real Estate Company Limited*	The PRC 22 May 2003	RMB270,000,000	100%	100%	Property development	Limited liability company
東莞市花樣年房地產投資有限公司 Dongguan Fantasia Real Estate Investment Company Limited*	The PRC 4 December 2006	RMB30,000,000	100%	100%	Property development	Limited liability company
雅浩科技發展(深圳)有限公司 Yahao Technology Development (Shenzhen) Company Limited**	The PRC 25 August 2005	HKD1,000,000	100%	100%	Investment holding	Limited liability company
深圳市康年科技有限公司 Shenzhen Kangnian Technology Company Limited*	The PRC 9 February 2007	RMB100,000,000	100%	100%	Property development and investment	Limited liability company
四川西美投資有限公司 Sichuan Ximei Investment Company Limited*	The PRC 7 June 2004	RMB670,000,000	100%	100%	Property development	Limited liability company
天津福大房地產銷售有限公司 Tianjin Fuda Real Estate Development Company Limited*	The PRC 18 October 2004	RMB45,000,000	100%	100%	Property development	Limited liability company
宜興市江南水鄉度假村有限公司 Yixing Jiangnan Shuixiang Tourism Resort Company Limited* ("Yixing Jiangnan")	The PRC 19 April 2005	RMB28,000,000	80%	80%	Property development	Limited liability company
深圳市星彥行置業有限公司 Shenzhen Xingyanhang Property Company Limited**	The PRC 23 April 2007	RMB4,000,000	93%	93%	Provision of agency services	Limited liability company
成都新津友幫房地產開發有限責任公司 Chengdu Xinjin Youbang Real Estate Development Company Limited*	The PRC 9 May 2004	RMB85,000,000	100%	100%	Property development	Limited liability company

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
成都花樣年望叢文化發展有限公司 Chengdu Fantasia Wangcong Culture Development Company Limited*	The PRC 6 August 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
成都九蓉房地產開發有限公司 Chengdu Jiurong Real Estate Development Limited*	The PRC 22 August 2007	RMB320,000,000	100%	100%	Property development	Limited liability company
深圳花樣年商業管理有限公司 Shenzhen Fantasia Business Management Company Limited*	The PRC 3 June 2009	RMB120,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市花樣年酒店管理有限公司 Shenzhen Fantasia Hotel Management Company Limited*	The PRC 3 June 2009	RMB100,000,000	100%	100%	Hotel services	Limited liability company
寧夏回族自治區新聖基建築工程有限公司 Ningxia Hui Nationality Autonomous Region Xingshengji Construction Company Limited*	The PRC 22 July 2009	RMB50,000,000	100%	100%	Provision of construction services	Limited liability company
深圳市花樣年房地產開發有限公司 Shenzhen Fantasia Real Estate Company Limited*	The PRC 20 April 2006	RMB150,000,000	100%	100%	Property development	Limited liability company
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industry Company Limited.*	The PRC 14 August 2012	RMB100,000,000	100%	100%	Property development	Limited liability company
花千里投資(北京)有限公司 Huaqianli Investment (Beijing) Company Limited.*	The PRC 15 March 2012	RMB10,000,000	100%	100%	Investment holding	Limited liability company
蘇州花萬裡房地產開發有限公司 Suzhou Huawanli Real Estate Company Limited*	The PRC 9 September 2009	RMB180,000,000	100%	100%	Property development	Limited liability company
蘇州林甲岩房產發展有限公司 Suzhou LKN Real Estate Company Limited*	The PRC 5 July 1994	RMB180,599,652	100%	100%	Property development	Limited liability company

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
深圳市匯港物業管理有限公司 Shenzhen Hui Gang Property Management Company Limited*#	The PRC 12 April 2002	RMB3,000,000	75%	75%	Provision of property operation services	Limited liability company
成都市花樣年物業服務有限公司 Chengdu Fantasia Property Service Company Limited*	The PRC 23 December 2009	RMB5,000,000	100%	100%	Provision of property operation services	Limited liability company
東莞花千里房地產開發有限公司 Dongguan Huaqianli Property Development Company Limited*	The PRC 30 April 2012	RMB30,000,000	100%	100%	Property development	Limited liability company
深圳高華投資有限公司 Shenzhen Gaohua Investment Limited*	The PRC 12 March 2012	RMB200,000,000	100%	100%	Investment holding, property development and investment	Limited liability company
成都市諾亞舟實業有限公司 Chengdu Nuoyazhou Development Company Limited*	The PRC 17 June 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
江蘇東發置業有限公司 Jiangsu Dongfa Real Estate Company Limited*	The PRC 2 March 2009	RMB20,000,000	100%	100%	Property development	Limited liability company
桂林萬豪房地產開發有限公司 Guilin Wanhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	51%	100%	Property development	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	100%	Property development	Limited liability company
成都花港置業有限公司 Chendu Huagang Real Estate Company Limited*	The PRC 14 April 2013	RMB200,000,000	100%	100%	Property development	Limited liability company
TCL王牌電子(深圳)有限公司 TCL King Electronics (Shenzhen) Company Limited*	The PRC 9 October 1981	HKD100,000,000	100%	55%	Property development	Limited liability company

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
惠州市友鄰物業管理有限公司 Huizhou Youling Property Management Company Limited**	The PRC 13 June 2008	RMB500,000	100%	100%	Provision of property operation services	Limited liability company
天津新塘物業管理有限公司 Tianjin Xintang Property Management Company Limited*	The PRC 21 May 2007	RMB500,000	100%	100%	Provision of property operation services	Limited liability company
Fantasia Investment (Singapore) Pte. Ltd	Singapore 28 September 2012	SGD1,000,000	100%	100%	Property development	Private limited liability
深圳市同之年股權投資基金管理 有限公司 Shenzhen Tongzhinian Equity Investment Fund Management Company Limited*	The PRC 20 August 2012	RMB10,000,000	–	54%	Investment holding	Limited liability company
深圳市花樣年股權投資基金管理 有限公司 Shenzhen Fantasia Equity Investment Fund Management Company Limited*	The PRC 15 May 2012	RMB10,000,000	100%	100%	Investment holding	Limited liability company
惠州市花樣年房地產開發有限公司 Huizhou Fantasia Property Development Company Limited*	The PRC 23 March 2012	RMB1,000,000	100%	100%	Property development	Limited liability company
鐵嶺正南物業管理有限公司 Tieling Zhengnan Property Management Company Limited**	The PRC 18 March 2008	RMB500,000	51%	51%	Provision of property operation services	Limited liability company
南京花樣年物業管理有限公司 Nanjing Fantasia Property Management Company Limited**	The PRC 29 June 2000	RMB5,000,000	100%	100%	Provision of property operation services	Limited liability company
陝西中強物業管理有限公司 Shaanxi Zhongqiang Property Management Company Limited**	The PRC 8 September 2003	RMB3,000,000	100%	100%	Provision of property operation services	Limited liability company
河源市華達物業管理有限公司 Heyuan Huada Property Management Company Limited**	The PRC 12 June 2002	RMB3,000,000	100%	100%	Provision of property operation services	Limited liability company

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
秦皇島市宏添源物業服務有限公司 Qinhuangdao Hongtianyuan Property Service Company Limited**	The PRC 25 October 2005	RMB5,000,000	51%	51%	Provision of property operation services	Limited liability company
至卓飛高線路板(深圳)有限公司 Topsearch Printed Circuits (Shenzhen) Ltd* ("Topsearch Printed Circuits")	The PRC 25 September 1987	RMB391,093,510	–	61%	Property development	Limited liability company
花萬裡投資(北京)有限公司 Huawanli Investment (Beijing) Company Limited*	The PRC 13 September 2012	RMB779,150,000	100%	100%	Property development	Limited liability company
深圳市花萬裡酒店管理有限公司 Shenzhen Huawanli Hotel Management Company Limited*	The PRC 23 October 2013	RMB1,000,000	100%	100%	Hotel management	Limited liability company
深圳市花樣年養生養老管理 有限公司 Shenzhen Fantasia Senior Housing Management Company Limited*	The PRC 23 October 2013	RMB1,000,000	100%	100%	Investment holding	Limited liability company
深圳市花樣年文化旅遊管理 有限公司 Shenzhen Fantasia Culture Tourism Management Company Limited*	The PRC 15 October 2013	RMB1,000,000	100%	100%	Investment holding	Limited liability company
深圳市花萬裡商業管理有限公司 Shenzhen Huawanli Commercial Management Company Limited*	The PRC 15 October 2014	RMB1,000,000	100%	100%	Investment holding	Limited liability company
大理市花千里文化旅遊開發 有限公司 Dali Huaqianli Cultural Tourism Development Company Limited*	The PRC 4 July 2013	RMB100,000,000	100%	100%	Investment holding	Limited liability company
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Company Limited*	The PRC 28 June 2013	RMB394,400,000	60%	100%	Property development	Limited liability company
蘇州銀莊置地有限公司 Suzhou Yinzhuang Real Estate Company Limited*	The PRC 25 January 2006	RMB500,000,000	100%	100%	Property development	Limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
深圳市騰星宏達投資發展有限公司 Shenzhen Tengxing Hongda Investment Company Limited*	The PRC 26 September 2012	RMB95,800,000	60%	60%	Property development	Limited liability company
深圳市越華創新科技工業城 有限公司 Shenzhen Yuehua New Technology Industry Company Limited*	The PRC 15 September 2004	RMB62,500,000	100%	100%	Property development	Limited liability company
深圳市生百景投資發展有限公司 Shenzhen Shengbaijing Investment Development Company Limited*	The PRC 20 June 2012	RMB78,000,000	100%	100%	Property development	Limited liability company
深圳市花樣祥投資發展有限公司 Shenzhen Huayangxiang Investment Development Company Limited*	The PRC 22 May 2013	RMB10,000,000	100%	100%	Property development	Limited liability company
天歌電子有限公司 Twinkle Electronic Company Limited	Hong Kong 20 August 1992	RMB7,268	100%	100%	Property development	Limited liability company
深圳安博電子有限公司 Shenzhen Anbo Electronic Company Limited*	The PRC 17 August 1994	RMB87,000,000	100%	100%	Property development	Limited liability company
Charmfull Limited	The BVI 1 August 2012	USD 1	100%	100%	Investment holding	Limited liability company
Bright Star Creation Limited	Hong Kong 28 July 2010	HKD 100	100%	100%	Investment holding	Limited liability company
深圳市中稷玉石房地產開發 有限公司 Shenzhen Zhongji Jade Property Development Company Limited*	The PRC 17 November 2006	RMB10,000,000	100%	100%	Property development	Limited liability company
南京名城物業管理有限公司 Nanjing Mingcheng Property Management Company Limited*	The PRC 30 May 2005	RMB5,000,000	90%	90%	Provision of property operation services	Limited liability company
協和高爾夫(上海)有限公司 Xiehe Golf (Shanghai) Company Limited*	The PRC 27 December 1994	RMB85,328,000	100%	100%	Golf course services	Limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
陝西彩生活社區服務有限公司 Shanxi Caishenghuo Community Services Company Limited**	The PRC 25 March 2009	RMB3,000,000	51%	51%	Provision of property operation services	Limited liability company
南京慧韜物業管理服務有限公司 Nanjing Huitao Property Management Services Company Limited*	The PRC 29 September 2006	RMB5,000,000	90%	90%	Provision of property operation services	Limited liability company
無錫市太湖花園物業管理有限責任公司 Wuxi Taihu Garden Property Management Company Limited*	The PRC 8 September 1997	RMB3,000,000	80%	80%	Provision of property operation services	Limited liability company
上海欣周物業管理有限公司 Shanghai Xinzhou Property Management Company Limited**	The PRC 21 September 1999	RMB3,000,000	70%	70%	Provision of property operation services	Limited liability company
南京錦江物業管理有限公司 Nanjing Jinjiang Property Management Company Limited**	The PRC 26 June 2001	RMB5,000,000	90%	90%	Provision of property operation services	Limited liability company
深圳市金地盈投資有限公司 Shenzhen Jindiying Investment Company Limited**	The PRC 23 August 2005	RMB10,000,000	81%	–	Property development	Limited liability company
深圳市永利鴻盈投資有限公司 Shenzhen Yonglihongying Investment Company Limited**	The PRC 23 August 2005	RMB10,000,000	81%	–	Property development	Limited liability company
惠州TCL房地產開發有限公司 Huizhou TCL Property Development Company Limited**	The PRC 29 December 2004	RMB100,000,000	100%	–	Property development	Limited liability company
寧波世紀華豐房產有限公司 Ningbo Century Huafeng Property Company Limited*	The PRC 25 March 2010	RMB427,500,000	49%	100%	Property development	Limited liability company
深圳市國正向前投資發展有限公司 Shenzhen Guozhengxiangqian Investment Development Company Limited**	The PRC 9 November 2011	RMB33,000,000	64%	–	Property development	Limited liability company

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
成都花樣年置富房地產開發有限公司 Chengdu Fantasia Zhifu Property Development Company Limited*	The PRC 13 March 2013	RMB500,000,000	60%	100%	Property development	Limited liability company
佛山市南海鉅隆物業管理有限公司 Foshan Julong Property Management Company Limited**	The PRC 9 September 2005	RMB5,010,000	100%	–	Provision of property operation services	Limited liability company
南京安居物業有限公司 Nanjing Anju Property Management Company Limited**	The PRC 28 April 2004	RMB5,000,000	87%	–	Provision of property operation services	Limited liability company
九江天巨集物業服務有限公司 Jiujiang Tianhong Property Services Company Limited**	The PRC 1 March 2007	RMB5,000,000	70%	–	Provision of property operation services	Limited liability company
杭州高盛物業管理有限公司 Hangzhou Gaosheng Property Management Company Limited**	The PRC 24 April 1998	RMB6,000,000	70%	–	Provision of property operation services	Limited liability company
宜昌坤達物業有限公司 Yichang Kunda Property Management Company Limited**	The PRC 30 June 1998	RMB3,000,000	70%	–	Provision of property operation services	Limited liability company
江西居安物業管理有限公司 Jiangxi Property Management Company Limited**	The PRC 29 March 2012	RMB1,010,000	100%	–	Provision of property operation services	Limited liability company
上海銀順物業管理有限公司 Shanghai Yinshun Property Management Company Limited**	The PRC 20 August 2002	RMB5,000,000	80%	–	Provision of property operation services	Limited liability company
江蘇城置物業服務有限公司 Jiangsu Chengzhi Property Management Company Limited**	The PRC 11 March 2008	RMB8,500,000	51%	–	Provision of property operation services	Limited liability company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.1 General Information of subsidiaries (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2014	2013		
哈爾濱盛恒基物業管理有限公司 Harbin Shenghengji Property Management Company Limited**	The PRC 9 December 2005	RMB3,000,000	100%	–	Provision of property operation services	Limited liability company
河南華環物業服務有限公司 Hernan Huajing Property Management Company Limited**	The PRC 13 August 2009	RMB3,000,000	80%	–	Provision of property operation services	Limited liability company
湖北楓林物業服務有限公司 Hubei Fenglin Property Management Company Limited**	The PRC 9 May 2005	RMB5,000,000	70%	–	Provision of property operation services	Limited liability company
Steadlink Asset Management PTE, LTD [#]	The PRC 14 March 2006	RMB239,849	68%	–	Provision of property operation services	Limited liability company
銀川都市佳物業管理有限公司 Yinchuan Dushijia Property Management Company Limited**	The PRC 10 January 2005	RMB500,000	68%	–	Provision of property operation services	Limited liability company

* The English name is for identification purpose only.

These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Lifeat as at 31 December 2014 and 2013.

^ These subsidiaries were acquired during the year ended 31 December 2014. Details are set out in note 43.

Δ Except for these subsidiaries were directly held by the Company, all other subsidiaries are indirectly owned by the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

52.2 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follow:

Principal activities	Principal place of business	Number of subsidiaries	
		2014	2013
Investment holding	BVI	20	20
	Hong Kong	12	12
	PRC	12	12
	USA	1	–
	Singapore	1	1
Property development	PRC	23	15
Property investment	PRC	1	1
	Japan	1	1
Property agency services	PRC	1	1
Property operation services	PRC	10	8
Hotel operations	PRC	5	5
	USA	1	–
		88	76

52.3 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2014 and 2013 that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Ownership interests and rights held by non-controlling interests		(Loss) profit attributable to non-controlling interest		Accumulated non-controlling interests	
		2014	2013	2014		2013	
				RMB'000	RMB'000	RMB'000	RMB'000
Tianjin Songjiang	The PRC	40%	40%	(10,498)	(10,158)	72,572	59,092
Chengdu Zhifu	The PRC	40%	–	(5,259)	–	192,746	–
Guilin Wanhao	The PRC	49%	–	(1,754)	–	117,264	–
Shenzhen Anbo	The PRC	39%	–	(56)	–	33,187	–
Feigao Zhizhuo	The PRC	39%	–	–	–	40,897	–
				(17,567)	(10,158)	456,666	59,092
Individually immaterial subsidiaries with non-controlling interests				92,012	25,311	762,369	451,785
				74,445	15,153	1,219,035	510,877

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra group eliminations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	2,021,256	1,565,920
Amounts due from subsidiaries	7,403,832	5,776,349
	9,425,088	7,342,269
CURRENT ASSETS		
Other receivables	6	5,351
Banks balances and cash	2,757	37,449
	2,763	42,800
CURRENT LIABILITIES		
Accruals	5,787	6,113
Amounts due to subsidiaries	84,204	161,530
Senior notes	746,051	–
	836,042	167,643
NET CURRENT LIABILITIES	833,279	124,843
TOTAL ASSETS LESS CURRENT LIABILITIES	8,591,809	7,217,426
NON-CURRENT LIABILITY		
Senior notes	6,022,081	4,843,390
	2,569,728	2,374,036
CAPITAL AND RESERVES		
Share capital	497,485	429,575
Reserves	2,072,243	1,944,461
	2,569,728	2,374,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

52. Particulars of Principal Subsidiaries of the Company (continued)

Movement of capital and reserves:

	Share capital RMB'000	Share premium RMB'000	Retained profits (accumulated loss) RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2013	457,093	2,451,225	254,650	7,420	3,170,388
Loss and total comprehensive expense for the year	–	–	(202,676)	–	(202,676)
Recognition of equity-settled share-based payments (note 47)	–	–	–	8,756	8,756
Dividend distributed to shareholders of the Company (note 13)	–	(228,576)	–	–	(228,576)
Share repurchased and cancelled (note 41)	(27,518)	(346,338)	–	–	(373,856)
At 31 December 2013	429,575	1,876,311	51,974	16,176	2,374,036
Loss and total comprehensive expense for the year	–	–	(441,213)	–	(441,213)
Recognition of equity-settled share-based payments (note 47)	–	–	–	3,353	3,353
Issue of share as consideration of subsidiaries	67,900	871,625	–	–	939,525
Issue of share upon exercise of share option	10	101	–	(30)	81
Dividend distributed to shareholders of the Company (note 13)	–	(306,054)	–	–	(306,054)
At 31 December 2014	497,485	2,441,983	(389,239)	19,499	2,569,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

53. Information About the Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	2,021,256	1,565,920
Amounts due from subsidiaries	7,403,832	5,776,349
	9,425,088	7,342,269
CURRENT ASSETS		
Other receivables	6	5,351
Banks balances and cash	2,757	37,449
	2,763	42,800
CURRENT LIABILITIES		
Accruals	5,787	6,113
Amounts due to subsidiaries	84,204	161,530
Senior notes	746,051	–
	836,042	167,643
NET CURRENT LIABILITIES	833,279	124,843
TOTAL ASSETS LESS CURRENT LIABILITIES	8,591,809	7,217,426
NON-CURRENT LIABILITY		
Senior notes	6,022,081	4,843,390
	2,569,728	2,374,036
CAPITAL AND RESERVES		
Share capital	497,485	429,575
Reserves	2,072,243	1,944,461
	2,569,728	2,374,036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

53. Information About the Statement of Financial Position of the Company (continued)

Movement of capital and reserves:

	Share capital RMB'000	Share premium RMB'000	Retained profits (accumulated loss) RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2013	457,093	2,451,225	254,650	7,420	3,170,388
Loss and total comprehensive expense for the year	–	–	(202,676)	–	(202,676)
Recognition of equity-settled share-based payments (note 47)	–	–	–	8,756	8,756
Dividend distributed to shareholders of the Company (note 13)	–	(228,576)	–	–	(228,576)
Share repurchased and cancelled (note 41)	(27,518)	(346,338)	–	–	(373,856)
At 31 December 2013	429,575	1,876,311	51,974	16,176	2,374,036
Loss and total comprehensive expense for the year	–	–	(441,213)	–	(441,213)
Recognition of equity-settled share-based payments (note 47)	–	–	–	3,353	3,353
Issue of share as consideration of subsidiaries	67,900	871,625	–	–	939,525
Issue of share upon exercise of share option	10	101	–	(30)	81
Dividend distributed to shareholders of the Company (note 13)	–	(306,054)	–	–	(306,054)
At 31 December 2014	497,485	2,441,983	(389,239)	19,499	2,569,728

54. Event After the Reporting Year

Apart from the acquisition of subsidiaries disclosed in note 43 (b), subsequent to the Group had following significant event take place after the end of the reporting period:

On 16 February 2015, the Group announced for the acquisition of a target company and its subsidiaries (collectively referred to as the “Target Group”) with certain indebtedness (the “Acquisition”) at a cash consideration of RMB330,000,000 from independent third parties. The Target Group are primarily engaged in the provision of property management services to manage over 130 communities in the PRC. At the date these consolidated financial statements were authorised for issue, the Acquisition has not been completed.

FINANCIAL SUMMARY

Results

	For the year ended 31 December				
	2010 RMB'000	2011 RMB'000 (restated)	2012 RMB'000	2013 RMB'000	2014 RMB'000
Revenue	4,471,234	5,592,350	6,230,050	7,279,828	7,305,950
Profit before taxation	1,789,678	2,151,840	2,386,858	2,404,303	2,529,719
Income tax expense	(828,708)	(1,038,344)	(1,261,209)	(1,174,112)	(1,157,408)
Profit for the year	960,970	1,113,496	1,125,649	1,230,191	1,372,311
Attributable to					
Owners of the Company	373,469	1,057,479	1,139,241	1,215,038	1,255,341
Non-controlling interests	(4,024)	56,017	(13,592)	15,153	116,970
	369,445	1,113,496	1,125,649	1,230,191	1,372,311

Assets and liabilities

	At 31 December				
	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000	2013 RMB'000	2014 RMB'000
Total assets	15,382,388	18,122,636	24,526,597	30,563,466	41,254,080
Total liabilities	10,534,896	12,340,380	17,605,431	22,732,138	29,841,706
	4,847,492	5,782,256	6,921,166	7,831,328	11,412,374
Equity attributable to owners of the Company	4,431,651	5,601,599	6,601,130	7,320,451	9,453,059
Non-controlling interests	415,841	180,657	320,036	510,877	1,959,315
	4,847,492	5,782,256	6,921,166	7,831,328	11,412,374

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

1. Completed properties held for investment

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
1	Units 218, 219, 221 to 225, 227 and 228 of Fairy Land located at Renmin North Road Luohu District Shenzhen City Guangdong Province The PRC	Commercial	Long	385.45m ²	100%
2	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Commercial/ park	Long/–	Commercial: 11,100.07m ²	100%
3	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	Commercial	Medium	450.21m ²	100%
4	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 1,234.93m ²	100%
5	100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
6	Units 105 to 108 and 200 car parking spaces of Hailrun Complex, No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 42.91m ²	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
7	177 car parking spaces of Endless Blue located at the northern side of North Ring, Xiameilin Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
8	Units 201 to 204 of Block C and 319 car parking spaces of Future Plaza located at the north of Qiaoxiang Road and the west of Zhonghang Shahe Industrial Zone Nanshan District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 1,511.51 m ²	100%
9	Units 101 and 102 and 145 car parking spaces of Flower Harbor located at the junction of Mingzhu Avenue and Yong'an North Road Yantian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 87.45m ²	100%
10	Block 1, Levels 1 to 9 of Blocks 2 and 3 and 495 car parking spaces of Meinian Plaza located at the west of Nanhai Avenue and the south of Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	Office/Carpark	Medium/–	Office: 34,557.49m ²	100%
11	Unit 102 on Level 1, Unit 302 on Level 3 and the whole of Level 2 of Youyuan Hotel located at the west of Nanhai Avenue and the south of Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	Commercial	Long	4,990.00m ²	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
12	Various retail units and 527 car parking spaces of Huajun Garden of Love Forever located at the junction of Bao'an Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/-	Commercial: 3,944.01m ²	100%
13	Various retail units and 507 car parking spaces of Huaxiang Garden of Love Forever located at the junction of Baoan Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/-	Commercial: 4,393.60m ²	100%
14	Units 401 to 404 of Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street Futian District Shenzhen City Guangdong Province The PRC	Office	Long	509.09m ²	100%
15	The northern portion of Block B and 200 car parking spaces of Funian Plaza located at the junction of Shihua Road and Hongmian Avenue Futian District Shenzhen City Guangdong Province The PRC	Office/Carpark	Medium/-	Office: 20,398.49m ²	100%
16	153 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	Carpark	Long	5977.24m ²	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
17	The commercial portion of a community club and 15 car parking spaces of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	Club/Carpark	Long	Carpark: 275.8 m ² Club: 2,489.26 m ²	100%
18	566 mechanical car parking spaces of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	Carpark	–	–	100%
19	Portions of Levels 2 to 4 and 437 mechanical car parking spaces of Hailun Plaza No. 216 Xia Dongda Street Jinjiang District Chengdu City Sichuan Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 2,908.00m ²	100%
20	Building No. 7 and portion of Levels 1 to 3 of Building No. 20 of Fantasia Town No. 399 Wenquan Avenue 3rd Passage Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	20,644.45m ²	100%
21	1,142 mechanical car parking spaces of Future Plaza No. 88 Jitai Fifth Road Hi-tech Industrial Development Zone Chengdu City Sichuan Province The PRC	Carpark	Short	–	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
22	Fantasia Longnian International Center located at the 3 She of Wangcong Village and 6 She of Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	30,987.04m ²	100%
23	152 car parking spaces of Haoge Project No. 1 Xiangshan Road Taihu National Tourism Vacation Zone Wuzhong District Suzhou City Jiangsu Province The PRC	Carpark	–	–	100%
24	Portions of Levels 1 to 9 and 77 car parking spaces of Zhongding Mansion No. 4 Canluan Road Hi-tech Development Zone Guilin City Guangxi Province The PRC	Office/Carpark	Medium/–	Office: 8,942.52m ²	100%
25	Building No. 1 (exclusive of Level 2) and Level 3 of Building No. 5 of Guilin Fantasia Town located at the junction of Wanfu Road and Xicheng Avenue Lingui New District Guilin City Guangxi Province The PRC	Commercial	Long	61,982.66m ²	100%
26	Level 2, Building No. 1 of Guilin Fantasia Town located at the junction of Wanfu Road and Xicheng Avenue Lingui New District Guilin City Guangxi Province The PRC	Commercial	–	15,510.88m ²	100%
27	72 car parking spaces of Tianjin Future Plaza located at the junction of Dongjiang Road and Neijiang Road Hexi District Tianjin The PRC	Carpark	–	–	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
28	Units 1-101, 1-102, 109 and 201 of Block 5, Unit 103 of Block 1 and 599 car parking spaces of Hailrun Plaza located at the junction of Jiefang South Road and Wushui Road Jinnan District Tianjin The PRC	Office/Carpark	Medium/–	Office: 2,577.78m ²	100%
29	Level 2 of Room 40 and various retail units Building No. 5 of Fantasia Life Square located at the southern side of Lvzhou East Road Yuhuatai District Nanjing City Jiangsu Province The PRC	Commercial	Long	20,655.26m ²	100%
30	The clubhouse, kindergarten and 669 car parking spaces of Palm Park No. 3 Hechang 5th Road West Zhongkai High-tech Industrial Development Zone Huizhou City Guangdong Province The PRC	Kindergarten/ Clubhouse/ Carpark	Long/ Long/–	Kindergarten: 3,500m ² Clubhouse: 1,890m ²	100%
31	The kindergarten and 100 car parking spaces of Jiayuan Estate No. 25 Maidu South Road Huicheng District Huizhou City Guangdong Province The PRC	Kindergarten/ Carpark	Medium/–	Kindergarten: 2,121.68m ²	100%
32	The clubhouse and 265 car parking spaces of Xiangxie Garden No.63 Yanda Avenue Huicheng District Huizhou City Guangdong Province The PRC	Clubhouse/ Carpark	–	Clubhouse: 371.25m ²	100%

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
33	168 car parking spaces of Cuiyuan Garden No. 35 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%
34	169 car parking spaces of Yayuan Garden No. 1 Huayuan Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%
35	Units 104 to 106 and 108 of Building No. 26 of Bie Yang Cheng Estate located at Danshui Street Huiyang District Huizhou City Guangdong Province The PRC	Commercial	Long	456.81m ²	100%
36	49-banchi-11, Aza Yanagihara Oaza Myobaru, Nishi-ku, Fukuoka-shi Fukuoka Prefecture Japan	Residential/ Carpark	Long	Residential: 1,290.98m ²	100%
37	702 Matsubara 2-chome Naka-ku, Nagoya-shi Aichi Prefecture Japan	Residential/ Carpark	Long	Residential: 1,751.04m ²	100%
38	1214-1, 1214-2, Imaiike 3-chome Chigusaku Nagoyashi Aichi Prefecture Japan	Residential/ Carpark	Long	Residential: 970.00m ²	100%

2. Investment properties under construction

No.	Property	Type	lease term	Stage of Completion	Interest held by the Group(%)	Anticipated completion date
1	Shenzhen TCL building No6. Shekou Industrial Zone Nanshan District Shenzhen City Guangdong Province The PRC	Office	Long	39,586.80m ²	100%	2018

MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Stage of Completion	Interest held by the Group(%)	Anticipated completion date
2	The retail portion of Hailrun Plaza located at the southeast junction of Shishan Road and Binhe Road Shishan Street, National New & Hi-tech Industrial Development Zone Suzhou City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2016
3	Levels 1 to 4 and 390 car parking spaces of Jiangshan Garden Helu Village Huangjiang Town Dongguan City Guangdong Province The PRC	Commercial	Long	In progress	100%	2015
4	Phase III of Fantasia Longnian International Center located at Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	In progress	100%	2018
5	Various retail units and 799 car parking spaces of Meinian Plaza under construction located at the Chen Tang Technology Business Service Center No. 308-13 Dong Ting Avenue No. 20 Hexi District Tianjin City The PRC	Commercial	Long	In progress	100%	2016
6	Levels 1 to 3 of Fantasia Town under construction located at the southern side of Shuanggao Road and the western side of Taoyuan South Road Gaochun Development Zone Nanjing City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2016
7	Wuhan Fantasia Town located at the western side of Huanhu Middle Road and the northern side of Baihuan'er Road Jinyinhu Street Dongxihu District Wuhan City Hubei Province The PRC	Commercial	Long	In progress	100%	2015

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