Gemdale Properties and Investment Corporation Limited

金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

ANNUAL RESULTS

The Board of Directors ("the Board") of Gemdale Properties and Investment Corporation Limited ("the Company") announces the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2014 together with the comparative figures for the period from 1 October 2012 to 31 December 2013.

The financial year end date of the Group had been changed from 30 September to 31 December effective from 2013 to align with that of the ultimate holding company, 金地(集團)股份有限公司 (Gemdale Corporation*). The corresponding comparative amounts shown covered fifteen months from 1 October 2012 to 31 December 2013, and therefore may not be entirely comparable with amounts shown for the current year.

Since the Group mainly operates its business in the Mainland China and most of the assets and liabilities of the Group are denominated in Renminbi ("RMB"), the directors of the Company ("the Directors") consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from Hong Kong dollars ("HK$") to RMB starting from the year ended 31 December 2014. The comparative figures have been restated to conform with the current year's presentation in RMB.

** For identification purpose only*

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Notes	**Year ended 31 December 2014 RMB'000**	Period ended 31 December 2013 RMB'000 (Restated)
Revenue	*3*	**2,168,450**	232,906
Cost of sales		**(1,327,579)**	(16,256)
Gross profit		**840,871**	216,650
Direct operating expenses		**(290,723)**	(254,521)
Other income and gains	*3*	**98,726**	137,652
Changes in fair values of investment properties		**154,832**	1,128,976
Provision (made) /written back	*4*	**(1,436)**	225,700
Net gains on disposal of subsidiaries	*12*	**293,127**	-
Administrative expenses		**(77,643)**	(94,949)
Finance costs	*5*	**(68,089)**	(44,880)
Share of profits and losses of joint ventures		**(4,797)**	(7,893)
Profit before tax	*6*	**944,868**	1,306,735
Tax	*7*	**(298,943)**	(274,248)
Profit for the year/period		**645,925**	1,032,487
Attributable to:			
Owners of the Company		**360,884**	1,042,321
Non-controlling interests		**285,041**	(9,834)
		645,925	1,032,487
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	*8*	**0.0397**	0.1200
- Diluted (RMB)	*8*	**0.0397**	0.1200

Details of the dividend proposed for the prior period are disclosed in note 9.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000 (Restated)
Profit for the year/period	**645,925**	1,032,487
Other comprehensive income/(loss)		
- Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**(14,899)**	100,537
Release upon deregistration of subsidiaries	**(63,525)**	(120,500)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(78,424)**	(19,963)
- Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**14,403**	(68,162)
Other comprehensive loss for the year/period, net of tax	**(64,021)**	(88,125)
Total comprehensive income for the year/period	**581,904**	944,362
Attributable to:		
Owners of the Company	**309,046**	946,651
Non-controlling interests	**272,858**	(2,289)
	581,904	944,362

Consolidated Statement of Financial Position

31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000 (Restated)	1 October 2012 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**21,803**	12,206	1,415
Investment properties		**3,408,135**	3,073,055	1,743,000
Prepayments and deposits		**323,107**	6,694	1,512
Loan to a related company		**200,000**	-	-
Investments in joint ventures		**78,030**	82,827	-
Available-for-sale financial investment		**6,960**	6,936	7,222
Deferred tax assets		**40,565**	31,106	416
Total non-current assets		**4,078,600**	3,212,824	1,753,565
CURRENT ASSETS				
Properties held for sale		**861,691**	136,060	64,725
Properties under development		**7,579,302**	6,747,055	1,951,911
Prepayments for acquisitions of land use rights		-	402,334	507,817
Available-for-sale financial investment		**300,000**	-	-
Held-to-maturity investment		-	121,938	-
Trade receivables	*10*	**16,206**	7,271	4,049
Prepayments, deposits and other receivables		**212,944**	168,567	10,708
Due from fellow subsidiaries		**8,229**	81	-
Due from a non-controlling shareholder		**49,901**	49,731	51,784
Restricted cash		**10,835**	33,207	61
Deposits, bank and cash balances		**1,781,943**	1,427,295	1,258,945
Total current assets		**10,821,051**	9,093,539	3,850,000
CURRENT LIABILITIES				
Trade and bills payables	*11*	**1,036,119**	285,339	23,047
Advanced receipts, accruals and other payables		**4,105,120**	2,373,340	134,343
Interest-bearing bank borrowings		**301,770**	219,488	964,453
Loans from the ultimate holding company		**757,071**	1,879,551	29,000
Loans from the immediate holding company		-	927,107	-
Loan from a non-controlling shareholder		-	119,499	-
Due to the ultimate holding company		**620,286**	191,451	-
Due to the immediate holding company		-	52,381	677,158
Due to non-controlling shareholders		**57,775**	64,110	62,701
Due to fellow subsidiaries		**1,138**	1,021	-
Due to related companies		**456**	456	155
Tax payable		**144,822**	1,367	56,507
Total current liabilities		**7,024,557**	6,115,110	1,947,364
NET CURRENT ASSETS		**3,796,494**	2,978,429	1,902,636
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,875,094**	6,191,253	3,656,201

Consolidated Statement of Financial Position (continued)

31 December 2014

	31 December 2014 RMB'000	31 December 2013 RMB'000 (Restated)	1 October 2012 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	**1,111,025**	-	213,266
Deferred tax liabilities	**638,039**	611,078	332,724
Total non-current liabilities	**1,749,064**	611,078	545,990
NET ASSETS	**6,126,030**	5,580,175	3,110,211
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**899,882**	899,882	737,333
Reserves	**3,990,478**	3,714,072	1,702,963
	4,890,360	4,613,954	2,440,296
Non-controlling interests	**1,235,670**	966,221	669,915
TOTAL EQUITY	**6,126,030**	5,580,175	3,110,211

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

1.1 CHANGE OF PRESENTATION CURRENCY

The Company's functional currency is HK$. The presentation currency of the consolidated financial statements in the prior financial period was HK$.

Since the Group mainly operates its business in the Mainland China and most of the assets and liabilities of the Group are denominated in RMB, the Directors consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from HK$ to RMB starting from the year ended 31 December 2014. The comparative figures have been restated to conform with the current year's presentation in RMB.

For the purpose of presenting the consolidated financial statements of the Group in RMB, the assets and liabilities for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period. Income and expenses for the consolidated statement of profit or loss and consolidated statement of comprehensive income are translated at the average exchange rates for the financial period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. The share capital, the share premium and reserves are translated at the exchange rate at the date of transaction. The non-controlling interests for the consolidated statement of financial position are translated into RMB at the closing rate at the end of the reporting period.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised standards, and new interpretations for the first time for the current year's financial statements.

Amendments to HKFRS 1	*First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
Amendments to HKFRS 7	*Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	*Transition Guidance*
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*

HKFRS 13	*Fair Value Measurement*
HKFRS 19 (2011)	*Employee Benefits*
HKFRS 27 (2011)	*Separate Financial Statements*
HKFRS 28 (2011)	*Investments in Associates and Joint Ventures*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 20	*Stripping Cost in the Production Phase of a Surface Mine*
HK(IFRIC)-Int 21	*Levies*
Annual Improvements 2009-2011 Cycle	*Amendments to a number of HKFRSs issued in June 2012*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual I*mprovements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Other than explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 32 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle* and *Annual Improvements 2010-2012 Cycle*, the adoption of the above new and revised standards, and new interpretations has had no significant financial effect on these financial statements.

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (i) power over an investee, (ii) exposure, or rights, to variable returns from its involvement with the investee, and (iii) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

    As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

    The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2014.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and *HK(SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

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

(f) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised stacontinundard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

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

(i) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The amendments have had no impact on the financial position or performance of the Group.

(j) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

(k) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering services; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

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

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

2. OPERATING SEGMENT INFORMATION

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

(a) the property development segment – development and sale of residential and commercial properties;

(b) the property investment and management segment - investment and management of business parks and commercial properties; and

(c) the corporate segment - the Group's corporate management services to the residential, commercial and business park projects.

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

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. No geographical segment information is presented as over 90% (Period ended 31 December 2013: over 90%) of the Group's revenue is derived from customers based in Mainland China, and over 90% (2013: over 90%) of the Group assets are located in Mainland China.

Segment assets exclude deferred tax assets and certain deposits, bank and cash balances as these assets are managed on a group basis. Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities, amounts due to the ultimate holding company, the immediate holding company, non-controlling shareholders, fellow subsidiaries and related companies, and certain loans from the immediate holding company as these liabilities are managed on a group basis.

During the current year and the prior period, there were no intersegment transactions.

During the year, the management realigned its reportable segments to segregate the property development and property investment and management businesses as set out as (a) and (b) above, respectively. In the prior period, the property management businesses relating to commercial properties were included in the overall segment of property development segment which included property management business while property management and investment for business parks were included in another segment. The Directors believe that such realignment can better present the basis of the decision making process of the management regarding resources allocation and performance assessment. Accordingly, certain segmental information in the prior period has been restated.

Year ended 31 December 2014	Property development RMB'000	Property investment and management RMB'000	Corporate RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	1,974,200	194,250	-	2,168,450
Segment results:	746,296	261,746	(9,158)	998,884
Reconciliation				
Bank interest income				14,073
Finance costs				(68,089)
Profit before tax				944,868
Segment assets:	10,549,369	4,249,494	19,893	14,818,756
Reconciliation				
Other unallocated assets				80,895
Total assets				14,899,651
Segment liabilities:	5,772,075	108,341	17,894	5,898,310
Reconciliation				
Other unallocated liabilities				2,875,311
Total liabilities				8,773,621
Other segment information:				
Share of profits and losses of joint ventures	4,797	-	-	4,797
Changes in fair values of investment properties	-	(154,832)	-	(154,832)
Depreciation	890	2,450	3,820	7,160
Net gains on disposal of subsidiaries *(Note 12)*	(293,127)	-	-	(293,127)
Impairment/(reversal of impairment) of receivables, net	674	869	(107)	1,436
Release of exchange fluctuation reserves upon deregistration of a subsidiary	-	-	(63,525)	(63,525)
Capital expenditure *	2,515	194,907	823	198,245
Investments in joint ventures	78,030	-	-	78,030

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

15 months period ended 31 December 2013	Property development RMB'000	Property investment and management RMB'000	Corporate RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	29,954	202,952	-	232,906
Segment results:	7,270	1,425,464	(93,550)	1,339,184
Reconciliation				
Bank interest income				12,431
Finance costs				(44,880)
Profit before tax				1,306,735
Segment assets:	8,975,164	3,228,906	21,171	12,225,241
Reconciliation				
Other unallocated assets				81,122
Total assets				12,306,363
Segment liabilities:	4,927,304	76,774	14,695	5,018,773
Reconciliation				
Other unallocated liabilities				1,707,415
Total liabilities				6,726,188
Other segment information:				
Share of profits and losses of joint ventures	7,893	-	-	7,893
Changes in fair values of investment properties	-	(1,128,976)	-	(1,128,976)
Depreciation	338	498	1,848	2,684
Provision written back for a property development project	(27,621)	(184,847)	-	(212,468)
(Reversal of impairment)/impairment of receivables, net	(13,512)	164	116	(13,232)
Release of exchange fluctuation reserves upon deregistration of subsidiaries	(120,196)	-	(304)	(120,500)
Capital expenditure *	2,291	18,062	9,503	29,856
Investments in joint ventures	82,827	-	-	82,827

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

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents sales of properties, gross rental income, property management fee received and receivable from the principal activities, utility income and entrusted management fee income received from fellow subsidiaries during the year/period.

An analysis of revenue, other income and gains recognised during the year/period is as follows:

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Revenue		
Sale of properties	**1,974,200**	29,954
Gross rental income	**105,812**	123,554
Property management fee income	**44,486**	55,548
Utility income	**-**	4,848
Entrusted management fee income from fellow subsidiaries	**43,952**	19,002
	2,168,450	232,906
Other income and gains		
Bank interest income	**14,073**	12,431
Interest income on loan to a related company	**3,396**	-
Interest income from available-for-sale financial investments	**2,957**	-
Interest income from a held-to-maturity investment	**103**	-
Release of exchange fluctuation reserves upon deregistration of subsidiaries	**63,525**	120,500
Waiver of interest paid on loan from a non-controlling shareholder	**10,589**	-
Others	**4,083**	4,721
	98,726	137,652

4. PROVISION (MADE) /WRITTEN BACK

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Provision written back for a property development project *(Note)*	**-**	212,468
Reversal of impairment/(impairment) of trade receivables, net	**217**	(387)
(Impairment)/reversal of impairment of other receivables, net	**(1,653)**	13,619
	(1,436)	225,700

Note: *Amount represented the write back for provision made in prior periods for a development project in Shenzhen Hi-tech Industrial Park, the PRC. During last period, the Group reached a consensus with the relevant government authorities in Shenzhen for the reactivation of the development of a previously idle project namely Phase 3 of Shenzhen Hi-tech Industrial Park. The reactivated project can be developed into investment properties and properties held for sale in accordance with the framework agreement with the government. Details of transaction were disclosed in note 30 to the financial statements of the Group for the year ended 30 September 2012. Provision written back was debited to investment properties (RMB184,847,000) and properties under development (RMB27,621,000) in proportion to their gross floor areas.*

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Interest on borrowings wholly repayable within five years		
- bank and other borrowings	**46,293**	51,584
- loans from the ultimate holding company	**144,574**	56,520
- loans from the immediate holding company	**15,238**	7,930
- loan from a non-controlling shareholder	**4,044**	6,645
	210,149	122,679
Other finance costs	**8,414**	9,530
Total finance costs incurred	**218,563**	132,209
Less: Interest capitalised in		
- investment properties	**(2,687)**	-
- properties under development	**(147,787)**	(87,329)
	68,089	44,880

6. PROFIT BEFORE TAX

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

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Depreciation	**7,300**	2,842
Less: Amounts capitalised in propery development projects	**(140)**	(158)
	7,160	2,684
Gross rental income *(Note 3)*	**(105,812)**	(123,554)
Less: Outgoing expenses *(Note a)*	**13,513**	20,346
Net rental income *(Note b)*	**(92,299)**	(103,208)
Net losses on disposal of items of property, plant and equipment	**6**	5
Net gains on disposal of subsidiaries *(Note 12)*	**(293,127)**	-
Changes in fair values of investment properties	**(154,832)**	(1,128,976)
Provision written back for a property development project *(Note 4)*	**-**	(212,468)
Amortisation of land use rights	**72,240**	56,600
Less: Amounts capitalised in property development projects	**(72,240)**	(56,600)
	-	-
(Reversal of impairment)/impairment of trade receivables, net *(Note 4)*	**(217)**	387
Impairment/(reversal of impairment) of other receivables, net *(Note 4)*	**1,653**	(13,619)
Minimum lease payments under operating leases in respect of land and buildings	**12,935**	12,435
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	**76,891**	69,185
Share-based compensation expenses	**40,581**	49,913
Pension schemes contributions	**5,839**	3,924
Less: Forfeited contributions	**(6)**	(834)
Net pension schemes contributions	**5,833**	3,090
Total employees benefits expenses	**123,305**	122,188
Auditors' remuneration	**1,526**	1,701
Foreign exchange losses/(gains), net	**(1,009)**	29,747
Release of exchange fluctuation reserves upon deregistration of subsidiaries *(Note 3)*	**(63,525)**	(120,500)

Notes:

(a) The outgoing expenses for the year/period were included in "direct operating expenses" on the face of the consolidated statement of profit or loss.

(b) Rental income on investment properties was included in net rental income.

7. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (Period ended 31 December 2013: Nil). Taxation on mainland China profits was calculated on the estimated assessable profits for the year/period at the rates of tax prevailing in the jurisdiction in which the Group operates.

The provision of land appreciation tax ("LAT") has been estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The amount of tax charge in the consolidated statement of profit or loss represented:

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Current – Hong Kong	**-**	-
Current – Mainland China		
Charge for the year/period	**138,837**	23,921
Overprovision in prior years	**(5,722)**	(852)
LAT in Mainland China	**170,376**	710
Deferred	**(4,548)**	250,469
	298,943	274,248

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the year/period attributable to owners of the Company, and the weighted average number of ordinary shares of 9,093,101,032 (Period ended 31 December 2013: 8,686,330,023) in issue during the year/period.

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit for the year/period attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year/period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all potentially dilutive ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	**360,884**	1,042,321

	Number of shares	
	Year ended 31 December 2014	Period ended 31 December 2013
Shares		
Weighted average number of ordinary shares in issue during the year/period, used in the basic earnings per share calculation	**9,093,101,032**	8,686,330,023
Effect of dilution - weighted average number of ordinary shares:		
Share options	**-**	-
	9,093,101,032	8,686,330,023

The Company's share options have no dilutive effect for the year ended 31 December 2014 and period ended 31 December 2013 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for both periods.

9. DIVIDEND

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Proposed final dividend – Nil (Period ended 31 December 2013: HK$0.01) per ordinary share	**-**	72,630

At the Board meeting held on 13 March 2015, the Board resolved not to recommend any final dividend for the year ended 31 December 2014.

10. TRADE RECEIVABLES

	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables	**16,372**	7,654
Impairment	**(166)**	(383)
	16,206	7,271

Trade receivables represent sale proceeds in respect of sold properties and rental receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipts of billings within an average credit term of one month.

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a certain number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured.

An aged analysis of the trade receivables as at the reporting date, based on the invoice date and net of provisions, is as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Within 1 month	**16,206**	7,121
1 to 3 months	**-**	75
Over 3 months	**-**	75
	16,206	7,271

The movements in provision for impairment of trade receivables during the year/period are as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
At the beginning of the financial year/period	**383**	11
Impairment losses recognised *(Note 4)*	**116**	398
Impairment losses reversed *(Note 4)*	**(333)**	(11)
Exchange realignment	**-**	(15)
At the end of the financial year/period	**166**	383

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both in interest and/or principal payments and the receivables are not expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Neither past due nor impaired	**16,206**	4,268
Less than 3 months past due	**-**	2,928
More than 3 months past due	**-**	75
	16,206	7,271

Receivables that were neither past due nor impaired related to a certain number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

11. TRADE AND BILLS PAYABLES

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

	31 December 2014 RMB'000	31 December 2013 RMB'000
Within 1 month	**800,065**	224,507
1 to 3 months	**139,163**	47,805
Over 3 months	**96,891**	13,027
	1,036,119	285,339

Trade and bills payables are non-interest-bearing and are normally settled within an average term of one month.

12. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of its entire equity interests in two non-wholly owned subsidiaries in Mainland China to two wholly-owned subsidiaries of the ultimate holding company, respectively for a total cash consideration of US$172,877,000 (equivalent to RMB1,053,957,000). The disposal was completed at the end of November 2014 and the cash consideration was fully received in December 2014.

Details of the net assets disposed of are as follows:

	Year ended 31 December 2014 RMB'000	Period ended 31 December 2013 RMB'000
Net assets disposed of:		
Property, plant and equipment	**124**	-
Deferred tax assets	**22,114**	-
Properties under development	**1,855,821**	-
Loan receivable from a fellow subsidiary	**80,500**	-
Due from a fellow subsidiary	**1,868**	-
Prepayments, deposits and other receivables	**87,193**	-
Prepaid taxes	**38,435**	-
Deposits, bank and cash balances	**448,637**	-
Trade payables	**(167,717)**	-
Advanced receipts, accruals and other payables	**(1,498,027)**	-
Loans from the ultimate holding company	**(131,679)**	-
Due to the ultimate holding company	**(4,369)**	-
Due to fellow subsidiaries	**(958)**	-
	731,942	-
Gains on disposal of subsidiaries	**322,015**	-
Less: Transaction costs and relevant taxes	**(28,888)**	-
Net gains on disposal of subsidiaries	**293,127**	-
		-
Net consideration	**1,025,069**	-
Satisfied by:		
Cash	**1,025,069**	-
An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:		
Net cash consideration	**1,025,069**	-
Deposits, bank and cash balance disposed of	**(448,637)**	-
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**576,432**	-

13. EVENT AFTER THE REPORTING PERIOD

In December 2014, the Company entered into two share subscription agreements with Sino Water Limited Partnership ("Sino Water") and OUE Lippo Limited ("OUE Lippo") (the "Subscription Agreements"). According to the Subscription Agreements, Sino Water agreed to subscribe for 630,000,000 new ordinary shares of the Company ("Sino Water Subscription Shares") and OUE Lippo agreed to subscribe for 2,900,000,000 new ordinary shares of the Company ("OUE Lippo Subscription Shares") (collectively, the "Subscription Shares") at a subscription price of HK$0.52 per share (the "Subscription"). The closing price of the shares of the Company on the date of which the terms of the Subscription Shares were fixed (i.e., 24 December 2014) was HK$0.43 per share. The net proceeds from the Subscription amounted to approximately HK$1.82 billion (equivalent to approximately RMB1.44 billion), representing a net issue price of approximately HK$0.516 per share, and would be used for the construction and development costs of the Group's property projects in Shenyang, Dalian, Hangzhou, Xi'an and Shenzhen, the PRC. The Sino Water Subscription Shares and OUE Lippo Subscription Shares represent approximately 6.93% and 31.89% of the issued share capital of the Company respectively as at 31 December 2014 and approximately 4.99% and 22.97% of the issued share capital of the Company respectively as enlarged by the allotment and issue of the Subscription Shares. The shareholders of the Company approved the Subscription at the special general meeting held on 2 February 2015 and the Subscription was completed on 12 February 2015.

Upon completion of the Subscription, the number of issued shares of the Company was increased from 9,093,101,032 to 12,623,101,032 by the allotment and issue of 3,530,000,000 new shares.

14. COMPARATIVE FIGURES

Due to the change of presentation currency during the current year, the comparative figures in the consolidated financial statements have been restated to conform with the current year's presentation, and a third statement of financial position as at 1 October 2012 has been presented.

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2014 were consistent with those used in the fifteen months ended 31 December 2013, except that the Group has changed the presentation currency from HK$ to RMB from the current year and has applied, for the first time, the new and revised HKFRSs issued by HKICPA which are effective for the Group's financial year beginning on or after 1 January 2014.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The revenue of the Group for the year ended 31 December 2014 increased significantly to RMB2,168.5 million from RMB232.9 million for the fifteen months ended 31 December 2013. The increase was primarily due to higher revenue recognised from sales of properties and increase in entrusted management fee income from fellow subsidiaries.

Other income and gains decreased to RMB98.7 million for the year ended 31 December 2014 from RMB137.7 million for the fifteen months ended 31 December 2013. The decrease was mainly due to the decrease in release of exchange fluctuation reserves upon deregistration of subsidiaries amounting to RMB57.0 million.

In the year under review, the Group disposed of two non-wholly owned subsidiaries in Xi'an and Shenyang to subsidiaries of the ultimate holding company with net gains of RMB293.1 million.

The changes in fair values of investment properties in the current year was RMB154.8 million against RMB1,129.0 million for the fifteen months ended 31 December 2013, representing a decrease of RMB974.2 million.

The Group's direct operating expenses for the year ended 31 December 2014 increased to RMB290.7 million from RMB254.5 million for the fifteen months ended 31 December 2013. The increase was mainly due to higher marketing and operating expenses incurred as more PRC property development projects launched pre-sales and increased business activities of the Group in 2014.

The Group's administrative expenses for the year ended 31 December 2014 decreased to RMB77.6 million from RMB94.9 million for the fifteen months ended 31 December 2013, mainly due to expenses of twelve months recorded for the current year against fifteen months for the corresponding period.

The finance costs went up to RMB68.1 million for the current year from RMB44.9 million for the fifteen months ended 31 December 2013. Due to business expansion of the Group with additional demand for working capital, higher interest cost was incurred by the Group for the increased bank loans during the current year.

Overall, the Group's profit attributable to owners of the Company decreased from RMB1,042.3 million for the fifteen months ended 31 December 2013 to RMB360.9 million for the year ended 31 December 2014. It was mainly due to the decrease in fair values gains of investment properties amounting to RMB730.6 million (net of corporate income tax of RMB243.6 million) and the absence of an one-off provision written back of RMB212.5 million made in the fifteen months ended 31 December 2013. The decrease in profit was partially offset by the net gains on disposal of subsidiaries of RMB293.1 million and increase in profit from sales of properties during the current year.

The Group recorded basic earnings per share of RMB0.0397 for the year ended 31 December 2014, against basic earnings per share of RMB0.1200 for the fifteen months ended 31 December 2013, representing an decrease of 67%. There were no potential dilutive ordinary shares in issue during the current year and the corresponding period. Accordingly, the diluted earnings per share were same as the basic earnings per share.

PROPOSED FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2014 (Period ended 31 December 2013: HK$0.01 per share).

BUSINESS SEGMENTS

Property development

For the year ended 31 December 2014, the revenue of property development segment substantially increased to RMB1,974.2 million, representing 91% of the total revenue, compared with RMB30.0 million, representing 13% of the total revenue for the fifteen months ended 31 December 2013. The revenue for the current year was mainly contributed from the sales of properties of Shanghai Four Seasons, Dalian Huiquan and Shenyang Yijing projects while only revenue from sales of properties of Shenyang Yijing project and remaining car park spaces in Hong Kong was noted in the corresponding period. The profit in the property development segment during the current year increased to RMB746.3 million, against a profit of RMB7.3 million for the corresponding period. The increase was mainly due to increase in profit from sales of properties and net gains on disposal of two property development subsidiaries of RMB293.1 million in the current year.

Property investment and management

The revenue earned by the property investment and managment segment for the year ended 31 December 2014 drecreased from RMB203.0 million, representing 87% of the total revenue for the fifteen months ended 31 December 2013, to RMB194.3 million representing 9% of the total revenue. This drop in revenue was due to rental income of twelve months reported in the current year against fifteen months in the corresponding period, and the drop was partially offset by higher entrusted management fee income from fellow subsidiaries. During the year under review, the property investment and managment segment recorded a profit of RMB261.7 million, including fair values gains on investment properties of RMB154.8 million, compared with the segment profit of RMB1,425.5 million for the corresponding period, including fair value gains of investment properties of RMB1,129.0 million and an one-off provision written back of RMB184.8 million for Vision Shenzhen Business Park Phase 3.

SHAREHOLDERS' FUNDS

The Group's total shareholders' funds increased from RMB4,614.0 million as at 31 December 2013 to RMB4,890.4 million as at 31 December 2014. The increase was primarily due to profit attributable to owners of the Company of RMB360.9 million for the year under review and deducted by the final dividend payment of RMB72.6 million for the fifteen months ended 31 December 2013. On a per-share basis, the consolidated net asset value of the Group attributable to owners of the Company as at 31 December 2014 increased by RMB0.031 or 6% to RMB0.538, against RMB0.507 as at 31 December 2013.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposit, bank and cash balances increased by 25% to RMB1,781.9 million as at 31 December 2014 from RMB1,427.3 million as at 31 December 2013. The increase was mainly come from the receipts of proceeds from sales of properties, new bank loans and disposal of two subsidiaries to subsidiaries of the ultimate holding company, net of the payments of acquired land bank and development costs of PRC property development projects.

Borrowings

Total bank borrowings of the Group increased by 544% to RMB1,412.8 million as at 31 December 2014 from RMB219.5 million as at 31 December 2013. In 2014, the Group arranged three bank loan facilities totalling RMB1.4 billion for refinancing the existing indebtedness and providing the general working capital of the Group. The interest rates of the bank loan facilities were charged at the range from 3% to 4% per annum.

The net debt (measured by total borrowings minus cash and bank deposits excluding restricted cash) declined to RMB387.9 million as at 31 December 2014 from RMB1,718.4 million as at 31 December 2013. The decrease in net debt of RMB1.33 billion was mainly due to the receipts of proceeds from sales of properties and disposal of subsidiaries, net of payments of land premium and development costs of PRC property development projects. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) declined to 6% as at 31 December 2014, from 31% as at 31 December 2013.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2014 and 2013 are summarised below:

	As at	
	31 December 2014 RMB'000	31 December 2013 RMB'000
Short-term and long-term bank borrowings		
Within the first year or on demand	**301,770**	219,488
In the second year	**222,205**	-
In the third to fifth years, inclusive	**888,820**	-
	1,412,795	219,488
Loans from related parties		
Within the first year or on demand	**757,071**	2,926,157
Total borrowings wholly repayable within five years	**2,169,866**	3,145,645

FINANCIAL MANAGEMENT

Foreign currency risk

As at 31 December 2014, borrowings denominated in United States dollar ("US$") increased, and those in HK$ and RMB decreased. Most of the operating income of the Group's business was denominated in RMB, the Group was exposed to foreign currency risk. As low fluctuation of exchange rate of RMB against HK$ and US$ was expected, the foreign currency risk exposure was considered minimal. The Group will review and monitor its currency exposure from time to time and when appropriate to hedge its currency risk.

The currency denominations of the Group's outstanding borrowings as at 31 December 2014 and 2013 are summarised below:

	As at	
	31 December 2014 RMB'000	31 December 2013 RMB'000
HK$	**118,200**	927,107
RMB	**757,071**	1,879,551
US$	**1,294,595**	338,987
Total	**2,169,866**	3,145,645

Interest rate risk

As at 31 December 2014, 65% (2013: 7%) of borrowings of the Group were on a floating rate basis. The interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage interest rate risks.

PLEDGE OF ASSETS

At 31 December 2014 and 2013, no asset of the Group was pledged.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates. As at 31 December 2014, the outstanding guarantees amounted to RMB76,552,000 (2013: Nil).

The fair value of the guarantees is not significant and the Directors consider that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the year ended 31 December 2014 (Period ended 31 December 2013: Nil) for the guarantees.

REVIEW OF OPERATIONS

Land Bank

The management of the Group believes that, with a sizable and quality land bank is one of the most important factors for a property developer to be success. Timing for acquisition of land bank at competitive pricing is the core successful factor of the Group.

In May 2014, the Group acquired a parcel of land located in Hangzhou through a public land auction successfully at a consideration of approximately RMB302 million with gross floor area of approximate 101,000 square meters. The land is expected to be developed to an integrated property which includes community shopping centres and high-end apartments. This acquisition not only increased the land bank of the Group for future development but also provided a good opportunity for the Group to expand its commercial property portfolio as well as a long-term potential to invest in commercial properties in the PRC.

In November 2014, the Group disposed of the Xi'an Xiang Yue Tian Xia project in Xi'an and Shenyang Riverfront Left Shore project in Shenyang to subsidiaries of Gemdale Corporation, the controlling shareholder of the Company. Through the disposals, the Group would be able to realise the anticipated project's return several years in advance, which facilitates the Group to grasp opportunities of investing in other properties of high return while obtaining appropriate gains on investment, building up higher cash reserves, reducing its total debt and enabling better control on its financial risks.

As at the date of this announcement, the land bank of the Group involved 9 cities in the PRC, with gross floor area of about 3.53 million square meters of which about 39% were located in the first-tier cities, including Beijing, Shanghai and Shenzhen and the remaining 61% were located in the second-tier cities, including Hangzhou, Xi'an, Tianjin, Shenyang, Ningbo and Dalian.

Segment Information

Properties Sales and Development

As at 31 December 2014, the Group engaged in developing 11 service apartments, residential projects and a commercial project for sale. With more saleable resources continuing being available and the Group's high quality housing products continued to attract medium to high income level end-users, the sales performance became prominent starting in 2014. For the year ended 31 December 2014, the aggregated contracted sales of the Group approximately RMB11.4 billion corresponding to the aggregated contracted sales area of approximately 840,000 square meters. The average selling price amounted to approximately RMB13,600 per square meter.

Currently, the development of commercial projects, including Hangzhou commercial complex project and Vision Shenzhen Business Park Phase 3 in Shenzhen Nanshan district while Vision Shenzhen Business Park Phase 3 would be developed as a mixed-use property with 208,900 square meters GFA containing high-rise office building covering corporate headquarters, research and development office, high-end apartments, clubs and specialty commercial enterprises. This project would become the flagship project of the Group in Shenzhen.

Property Leasing

As at 31 December 2014, Vision Shenzhen Business Park Phases 1 and 2, located in Shenzhen Nanshan District, were 100% occupied and both of their rental income and management quality were a representative project in the core area of Nanshan district while Beijing Sohu.com Internet Plaza (a project 60% owned by the Group), located at Tsinghua Science Park in Zhongguancun, Haidian District, Beijing, was also 100% occupied.

For the year ended 31 December 2014, with the outstanding performance in the growth of rental revenue and profit, and introduction of international well-known high-quality tenants like Huawei, Alibaba and Intel, the rental and property management fee income contributed by these two projects to the Group amounted to approximately RMB148.4 million (For the 15 months ended 31 December 2013: RMB176.1 million).

Followed by the commencement of operation in Vision Shenzhen Business Park Phase 3 and Hangzhou commercial project in future, it is expected that the rental income will further support the results of the Group.

CORPORATE GOVERNANCE

The Company (together with its subsidiaries, the "**Group**") is committed to maintain a high standard of corporate governance with an emphasis on a quality board of directors, sound internal control, principles and practices, and transparency and accountability to all shareholders of the Company (the "**Shareholders**").

The Company has taken steps to adopt the principles and comply with the code provisions of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Board has reviewed periodically the compliance of the CG Code and is of the view that throughout the year ended 31 December 2014 ("**FY2014**"), the Company has complied with the applicable code provisions of the CG Code, except for the following deviations:–

1. Under the CG Code A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the view of Shareholders. Due to other pre-arranged business commitments which must be attended by Mr. Hu Chunyuan, an independent non-executive Director, he was not able to attend the annual general meeting and the special general meeting of the Company held on 23 April 2014 and 28 November 2014 respectively.

2. Under CG Code E.1.2, the chairman of the board should attend the annual general meeting of the Company. Due to other pre-arranged business commitments which must be attended by Mr. Huang Juncan, the chairman of the Board, he was not able to attend the annual general meeting of the Company held on 23 April 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year. The Model Code also applies to other specified senior management of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 404 (2013: 356) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the performance of the Group as well as the individual's performance. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programmes as well as a share option scheme.

The emoluments of the Directors are determined with reference to Directors' duties, responsibilities and performance and the results of the Group.

SHARE OPTION SCHEMES

A share option scheme was adopted by the Company on 20 May 2003 (the "**Share Option Scheme 2003**") which expired on 20 May 2013. No further share options will be granted under the Share Option Scheme 2003 but any share options which were granted under the Share Option Scheme 2003 prior to its expiry shall continue to be valid and exercisable. A new share option scheme was adopted by the Company on 15 May 2013 (the "**Share Option Scheme 2013**") for a period of 10 years commencing on the adoption date. Since the adoption date, the Board may, at its discretion, grant share options to any Qualifying Grantee (as defined in the rules of the Share Option Scheme 2013) to subscribe for the shares in the Company subject to the terms and conditions as stipulated in the Share Option Scheme 2013.

During the year, the Company granted 494,700,000 share options to subscribe for shares of the Company to certain Qualifying Grantees, out of which 311,000,000 share options were granted to the directors of the Company.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year.

AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") has been established with specific written terms of reference stipulating its authorities and duties in compliance with Rule 3.21 of the Listing Rules, which are available on the websites of the Company (www.gemdalepi.com) and HKExnews (www.hkexnews.hk). The Audit Committee currently comprises Mr. Hu Chunyuan (Chairman of the committee), Mr. Hui Chiu Chung and Mr. Chiang Sheung Yee, Anthony. All Audit Committee members are independent non-executive Directors.

The functions of the Audit Committee are, among other things, to assist the Board to review the financial reporting, including interim and final results, to supervise over the Group's internal controls, risk management and to monitor the internal and external audit functions and to make relevant recommendations to the Board to ensure effective and efficient operations and reliable reporting. The functions of the Audit Committee will be reviewed regularly by the Board and amended from time to time, as and when appropriate, in order to ensure compliance with the applicable code provisions of the CG Code (as amended from time to time).

The Audit Committee has reviewed with the management of the Company and Ernst & Young, the auditors of the Company, the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters, including the review of the annual results and report of the Company for the year ended 31 December 2014.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 8 May 2015, the register of members of the Company will be closed from Wednesday, 6 May 2015 to Friday, 8 May 2015, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 5 May 2015.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.gemdalepi.com. The 2014 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

Hong Kong, 13 March 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Wei Chuanjun and Mr. Xu Jiajun; and three independent non-executive Directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Hu Chunyuan.