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建業地產股份有限公司 *

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

FINANCIAL HIGHLIGHTS

- Turnover for the year ended 31 December 2014 amounted to approximately RMB9,229 million, representing an increase of approximately 32.8% compared with the year 2013.
- Gross profit margin for the year was 33.6%, as compared with 34.1% for the year 2013.
- Profit attributable to equity shareholders of the Company for the year amounted to approximately RMB883 million, representing a decrease of approximately 13.9% compared with the year 2013.
- Net profit margin for the year was 10.4%, as compared with 15.6% for the year 2013.
- Basic earnings per share for the year was RMB36.27 cents, a decrease of approximately 14.0% compared with the year 2013.
- The Board recommends a final dividend of HK13.6 cents (equivalent to approximately RMB10.88 cents) per share.

* For identification purposes only

CHAIRMAN'S STATEMENT

Dear shareholders,

I have the pleasure to present, on behalf of the board (the “Board”) of directors (the “Directors” and each a “Director”) of the Company, the annual consolidated results (the “Annual Results”) of Central China Real Estate Limited (the “Company” or “CCRE”, together with its subsidiaries, the “Group”) for the year ended 31 December 2014.

Looking back at 2014, the Chinese economy made steady progress in the environment of “change in rapidness, structural optimisation and momentum swap”. Figures of the property industry show that, in addition to the scale of newly commenced projects and the increases in its related figures, other figures increased to varying degrees. However, as the number of property developers in China dwindled swiftly, the top 100 companies held a total market share of nearly 40%, and the number of small-to-mid developers who have either been eliminated or have become “inactive” has skyrocketed. Meanwhile, due to domino effect caused by the capital chain rupture of property developers, the number of breaches of contracts by guarantee companies in a number of cities increased. In spite of the rise of giant companies with a market cap of several hundred billion dollars, no favorable factors brought about into the property market, and the number of real estate developers being shut down has increased. Under such circumstance, while CCRE has been developing in a steady and healthy manner, its growth target set at the beginning of 2014 could not be met for the first time since its listing six years ago.

Suffering a short-term setback in our performance could not draw a conclusion that there was a turnaround of market fundamentals. It however warned us to be more vigilant and discreet to review our promptness in response to changing market, our ability to identify regular patterns, our business model and internal control under the circumstances with increasing uncertainties.

Looking ahead to 2015, there are numerous favorable factors for the development of property industry in terms of government policies and driving forces in the market though pressure on maintaining the growth of Chinese economy at mid-to-high rate will be strong. With intensification of reforms, direction of government policies in respect of property industry has changed from “adjustment and control by categories” to “supporting spending”, “maintaining growth” and “maintaining investments”, leading to a “stable property market”. Credit and taxation conditions will continue to improve, reviving and consolidating market confidence. Particularly Henan, CCRE’s strategic core market, in particular, has more prominent competitive edge in terms of market dominance and geographic location. Urbanisation rate of resident population in Henan province will reach approximately 56% by 2020 with additional 11 million of rural-to-urban migrations, which in turn constitute a strong market base. Further, the structure of Greater Zhengzhou has been progressively formed. In addition to the railway hub in Zhengzhou, the launch of subway and intercity train in 2014 with the advantage of express train have moved Zhengzhou into a “golden era of rail transport”, promoting Zhengzhou to be a megacity in China with a population between 10 million to 15 million.

Due to the above factors, growth in our performance was delivered in 2014 as compared with that in 2013 despite unfavorable macro-economic conditions. Contracted sales of the Company amounted to RMB15,558 million, representing a growth of 11%. According to “2014 Research Report on Top 500 Chinese Property Developers” published by China Real Estate Association, the Company was ranked 26th among the “Top 500 Chinese Property Developers in 2014” and topped the list of “Top 10 Chinese Property Developers in Regional Operations” for the sixth year in a row.

During the reporting period, our sustainable growth in profit was well-recognised by capital markets. On 15 May 2014, CCRE issued 200 million Singaporean dollar senior notes, which was the second time of financing in Singapore after the issue of notes in 2012. Massive response to the issue of the three-year senior notes was received regardless of the 6.5% interest rate. With the support of on-shore and off-shore financing platforms as well as substantial increase in operations capability, the Company was able to acquire land parcels as planned at a relatively low price, increasing our land reserves by approximately 4.95 million sq.m. in the year, laying a more concrete foundation for sustainable development in future.

Since 2014, the Company has upheld professional ethics at corporate level, enhancing product innovation and service standard by adopting our uncompromising attitude towards our products and services. For traditional residential sector, we have continued to drive the process of commercialisation as we closely monitored the latest changes and developments in the industry. For operational property sector, surprises never cease. Kaifeng Qishengjiao Folk Culture Street, CCRE’s first project combining “culture, commerce and tourism”, marked its grand opening on 31 May 2014, it has been highly recognised by different sectors in the society as the pioneer regenerated ancient city in China, becoming a model project of upgrading and regeneration for tourist and commercial sectors in Kaifeng, Henan. Luoyang Jianye Triumph Plaza was named as a “Brand Promotion Project” in Henan this year with a financial incentive of RMB3 million rewarded by the government. Also, Zhengzhou Jianye Triumph Plaza and Nanyang Jianye Triumph Plaza, our new commercial complexes, have become new commercial models in the respective cities.

With universality of mobile internet in 2014, it has gone beyond traditional commercial sector and been subversive to property developers in terms of financing, design, marketing and services. During the reporting period, the Company adopted a number of novel measures to adapt to the changing market. On 9 March 2014, the Group and Eju (易居) jointly established CCRE’s e-commerce flagship which is a real estate e-commerce platform for online sales of all 57 projects across 18 cities. In mid-October 2014, CCRE established a work leading group for e-strategic transformation, focusing on creating business model with internet incorporated. For our services, the Company has sought the way for consolidation by capitalising internet platform, striving for close synergy of relevant resources sectors, such as property, hotel, commerce, football and green base, and thus enhancing our brand competitiveness.

As our strategic planning is for our long-term development, our business operation was conducted in a conservative and effective approach subject to the principle of sustainability during the reporting period, with the objective of building a firm foundation for future growth. At the end of 2014, the Company completed the fourth structural reform since the implementation of provincial strategy regime for overcoming our corporate shortcomings. This reform focused on enhancement of labour productivity, realising the advantages of multi-functions of one position, synergy and high efficiency, with an ultimate aim to adapt to innovative transformation by streamlining workflow for higher efficiency. We have newly formed nine regional offices, collaborating commercial property, hotel property as well as cultural and tourist property to create prominent advantages. Our head office has sustained the working standards of “synergy, authority, efficiency”; and each of the regional offices has strived to achieve the quality of “professionalism, efficiency, innovation and commitment”. Meanwhile, we have introduced leading management measures, such as introduction of “business partners” and “project investment”, to closely align the interests of investors, corporate, staff and customers, producing a win-win situation.

Successful enterprises move with the times. CCRE has worked out its strategy for provincial and regional development for nearly 15 years, and we have scrutinised our strategic model and our prospects according to market performance every year on an on-going basis, and the conclusion always provides us with full confidence that the population growth of Henan will be 35 million in the coming 15 years, demanding for additional 1 billion sq.m. of housing. The goal of CCRE is to take 10% of market share by our determination and efforts and all our relevant on-line and off-line resources, such as community, commercial property, hotel, kindergarten and school, football, green base and property management, delicately serving 10 million customers, with a view to complete an enormous task that transforms the Company from an urban complex developer to a new lifestyle services provider for urban residents, substantiating value by persistence and gaining respect by efforts.

APPRECIATION

I would like to take this opportunity to express sincere gratitude to our management team and staff for their diligent work and contribution. In this era of change, the trust and recognition of shareholders remain the driving force for us to go forward. We will continue to maximise shareholders’ value by acting as the facilitator of urbanisation and general social progress in Henan province, enhancing our contribution to the healthy and sustainable development of China’s real estate industry as we head into the next decade of the Company’s operation.

Wu Po Sum
Chairman

20 March 2015

ANNUAL RESULTS

The Board announces the consolidated results (the “Annual Results”) of the Group for the year ended 31 December 2014 with comparative figures for the preceding financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014
(Expressed in Renminbi)

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Turnover	<i>4</i>	9,228,763	6,951,125
Cost of sales		<u>(6,131,300)</u>	<u>(4,582,411)</u>
Gross profit		3,097,463	2,368,714
Other revenue	<i>5</i>	150,822	159,852
Other net income	<i>5</i>	44,906	379,225
Selling and marketing expenses		(471,461)	(312,530)
General and administrative expenses		(639,402)	(536,521)
Other operating income		<u>109,827</u>	<u>79,854</u>
		2,292,155	2,138,594
Share of losses of associates	<i>16</i>	(184)	(2,659)
Share of profits less losses of joint ventures		144,717	601,466
Finance costs	<i>6(a)</i>	<u>(491,352)</u>	<u>(816,705)</u>
Profit before change in fair value of investment properties and income tax		1,945,336	1,920,696
Net increase in fair value of investment properties	<i>14</i>	<u>11,500</u>	<u>18,697</u>
Profit before taxation	<i>6</i>	1,956,836	1,939,393
Income tax	<i>7(a)</i>	<u>(999,244)</u>	<u>(854,542)</u>
Profit for the year		<u><u>957,592</u></u>	<u><u>1,084,851</u></u>
Attributable to:			
Equity shareholders of the Company		883,301	1,025,930
Non-controlling interests		<u>74,291</u>	<u>58,921</u>
Profit for the year		<u><u>957,592</u></u>	<u><u>1,084,851</u></u>
Earnings per share	<i>11</i>		
— Basic (RMB cents)		36.27	42.16
— Diluted (RMB cents)		<u><u>36.26</u></u>	<u><u>42.06</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2014**(Expressed in Renminbi)*

	2014 RMB'000	2013 RMB'000
Profit for the year	957,592	1,084,851
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	(5,843)	49,268
— Cash flow hedge:		
— Effective portion of changes in fair value	(105,645)	(34,196)
— Transfer from equity to profit or loss	83,923	42,880
Total other comprehensive income for the year	(27,565)	57,952
Total comprehensive income for the year	930,027	1,142,803
Attributable to:		
Equity shareholders of the Company	855,833	1,086,625
Non-controlling interests	74,194	56,178
Total comprehensive income for the year	930,027	1,142,803

There is no tax effect relating to the above component of the other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

(Expressed in Renminbi)

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	13	2,685,326	2,226,115
Investment properties	14	377,000	365,500
Interests in associates	16	45,074	45,258
Interests in joint ventures	17	4,043,612	4,933,854
Other financial assets	18	110,080	110,080
Deferred tax assets	31(b)	150,717	146,911
		7,411,809	7,827,718
Current assets			
Trading securities	19	67,039	99,085
Properties for sale	20	17,665,928	11,132,353
Trade and other receivables	21	1,021,275	1,036,156
Deposits and prepayments	22	4,520,545	5,608,287
Tax recoverable	31(a)	171,583	122,646
Restricted bank deposits	23	1,473,408	878,533
Cash and cash equivalents		5,018,511	4,812,575
		29,938,289	23,689,635
Current liabilities			
Bank loans	24	1,129,562	538,745
Other loans	25	280,000	1,068,180
Payables and accruals	26	15,899,045	13,298,126
Receipts in advance	27	3,277,222	2,089,718
Convertible bonds	28	–	641,458
Taxation payable	31(a)	1,487,462	1,187,229
		22,073,291	18,823,456
Net current assets		7,864,998	4,866,179
Total assets less current liabilities		15,276,807	12,693,897

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Non-current liabilities			
Bank loans	24	1,888,723	978,460
Other loans	25	890,000	500,000
Senior notes	29	5,368,712	4,455,843
Deferred tax liabilities	31(b)	62,456	59,747
		8,209,891	5,994,050
NET ASSETS			
		7,066,916	6,699,847
CAPITAL AND RESERVES			
Share capital	32(a)	215,770	215,770
Reserves		6,227,392	5,806,926
Total equity attributable to equity shareholders of the Company			
		6,443,162	6,022,696
Non-controlling interests			
		623,754	677,151
TOTAL EQUITY			
		7,066,916	6,699,847

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current asset			
Interest in subsidiaries	15	8,620,029	7,050,909
Current assets			
Derivative financial instruments	21	7,555	15,918
Prepayment		–	18,718
Cash and cash equivalents		17,744	151,315
		25,299	185,951
Current liabilities			
Bank loans	24	182,273	–
Payables and accruals	26	211,232	91,188
Amount due to a subsidiary	15	3,166	3,144
Convertible bonds	28	–	641,458
		396,671	735,790
Net current liabilities		(371,372)	(549,839)
Total assets less current liabilities		8,248,657	6,501,070
Non-current liabilities			
Bank loans	24	570,768	–
Senior notes	29	5,368,712	4,455,843
		5,939,480	4,455,843
NET ASSETS		2,309,177	2,045,227
CAPITAL AND RESERVES	32		
Share capital		215,770	215,770
Reserves		2,093,407	1,829,457
TOTAL EQUITY		2,309,177	2,045,227

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014
(Expressed in Renminbi)

Attributable to equity shareholders of the Company														
	Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve	Property revaluation reserve	Hedging reserve	Equity component of convertible bonds	Warrant reserve	Retained profits	Total	Non-controlling interests	Total equity
Note	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
Balance at 1 January 2014	215,770	1,652,831	1,254,801	813,041	127,469	16,524	6,479	(21,745)	38,765	10,692	1,908,069	6,022,696	677,151	6,699,847
Changes in equity for 2014:														
Profit for the year	-	-	-	-	-	-	-	-	-	-	883,301	883,301	74,291	957,592
Other comprehensive income	-	-	-	-	(5,746)	-	-	(21,722)	-	-	-	(27,468)	(97)	(27,565)
Total comprehensive income	-	-	-	-	(5,746)	-	-	(21,722)	-	-	883,301	855,833	74,194	930,027
Final dividends approved in respect of the previous year	32(c)(ii)	-	-	-	-	-	-	-	-	-	(210,148)	(210,148)	-	(210,148)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(101,328)	(101,328)
Appropriation to statutory reserve fund		-	-	247,926	-	-	-	-	-	-	(247,926)	-	-	-
Redemption of convertible bonds	28	-	-	-	-	-	-	-	(38,765)	(10,692)	49,457	-	-	-
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	69,700	69,700
Equity settled share-based payment	6(b)	-	-	-	-	3,543	-	-	-	-	1,990	5,533	-	5,533
Acquisition subsidiaries	37(a)	-	-	-	-	-	-	-	-	-	-	-	40,000	40,000
Acquisition of additional interest in subsidiaries	37(b)	-	-	-	(231,940)	-	-	-	-	-	-	(231,940)	(144,775)	(376,715)
Disposal of partial interest in a subsidiary	37(d)	-	-	-	1,188	-	-	-	-	-	-	1,188	8,812	10,000
	-	-	247,926	(230,752)	-	3,543	-	-	(38,765)	(10,692)	(406,627)	(435,367)	(127,591)	(562,958)
Balance at 31 December 2014	215,770	1,652,831	1,502,727	582,289	121,723	20,067	6,479	(43,467)	-	-	2,384,743	6,443,162	623,754	7,066,916

Attributable to equity shareholders of the Company

	Note	Equity											Non-controlling interests	Total equity
		Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve	Property revaluation reserve	Hedging reserve	component of convertible bonds	Warrant reserve	Retained profits		
		(Note 32(a)(i))	(Note 32(b)(i))	(Note 32(b)(ii))	(Note 32(b)(iii))	(Note 32(b)(iv))	(Note 32(b)(v))	(Note 32(b)(vi))	(Note 32(b)(vii))	(Note 28)	(Note 28)			
		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
Balance at 1 January 2013		215,285	1,640,260	894,930	804,286	75,458	25,834	6,479	(30,429)	38,765	10,692	1,488,101	5,169,661	5,623,210
Changes in equity for 2013:														
Profit for the year		-	-	-	-	-	-	-	-	-	-	1,025,930	1,025,930	1,084,851
Other comprehensive income		-	-	-	-	52,011	-	-	8,684	-	-	-	60,695	57,952
Total comprehensive income		-	-	-	-	52,011	-	-	8,684	-	-	1,025,930	1,086,625	1,142,803
Final dividends approved in respect of the previous year	32(c)(ii)	-	-	-	-	-	-	-	-	-	-	(159,840)	(159,840)	(159,840)
Interim dividends declared in respect of current year	32(c)(i)	-	-	-	-	-	-	-	-	-	-	(100,245)	(100,245)	(100,245)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(65,900)	(65,900)
Appropriation to statutory reserve fund		-	-	395,011	-	-	-	-	-	-	-	(395,011)	-	-
Issue of new shares under share option scheme	32(a)(ii)	485	12,571	-	-	-	(2,803)	-	-	-	-	-	10,253	10,253
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	115,500	115,500
Equity settled share-based payment	6(b)	-	-	-	-	-	(6,507)	-	-	-	-	13,994	7,487	7,487
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	207,165	207,165
Acquisition of additional interest in subsidiaries		-	-	-	(12,346)	-	-	-	-	-	-	-	(12,346)	(21,497)
Disposal of subsidiaries		-	-	(35,140)	-	-	-	-	-	-	-	35,140	-	(89,089)
Disposal of partial interest in a subsidiary		-	-	-	21,101	-	-	-	-	-	-	-	21,101	30,000
		485	12,571	359,871	8,755	-	(9,310)	-	-	-	-	(605,962)	(233,590)	(66,166)
Balance at 31 December 2013		215,770	1,652,831	1,254,801	813,041	127,469	16,524	6,479	(21,745)	38,765	10,692	1,908,069	6,022,696	6,699,847

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31 December 2014**(Expressed in Renminbi)*

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Operating activities			
Profit before taxation		1,956,836	1,939,393
Adjustments for:			
Interest income		(145,979)	(156,947)
Depreciation and amortisation		148,182	76,187
Equity settled share-based payment expenses		5,533	7,487
Dividend income from unlisted equity securities		(3,343)	(1,405)
Net increase in fair value of investment properties		(11,500)	(18,697)
Net gain on disposals of property, plant and equipment		(521)	(12,866)
Share of losses of associates		184	2,659
Share of profits less losses of joint ventures		(144,717)	(601,466)
Finance costs		491,352	816,705
Unrealised loss/(gain) on trading securities		32,625	(6,273)
Write down of properties for sale		19,083	37,588
Loss on acquisition of additional interests in joint ventures		–	1,383
Gain on disposal of subsidiaries		(8,686)	(152,894)
Gain on deemed disposal of a joint venture		–	(172,027)
Fair value gain upon deemed disposal of joint ventures		(120,516)	–
Loss on disposal of other financial asset		–	1,295
Government grants		(1,500)	(1,500)
Operating profit before changes in working capital carried forward		2,217,033	1,758,622

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Operating profit before changes in working capital brought forward		2,217,033	1,758,622
Increase in properties for sale		(4,868,719)	(2,801,004)
Increase in trade and other receivables		(263,488)	(356,242)
Decrease/(increase) in deposits and prepayments		3,155,461	(2,322,909)
(Increase)/decrease in restricted bank deposits		(516,307)	93,750
Increase in payables and accruals		547,975	5,064,430
Increase/(decrease) in receipts in advance		1,187,504	(350,005)
Cash generated from operations		1,459,459	1,086,642
PRC tax paid		(801,846)	(841,087)
Net cash generated from operating activities		657,613	245,555
Investing activities			
Payment for purchase of property, plant and equipment		(609,410)	(776,654)
Proceeds from disposals of property, plant and equipment		2,590	32,146
Payment for purchase of investment properties		–	(3,203)
Net cash paid upon acquisitions of subsidiaries	37(a)	(577,231)	(310,572)
Acquisition of additional interest in subsidiaries	37(b)	(376,715)	(21,497)
Net cash inflow/(outflow) upon disposals of subsidiaries	37(c)	17,129	(21,781)
Disposal of partial interest in a subsidiary	37(d)	10,000	30,000
Acquisition of additional interest in joint ventures		–	(30,553)
Disposal of joint ventures		267,370	250,000
Capital injection in joint ventures		(105,000)	(91,800)
Advances to joint ventures		(438,718)	(919,293)
Repayment from joint ventures		212,577	937,688
Dividend received from joint ventures		97,661	468,486
Payment for purchase of other financial assets		–	(22,280)
Proceeds from disposal of other financial assets		–	2,705
Dividend received from unlisted equity securities		3,343	1,405
Interest received		145,979	156,947
Net cash used in investing activities		(1,350,425)	(318,256)

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Financing activities			
Proceeds from new bank loans		2,304,242	1,328,955
Repayment of bank loans		(1,002,712)	(1,069,250)
Proceeds from new other loans		1,370,000	1,110,000
Repayment of other loans		(1,068,180)	(1,027,502)
Net proceeds from issue of new shares		–	10,253
Net proceeds from senior notes	29(d)	985,952	3,662,072
Early redemption of senior notes		–	(2,035,653)
Redemption of convertible bonds	28	(704,510)	–
Interest paid		(745,019)	(766,010)
Dividend paid		(210,148)	(260,085)
Dividend paid to non-controlling interests		(101,328)	(65,900)
Capital contribution from non-controlling interests		69,700	115,500
Net cash generated from financing activities		897,997	1,002,380
Net increase in cash and cash equivalents		205,185	929,679
Cash and cash equivalents at 1 January		4,812,575	3,949,775
Effect of foreign exchange rate changes		751	(66,879)
Cash and cash equivalents at 31 December		5,018,511	4,812,575

NOTES

(Expressed in Renminbi)

1 GENERAL

Central China Real Estate Limited (“the Company”) is a limited liability company incorporated in the Cayman Islands on 15 November 2007. Its principal place of business is at Room 7701B–7702A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principle activity of the Company is investment holding and its subsidiaries are principally engaged in property development in Henan Province in the People’s Republic of China (“the PRC”).

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

- (i) The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and joint ventures. The consolidated financial statements are presented in Renminbi (“RMB”) rounded to the nearest thousand.
- (ii) The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:
 - investment property (see note 2(h));
 - financial instruments classified as trading securities (see note 2(e)); and
 - derivative financial instruments (see note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future period are discussed in note 38.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(q) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint ventures (see note 2(d)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 2(k)).

(d) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(k)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(e)).

(e) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(w)(v) and (vi).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(k)). Dividend income from equity securities is recognised in profit or loss in accordance with the policies set out in note 2(w)(vi). Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(k)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(f) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(g)).

(g) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gains or losses on remeasurement of the derivative financial instrument to fair value are recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is reclassified from equity to be included in the initial cost or other carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss (such as when interest income or expense is recognised).

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss is reclassified from equity to profit or loss immediately.

(h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(w)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(j)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(j).

(i) Property, plant and equipment

(i) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)):

- buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(j)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(y)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

- Buildings held for own use (including hotel properties) which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 30 years after the date of completion
- Furniture, fixtures and equipment 5 to 10 years
- Motor vehicles 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(ii) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(k)). Cost comprises direct costs of construction during the year of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are substantially complete, notwithstanding any delays in the issue of the relevant completion certificates by the relevant PRC authorities.

No depreciation is provided in respect of construction in progress until it is substantially complete and ready for its intended use.

(j) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific assets or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) *Operating lease charges*

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(h)) or properties for sale (see note 2(l)).

(k) Impairment of assets

(i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(d)), the impairment loss is measured by comparing the receivable amount of the investment as a whole with its carrying amount in accordance with note 2(k)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(k)(ii).

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(k)(i) and (ii)).

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Properties for sale

Properties for sale are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

(i) *Properties held for future development and under development for sale*

The cost of properties held for future development and properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of overheads and borrowing costs capitalised (see note 2(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

(ii) *Completed properties held for sale*

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

(m) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(w)(iv). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded in the statement of financial position at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the “Gross amount due from customers for contract work” (as an asset) or the “Gross amount due to customers for contract work” (as liability), as applicable. Progress billings not yet paid by the customer are included in the statement of financial position under “Trade and other receivables”. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as “Receipts in advance”.

(n) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(k)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(o) Convertible bonds with detachable warrants

Convertible bonds of the Company are issued with detachable warrants. Where the convertible bonds can be converted to equity share capital at the option of the holder and the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, and where the warrants issued by the Company will be settled by exchange of the warrants and fixed amount of cash or another financial asset for a fixed number of the Company’s own equity instruments, convertible bonds with detachable warrants are accounted for as compound financial instruments, which contain a liability component and an equity component.

At initial recognition the liability component is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option and warrants. Any excess of proceeds over the amount initially recognised as liability component and derivative financial instruments is recognised as the equity component.

Transaction costs that relate to the issue of the convertible bonds with detachable warrants, are allocated to the liability component and equity component and derivative financial instruments in proportion to allocation of proceeds. The portion of the transaction costs relating to the liability component and equity component is recognised initially as part of the liability and equity respectively.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the bonds are converted or redeemed.

If the bonds are converted, the respective capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the respective capital reserve is released directly to retained profits. If the warrants are exercised, the respective capital reserve, together with the proceeds received at the time of exercise, is transferred to share capital and share premium as consideration for the shares issued. If the warrants are not exercised upon expiry, the respective capital reserve is released directly to retained profits.

(p) Senior notes

Senior notes of the Company are issued with early redemption clause at the option of the Company.

At initial recognition the redemption option is measured at fair value and presented as derivative financial instruments (see note 2(f)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the senior notes are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with note 2(f). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payables, using the effective interest method.

(r) Payables

Payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(v)(i), payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed in the period in which they are incurred, except to the extent that they are included in properties under development for sale and investment properties under development not yet recognised as an expense.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial (Cox, Ross, Rubinstein) model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(v)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

(w) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties held for sale is recognised upon the later of signing of the sale and purchase agreement and the completion of the properties, which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer, and collectability of the related receivable is reasonably assured. Revenue from sales of properties with a repurchase clause is recognised when the Group no longer has the obligation to repurchase the properties. Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under “Receipts in advance”.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

Contingent rentals are recognised as income in the accounting period in which they are earned. Revenue from operating leases excludes business tax or other sales related taxes.

(iii) Hotel operations

Revenue arising from hotel operations is recognised on a basis that reflects the timing, nature and value when relevant services are provided.

(iv) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a cost plus contract appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Contract revenue excludes business tax or other sales related taxes.

(v) Interest income

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

(vi) *Dividend income*

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the time investment goes ex-dividend.

(vii) *Government grants*

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where grants that compensate the Group for the cost of an asset the fair value is included in the statement of financial position under "payables and accruals" and is released to profit or loss over the expected useful life of the relevant asset.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised on profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit (“CGU”) whose recoverable amount is based on fair value less costs of disposal.

Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

HK(IFRIC) 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group’s existing accounting policies.

4 TURNOVER

The principal activities of the Group are property development, property leasing and hotel operations.

Turnover represents income from sales of properties, rental income and revenue from hotel operations. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Income from sales of properties	8,995,731	6,867,893
Rental income	99,983	25,671
Revenue from hotel operations	<u>133,049</u>	<u>57,561</u>
	<u><u>9,228,763</u></u>	<u><u>6,951,125</u></u>

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

5 OTHER REVENUE AND OTHER NET INCOME

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Other revenue		
Interest income	145,979	156,947
Dividend income from unlisted equity securities	3,343	1,405
Government grants	<u>1,500</u>	<u>1,500</u>
	<u><u>150,822</u></u>	<u><u>159,852</u></u>

Other net income

Net gain on disposals of property, plant and equipment	521	12,866
Gain on disposal of subsidiaries (<i>note 37(c)</i>)	8,686	152,894
Gain on deemed disposal of a joint venture	–	172,027
Fair value gain upon deemed disposal of joint ventures (<i>note</i>)	120,516	–
Loss on acquisition of additional interests in joint ventures	–	(1,383)
Net exchange (loss)/gain	(27,407)	77,887
Unrealised (loss)/gain on trading securities	(32,625)	6,273
Write down of properties for sale (<i>note 20</i>)	(19,083)	(37,588)
Loss on disposal of other financial assets	–	(1,295)
Others	<u>(5,702)</u>	<u>(2,456)</u>
	<u><u>44,906</u></u>	<u><u>379,225</u></u>

Note: On 3 July 2014, the Group entered into equity transfer agreements with a joint venture partner, to acquire additional interests in three joint ventures. Upon the completion, these three joint ventures became wholly-owned subsidiaries of the Group. The fair value gain of RMB120,516,000 upon deemed disposal of these joint ventures is recognised during the year.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans		
— wholly repayable within five years	152,406	122,799
— wholly repayable after five years	38,537	17,103
	<u>190,943</u>	139,902
Interest on other loans	166,986	156,236
Interest on convertible bonds	70,911	97,262
Interest on senior notes	398,283	406,440
Other ancillary borrowing costs	2,083	3,836
	<u>829,206</u>	803,676
Less: Borrowing costs capitalised*	<u>(346,300)</u>	(238,477)
	482,906	565,199
Net change in fair value of derivatives embedded in senior notes (<i>notes 29(b) and (c)</i>)	8,446	7,600
Loss on early redemption of senior notes	<u>—</u>	243,906
	<u><u>491,352</u></u>	<u><u>816,705</u></u>
* Borrowing costs have been capitalised at a rate of 4.42%–11.36% per annum (2013: 2.65%–8.15% per annum).		

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
(b) Staff costs		
Salaries, wages and other benefits	246,779	257,561
Including:		
— Retirement scheme contributions	23,347	19,502
— Equity settled share-based payment expenses (<i>note 32(b)(ix)</i>)	<u>5,533</u>	<u>7,487</u>

Employees of the Company's subsidiaries in the PRC ("PRC subsidiaries") are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a Mandatory Provident Fund Scheme (“the MPF Scheme”) for all qualifying employees in Hong Kong. The Group’s and employee’s contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK\$30,000 (HK\$25,000 prior to June 2014)) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

	2014 <i>RMB’000</i>	2013 <i>RMB’000</i>
(c) Other items		
Depreciation and amortisation	148,182	76,187
Auditors’ remuneration	5,028	4,697
Cost of properties sold	6,078,916	4,565,801
Operating lease charges in respect of properties	24,201	4,217
Rental income from investment properties less direct outgoings of RMB2,416,000 (2013: RMB2,760,000)	(10,932)	(10,625)
Rental income from properties for sale less direct outgoings of RMB15,683,000 (2013: RMB608,000)	<u>(70,952)</u>	<u>(11,678)</u>

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2014 <i>RMB’000</i>	2013 <i>RMB’000</i>
Current tax		
PRC Corporate Income Tax (<i>note 31(a)</i>)	505,014	487,376
PRC Land Appreciation Tax (<i>note 31(a)</i>)		
— Provision for the year	445,504	414,869
— Over-provision in prior years	—	(89,119)
Withholding tax (<i>note 31(a)</i>)	<u>49,823</u>	<u>67,311</u>
	<u>1,000,341</u>	<u>880,437</u>
Deferred tax		
Revaluation of properties (<i>note 31(b)</i>)	2,709	4,343
PRC Land Appreciation Tax (<i>note 31(b)</i>)	<u>(3,806)</u>	<u>(30,238)</u>
	<u>(1,097)</u>	<u>(25,895)</u>
	<u>999,244</u>	<u>854,542</u>

- (i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.
- (ii) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

(iii) *PRC Corporate Income Tax (“CIT”)*

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% to 15% (2013: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (2013: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (2013: 25%) on the estimated assessable profits for the year.

(iv) *Land Appreciation Tax (“LAT”)*

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items. Certain PRC subsidiaries were subject to LAT which is calculated based on 1.5% to 4.5% (2013: 1.5% to 4.5%) of their revenue under the authorised taxation method.

(v) *Withholding tax*

Withholding taxes are levied on the Company’s subsidiaries in Hong Kong (“Hong Kong subsidiaries”) in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 12%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 <i>RMB’000</i>	2013 <i>RMB’000</i>
Profit before taxation	<u>1,956,836</u>	<u>1,939,393</u>
Tax on profit before tax calculated at 25% (2013: 25%)	489,209	484,848
Difference in tax rates for certain subsidiaries	52,228	69,388
Tax effect of non-taxable revenue	(137,932)	(220,002)
Tax effect of non-deductible expenses	188,598	173,260
Tax effect of unused tax losses not recognised	33,200	39,665
Utilisation of tax loss not recognised in prior years	(10,010)	(4,240)
Over-provision of LAT in prior years	–	(89,119)
Withholding tax	49,823	67,311
LAT	445,504	414,869
Tax effect of LAT	<u>(111,376)</u>	<u>(81,438)</u>
Income tax expense	<u>999,244</u>	<u>854,542</u>

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Details of directors' and chief executive's remuneration are set out as follows:

2014

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Share-based payments (Note 30)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wu Po Sum	–	3,978	13	–	–	3,991
Yan Yingchun	–	741	13	–	106	860
Non-executive directors						
Lim Ming Yan (resigned on 1 October 2014)	59	–	–	–	–	59
Lucas Ignatius Loh Jen Yuh (re-designated on 1 October 2014)	20	–	–	–	–	20
Leow Juan Thong Jason	78	–	–	–	–	78
Wallis Wu (alias Li Hua)	–	204	10	–	–	214
Hu Yongmin (resigned on 29 August 2014)	–	–	–	–	–	–
Independent non-executive directors						
Cheung Shek Lun	188	–	–	–	–	188
Xin Luo Lin	188	–	–	–	–	188
Muk Kin Yau	188	–	–	–	–	188
Chief executive						
Chen Jianye	–	3,233	25	–	178	3,436
Total	721	8,156	61	–	284	9,222

2013

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Discretionary bonuses	Share-based payments (Note 30)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
Wu Po Sum	–	4,016	12	–	34	4,062
Yan Yingchun	–	1,110	12	–	150	1,272
Non-executive directors						
Lim Ming Yan	79	–	–	–	–	79
Leow Juan Thong Jason	79	–	–	–	–	79
Wallis Wu (alias Li Hua)	206	–	10	–	–	216
Hu Yongmin	–	–	–	–	–	–
Independent non-executive directors						
Cheung Shek Lun	190	–	–	–	–	190
Wang Shi (resigned on 31 July 2013)	140	–	–	–	–	140
Xin Luo Lin	190	–	–	–	–	190
Muk Kin Yau (appointed on 1 August 2013)	79	–	–	–	–	79
Chief executive						
Chen Jianye	–	3,527	46	–	663	4,236
Total	963	8,653	80	–	847	10,543

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the current or prior years. No director has waived or agreed to waive any emoluments for the current or prior years.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2013: one) is director whose emolument is disclosed in note 8. The aggregate of the emoluments in respect of the remaining four (2013: four) individuals are as follows:

	2014 RMB'000	2013 RMB'000
Salaries, allowances and benefits in kind	7,798	8,175
Discretionary bonuses	1,208	4,262
Share-based payments	390	1,582
Retirement scheme contributions	64	117
	9,460	14,136

The emoluments of these four (2013: four) individuals with the highest emoluments are within the following bands:

	2014	2013
RMB1,500,001 to RMB2,000,000	2	–
RMB2,000,001 to RMB2,500,000	1	2
RMB3,000,001 to RMB3,500,000	1	–
RMB4,000,001 to RMB4,500,000	–	1
RMB5,000,001 to RMB5,500,000	–	1

10 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB470,251,000 (2013: RMB312,313,000) which has been dealt with in the financial statements of the Company.

Details of dividends paid and payable to equity shareholders of the Company are set out in note 32(c).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB883,301,000 (2013: RMB1,025,930,000) and the weighted average number of 2,435,344,660 ordinary shares (2013: 2,433,707,441 ordinary shares) in issued during the year, calculated as follows:

	2014 '000	2013 '000
Issued ordinary shares 1 January	2,435,345	2,429,230
Effect of exercised share options	–	4,477
Weighted average number of ordinary shares	2,435,345	2,433,707

(b) Diluted earnings per share

For the year ended 31 December 2014, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB883,301,000 (2013: RMB1,025,930,000) and the weighted average number of ordinary shares of 2,436,008,844 shares (2013: 2,438,924,510 shares), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2014 RMB'000	2013 RMB'000
Profit attributable to equity shareholders (diluted)	<u>883,301</u>	<u>1,025,930</u>

(ii) Weighted average number of ordinary shares (diluted)

	2014 '000	2013 '000
Weighted average number of ordinary shares at 31 December	2,435,345	2,433,707
Effect of exercise of share options	<u>664</u>	<u>5,218</u>
Weighted average number of ordinary shares at 31 December (diluted)	<u>2,436,009</u>	<u>2,438,925</u>

The Company's convertible bonds and warrants as at 31 December 2013 do not give rise to any dilution effect to the earnings per share.

12 SEGMENT REPORTING

(a) Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8, Operating segments.

(b) Turnover from major services

The Group's turnover from its major services is set out in note 4.

(c) Geographical information

No geographical information is shown as the turnover and profit from operations of the Group is substantially derived from activities in Henan province in the PRC.

13 PROPERTY, PLANT AND EQUIPMENT

The Group

2014

	Interests in leasehold land held for own use under operating lease <i>RMB'000</i>	Buildings <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:						
At 1 January 2014	239,538	877,496	1,006,048	256,415	39,676	2,419,173
Additions	–	–	546,119	53,249	10,042	609,410
Disposals	–	(2,010)	–	(1,718)	(959)	(4,687)
Transfer	–	949,426	(949,426)	–	–	–
Acquisition of subsidiaries (note 37(a))	–	–	–	1,144	649	1,793
Disposal of a subsidiary (note 37(c))	–	–	–	(498)	(492)	(990)
At 31 December 2014	239,538	1,824,912	602,741	308,592	48,916	3,024,699
Accumulated depreciation and amortisation:						
At 1 January 2014	21,140	108,753	–	45,714	17,451	193,058
Charge for the year	5,996	74,378	–	58,744	9,064	148,182
Written back on disposals	–	(424)	–	(1,717)	(477)	(2,618)
Acquisition of subsidiaries (note 37(a))	–	–	–	714	328	1,042
Disposal of a subsidiary (note 37(c))	–	–	–	(89)	(202)	(291)
At 31 December 2014	27,136	182,707	–	103,366	26,164	339,373
Net book value:						
At 31 December 2014	212,402	1,642,205	602,741	205,226	22,752	2,685,326

2013

	Interests in leasehold land held for own use under operating lease <i>RMB'000</i>	Buildings <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Furniture, fixtures and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:						
At 1 January 2013	195,515	677,138	734,915	34,717	27,040	1,669,325
Additions	42,503	–	490,531	227,260	16,360	776,654
Disposals	–	(21,142)	–	(1,945)	(3,030)	(26,117)
Transfer	–	219,398	(219,398)	–	–	–
Transfer from property for sale	1,520	4,597	–	–	–	6,117
Acquisition of a subsidiary	–	–	–	57	–	57
Disposal of subsidiaries	–	(2,495)	–	(3,674)	(694)	(6,863)
At 31 December 2013	239,538	877,496	1,006,048	256,415	39,676	2,419,173
Accumulated depreciation and amortisation:						
At 1 January 2013	15,940	75,300	–	21,940	12,794	125,974
Charge for the year	5,200	37,393	–	27,438	6,156	76,187
Written back on disposals	–	(3,674)	–	(1,919)	(1,245)	(6,838)
Disposal of subsidiaries	–	(266)	–	(1,745)	(254)	(2,265)
At 31 December 2013	21,140	108,753	–	45,714	17,451	193,058
Net book value:						
At 31 December 2013	218,398	768,743	1,006,048	210,701	22,225	2,226,115

The analysis of carrying value of leasehold land is set out as follows:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Long leases	7,918	8,002
Medium-term leases	204,484	210,396
	<u>212,402</u>	<u>218,398</u>

All the leasehold land of the Group are located in the PRC.

Certain of the Group's property, plant and equipment were pledged as securities of the Group's bank loans and other loans. Details are set out in notes 24 and 25 respectively.

At 31 December 2014, the Group's property, plant and equipment of RMB27,020,000 were pledged as securities of a joint venture's bank loan.

At 31 December 2013, the Group's property, plant and equipment of RMB119,266,000 were pledged as securities of a joint venture's other loan.

14 INVESTMENT PROPERTIES

The Group

	Completed <i>RMB'000</i>	Under development <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2013	340,100	3,500	343,600
Addition	—	3,203	3,203
Transfer	569	(569)	—
Change in fair value	20,131	(1,434)	18,697
At 31 December 2013	<u>360,800</u>	<u>4,700</u>	<u>365,500</u>

Representing:

Valuation — 2013	<u>360,800</u>	<u>4,700</u>	<u>365,500</u>
At 1 January 2014	360,800	4,700	365,500
Change in fair value	<u>11,600</u>	<u>(100)</u>	<u>11,500</u>
At 31 December 2014	<u>372,400</u>	<u>4,600</u>	<u>377,000</u>

Representing:

Valuation — 2014	<u>372,400</u>	<u>4,600</u>	<u>377,000</u>
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(a) The analysis of fair value of investment properties is set out as follows:

	The Group 2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
In the PRC		
— long leases	244,800	237,100
— medium-term leases	<u>132,200</u>	<u>128,400</u>
	<u>377,000</u>	<u>365,500</u>

As at 31 December 2013, the Group's investment properties with carrying amount of RMB172,500,000 were pledged as securities for a joint venture's other loan.

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2014 RMB'000	Fair value measurements as at 31 December 2014 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
The Group				
Recurring fair value measurement				
Investment properties:				
— In the PRC	<u>377,000</u>	<u>—</u>	<u>—</u>	<u>377,000</u>
	Fair value at 31 December 2013 RMB'000	Fair value measurements as at 31 December 2013 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000

The Group

**Recurring fair value
measurement**

Investment properties:				
— In the PRC	<u>365,500</u>	<u>—</u>	<u>—</u>	<u>365,500</u>

During the years ended 31 December 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2014. The valuations were carried out by an independent firm of surveyors, Savills Valuation and Professional Services Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) *Information about Level 3 fair value measurements*

	Valuation techniques	Unobservable input	Range	Weighted average
Investment properties In the PRC	Income capitalisation approach	Daily market rent (RMB/sq.m.)	0.43 to 3.13 (2013: 0.4 to 2.16)	0.89 (2013: 0.87)
		Capitalisation rates	4.0% to 7.0% (2013: 4.0% to 7.0%)	4.81% (2013: 4.81%)

In undertaking the valuation of investment properties, the independent firm of surveyors have mainly adopted the income capitalisation approach whereby the rental incomes of contractual tenancies are capitalised for the unexpired terms of tenancies. They have also taken into account the reversionary market rents after the expiry of tenancies in capitalisation. The fair value measurement is positively correlated to the market rent and negatively correlated to the capitalisation rates.

The movements during the year in the balance of these Level 3 fair value measurements are set out in note 14.

Fair value adjustment of investment properties is recognised in the line item “net increase of fair value of investment properties” on the face of the consolidated income statement.

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

(c) **Investment properties leased out under operating leases**

The Group leases out its investment properties under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group’s total future minimum lease income under non-cancellable operating leases are receivable as follows:

	The Group	
	2014	2013
	RMB’000	RMB’000
Within 1 year	10,219	10,148
After 1 year but within 5 years	34,468	36,117
After 5 years	11,345	22,123
	56,032	68,388

15 INTEREST IN SUBSIDIARIES

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Unlisted shares, at cost	135,135	135,135
Amounts due from subsidiaries (<i>note (a)</i>)	<u>8,484,894</u>	<u>6,915,774</u>
	<u>8,620,029</u>	<u>7,050,909</u>
Amount due to a subsidiary (<i>note (b)</i>)	<u>3,166</u>	<u>3,144</u>

Notes:

- (a) Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.
- (b) Amount due to a subsidiary is unsecured, interest-free and repayable on demand.

The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group.

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Abundant Well Limited	Hong Kong	HK\$1	–	100%	Inactive	Limited liability company
Ahead Properties Limited	Hong Kong	HK\$1	–	100%	Investment holding	Limited liability company
Anyang Central China City Construction Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Anyang Central China City Development Company Limited*	Henan, the PRC	RMB100,000,000	–	55%	Property development	Limited liability company
Anyang Central China Real Estate Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Wholly owned foreign enterprise
Artstar Investments Limited	The British Virgin Islands and Hong Kong	US\$10,000	–	95%	Investment holding	Private company
Baofeng Central China Taihe City Construction Company Limited*	Henan, the PRC	RMB20,000,000	–	80%	Property development	Limited liability company
Bumper Up Limited	The British Virgin Islands and Hong Kong	US\$1	–	100%	Investment holding	Limited liability company
Central China Forest Peninsula (Henan) Real Estate Company Limited*	Henan, the PRC	RMB120,000,000	–	100%	Property development	Limited liability company

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Central China Real Estate Group (Lingbao) Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Nanyang Company Limited*	Henan, the PRC	RMB579,590,000	–	100%	Property development	Limited liability company
Central China Real Estate Pingdingshan Company Limited*	Henan, the PRC	RMB310,200,000	–	100%	Property development	Limited liability company
Central China Hotel Investments & Management (Zhengzhou) Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Hotel Management	Limited liability company
Central China New Land (Henan) Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	–	95% (2013: 55%)	Property development	Limited liability company
Central China Properties Development Limited	Hong Kong	HK\$1	–	100%	Inactive	Private company
Central China Premier Service (Zhengzhou) Company Limited*	Henan, the PRC	RMB60,000,000	–	100%	Wine trading	Limited liability company
Central China Real Estate Gold Dragon Company Limited*	Henan, the PRC	RMB190,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Group (Sanmenxia) Company Limited*	Henan, the PRC	RMB155,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Xinxiang Jili Company Limited*	Henan, the PRC	RMB60,000,000	–	60%	Property development	Limited liability company
Central China Real Estate Group Jiaozuo Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company
Central China Real Estate (Luoyang) Company Limited*	Henan, the PRC	RMB863,900,000	–	100%	Property development	Wholly owned foreign enterprise
Central China Nanyang Hotel Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Wugang Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Central China Real Estate (Zhengzhou) Company Limited*	Henan, the PRC	RMB65,000,000	–	100%	Property development	Limited liability company
Central China Real Estate Group (China) Company Limited*	Henan, the PRC	RMB2,360,000,000	–	100%	Property development	Wholly owned foreign enterprise
Central China Real Estate He Bi Co. Ltd.*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Central China Real Estate Holdings Limited	The British Virgin Islands and Hong Kong	US\$13,289	–	100%	Investments holding	Private company
Central China Real Estate Investments Limited	Hong Kong	HK\$1	–	100%	Investments holding	Private company
Central China Triumph Real Estate (Luoyang) Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Change Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Changyuan Central China City Development Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Cheer World Limited	Hong Kong	HK\$1	–	100%	Inactive	Limited liability company
Construction Premier Service Limited	Hong Kong	HK\$1	–	100%	Inactive	Private company
Country Star Holdings Limited	Hong Kong	HK\$1	–	95%	Investments holding	Private company
Gongyi New Town Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Hebi Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Henan Central China Commercial Properties Management Company Limited*	Henan, the PRC	RMB80,000,000	–	100%	Consulting property investment, leasing and management	Limited liability company
Henan Central China Construction Design Company Limited*	Henan, the PRC	RMB11,000,000	–	100%	Designing	Limited liability company
Henan Central China Construction Materials Commerce and Trading Company Limited*	Henan, the PRC	RMB50,000,000	–	76%	Commerce and trading	Limited liability company
Henan Central China Culture Travelling Property Development Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Henan Central China Kaipu Commercial Development Company*	Henan, the PRC	RMB100,000,000 (2013: RMB20,000,000)	–	80%	Property development	Limited liability company
Henan Central China Real Estate Company Limited*	Henan, the PRC	RMB390,000,000	–	100%	Property development	Limited liability company

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Henan Central China Sun City Real Estate Company Limited*	Henan, the PRC	RMB120,100,000	–	100%	Property development	Limited liability company
Henan Central China Yaxing Real Estate Company Limited*	Henan, the PRC	RMB630,000,000	–	100%	Property development	Limited liability company
Henan Central China Zhizun Hotel Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Hotel operation	Limited liability company
Henan Central China Kanghui Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	–	60%	Property development	Limited liability company
Henan Longyuan Real Estate Company Limited*	Henan, the PRC	RMB77,000,000	–	100% (2013: 60%)	Property development	Limited liability company
Henan St. Andrews Real Estate Company Limited*	Henan, the PRC	RMB8,000,000	–	60%	Property development	Limited liability company
Henan Shengtai Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Hotel operation	Limited liability company
Henan United Clubs Management Company Limited*	Henan, the PRC	RMB15,000,000	–	100%	Property development	Limited liability company
Henan United New Town Real Estate Company Limited*	Henan, the PRC	RMB652,000,000	–	100%	Property development	Limited liability company
Henan Zhenghe Real Estate Development Company Limited*	Henan, the PRC	RMB8,000,000	–	60%	Property development	Limited liability company
Henan Zhiteng Business Service Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company
Henan Zhongyuan Central China City Development Company Limited*	Henan, the PRC	RMB150,000,000	–	100%	Property development	Limited liability company
Huaxian Central China City Development Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Huaiyang Central China Real Estate Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Jiaozuo Central China Real Estate Company Limited*	Henan, the PRC	RMB35,000,000	–	100%	Property development	Wholly owned foreign enterprise
Jiyuan Central China City Development Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Jiyuan Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Jiyuan Jianye City Construction Company Limited*	Henan, the PRC	RMB50,000,000 (2013: RMB30,000,000)	–	100%	Property development	Limited liability company
Joy Ascend Holdings Limited	The British Virgin Islands and Hong Kong	US\$14,618	100%	–	Investments holding	Private company
Kaifeng Central China Enterprise Management Consultancy Company Limited*	Henan, the PRC	RMB10,000,000	–	85%	Property development	Limited liability company
Kaifeng Central China Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	–	100%	Property development	Limited liability company
Kaifeng Luda Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	–	51%	Property development	Limited liability company
Leapup Limited	The British Virgin Islands	US\$1	–	100%	Investment holding	Limited liability company
Linying Central China City Construction Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Luohe Central China Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	100%	Property development	Limited liability company
Luohe Central China Changjian Real Estate Company Limited*	Henan, the PRC	RMB60,000,000	–	100%	Property development	Limited liability company
Luoyang Liye Real Estate Development Company Limited*	Henan, the PRC	RMB30,000,000	–	51%	Property development	Limited liability company
Luoyang Xianglin Real Estate Development Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company
Nanyang Central China Real Estate Company Limited*	Henan, the PRC	RMB10,537,000	–	100%	Property development	Wholly owned foreign enterprise
Precise Wish Limited	Hong Kong	HK\$1	–	100%	Inactive	Limited liability company
Proud Sky Investments Limited	The British Virgin Islands	US\$1	–	100%	Investment holding	Limited liability company
Pingdingshan Central China City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Pingdingshan Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Pingdingshan Central China Real Estate Company Limited*	Henan, the PRC	RMB28,000,000	–	100%	Property development	Wholly owned foreign enterprise

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Puyang Central China City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Puyang Central China Real Estate Company Limited*	Henan, the PRC	RMB145,500,000	–	100%	Property development	Limited liability company
Sanmenxia Central China Real Estate Company Limited*	Henan, the PRC	RMB38,000,000	–	100%	Property development	Wholly owned foreign enterprise
Shanghai Yujin Investments Consultancy Company Limited*	Henan, the PRC	RMB1,000,000	–	100%	Investment holding	Limited liability company
Shangqiu Central China Real Estate Company Limited*	Henan, the PRC	RMB100,000,000 (2013: RMB10,537,000)	–	100%	Property development	Wholly owned foreign enterprise
Shangqiu Jianye Huarun Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Shuiping Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Sino Joy Enterprises Limited	The British Virgin Islands	US\$1	–	100%	Investment holding	Limited liability company
Tangyin Central China City Development Company Limited*	Henan, the PRC	RMB80,000,000	–	55%	Property development	Limited liability company
Universal Food City Development (Henan) Company Limited*	Henan, the PRC	RMB203,200,000	–	100%	Property development	Limited liability company
Wugang Central China Zhizun Real Estate Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Xinxiang Central China City Construction Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Xinxiang Central China Real Estate Company Limited*	Henan, the PRC	RMB44,900,000	–	100%	Property development	Limited liability company
Xinyang Central China Tianming Real Estate Company Limited* (note (a))	Henan, the PRC	RMB100,000,000	–	50%	Property development	Limited liability company
Xinyang Tianheng Real Estate Company Limited* (note (a))	Henan, the PRC	RMB20,000,000	–	50%	Property development	Limited liability company
Xinxiang Jinlong Central China Real Estate Company Limited*	Henan, the PRC	RMB58,000,000	–	60%	Property development	Limited liability company
Xiping Central China City Development Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Xiuwu Central China Real Estate Company Limited*	Henan, the PRC	RMB110,000,000	–	100%	Property development	Limited liability company
Xixuan Central China Huachang City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	80%	Property development	Limited liability company
Xuchang Central China Real Estate Company Limited*	Henan, the PRC	RMB57,000,000	–	100%	Property development	Wholly owned foreign enterprise
Xuchang Jinyue Real Estate Company Limited*	Henan, the PRC	RMB30,000,000	–	70%	Property development	Limited liability company
Xuchang One City Development Company Limited* (note (a))	Henan, the PRC	RMB30,000,000	–	49%	Property development	Limited liability company
Yanling Central China Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	–	60%	Travel	Limited liability company
Yanling CCRE Green Foundational Construction Company Limited*	Henan, the PRC	RMB10,000,000	–	100%	Property development	Limited liability company
Yanshi Central China City Construction Company Limited*	Henan, the PRC	RMB20,000,000	–	100%	Property development	Limited liability company
Yanshi Yaxin Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	–	60%	Property development	Limited liability company
Yuzhou New Plaza Construction & Development Company Limited*	Henan, the PRC	RMB20,000,000	–	75%	Property development	Limited liability company
Zhecheng Central China City Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Property development	Limited liability company
Zhengzhou Central China Lvyuan Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	–	70%	Property development	Limited liability company
Zhengzhou Gaoxin Xincheng Investment Construction Company Limited*	Henan, the PRC	RMB50,000,000	–	100%	Investment holding	Limited liability company
Zhengzhou Jiandong Zhiye Company Limited*	Henan, the PRC	RMB110,000,000	–	60%	Property development	Limited liability company
Zhengzhou Jianye Eighteen Cities Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Zhengzhou United New Town Real Estate Company Limited*	Henan, the PRC	RMB100,000,000	–	100%	Property development	Limited liability company
Zhengzhou Yipin Tianxia Zhiye Company Limited*	Henan, the PRC	RMB100,000,000	–	90% (2013: 90.6%)	Property development	Limited liability company

Name of company	Place of incorporation and operation	Issued and fully paid share capital/ paid-in capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Zhongya Real Estate Development (Luoyang) Company Limited*	Henan, the PRC	RMB59,692,720	–	95%	Property development	Wholly owned foreign enterprise
Zhengzhou Central China Kairun Real Estate Company Limited*	Henan, the PRC	RMB50,000,000	–	85%	Property development	Limited liability company
Zhumadian Central China Real Estate Company Limited*	Henan, the PRC	RMB37,577,000	–	100%	Property development	Wholly owned foreign enterprise
Zhumadian Central China Real Estate Zhiye Company Limited*	Henan, the PRC	RMB256,000,000	–	100%	Property development	Limited liability company

* KPMG are not statutory auditors of these subsidiaries.

Notes:

- (a) These entities are regarded as subsidiaries as the Group controls the board of directors of these entities pursuant to their articles of association.
- (b) The English names of the PRC subsidiaries referred to above were translated by management only for the purpose of these financial statements as no English names have been registered or available.

16 INTERESTS IN ASSOCIATES

	The Group	
	2014	2013
	RMB'000	RMB'000
Share of net assets	12,984	13,168
Amounts due from associates	32,090	32,090
	<u>45,074</u>	<u>45,258</u>

Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

The following list contains the particulars of the Group's associates, all of which are unlisted corporate entities whose quoted market price is not available and not material (in aggregate and/or individually) to the Group:

Name of company	Place of incorporation and operation	Registered capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
St. Andrews Golf Club (Zhengzhou) Company Limited*	Henan, the PRC	RMB69,000,000	–	40%	Provision of golf facilities	Wholly owned foreign enterprise
Henan Yushang Property Development Company Limited*	Henan, the PRC	RMB15,000,000	–	30%	Property development	Limited liability company

* KPMG are not the statutory auditors of these associates.

Note: The English names of the Group's associates in the PRC referred to above were translated by management only for the purpose of these financial statements as no English names have been registered or available.

Aggregate information of associates that are not individually material:

	2014 RMB'000	2013 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	45,074	45,258
Aggregate amounts of the Group's share of those associates'		
Loss from continuing operations	(184)	(2,659)
Total comprehensive income	(184)	(2,659)

17 INTERESTS IN JOINT VENTURES

	The Group 2014 RMB'000	2013 RMB'000
Share of net assets	2,643,529	3,759,912
Amounts due from joint ventures	1,400,083	1,173,942
	4,043,612	4,933,854

Amounts due from joint ventures, except for an amount of RMB234,000,000 (2013: RMB845,000,000) which is interest bearing at 11.5% (2013: 12%) per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

The following list contains only the particulars of material joint ventures, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Place of incorporation and operation	Registered capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Henan United New Town Real Estate Company Limited* (notes (b) and (c))	Henan, the PRC	RMB652,000,000	–	– (2013: 74.9%)	Property development	Limited liability company
Central China Real Estate Nanyang Company Limited* (notes (b) and (c))	Henan, the PRC	RMB579,590,000	–	– (2013: 51%)	Property development	Limited liability company
Central China Real Estate Pingdingshan Company Limited* (notes (b) and (c))	Henan, the PRC	RMB310,200,000	–	– (2013: 51%)	Property development	Limited liability company
Zhengzhou Central China Tianming Property Company Limited* (note (b))	Henan, the PRC	RMB1,500,000,000	–	60%	Property development	Limited liability company
Henan Coal Chemical Central China Real Estate Development Investment Company Limited* (note (b))	Henan, the PRC	RMB977,600,000	–	51.15%	Property development	Limited liability company
Puyang Central China City Development Company Limited* (note (b))	Henan, the PRC	RMB820,000,000	–	51.22%	Property development	Limited liability company
Henan Yuanda Company Limited* (note (b))	Henan, the PRC	RMB620,000,000	–	51.61%	Property development	Limited liability company

* KPMG are not the statutory auditors of these joint ventures.

Notes:

- (a) The English names of the Group's joint ventures in the PRC referred to above are translated by management only for the purpose of these financial statements as no English names have been registered or available.
- (b) The Group provided guarantee returns, ranged from 8.5% to 10.0% per annum, to other investors of these joint ventures. At 31 December 2014 and 2013, the directors consider that the actual and/or estimated return of the other investors of these joint ventures exceed the abovementioned guarantee returns.

- (c) On 3 July 2014, the Group entered into three equity transfer agreements with Bridge Trust Company Limited to acquire 49% equity interest in Central China Real state Nanyang Company Limited (“CCRE Nanyang”), 49% equity interest in Central China Real Estate Pingdingshan Company Limited (“CCRE Pingdingshan”) and 25.1% equity interest in Henan United New Town Real Estate Company Limited (“Henan New Town”) at the considerations of RMB389,935,000, RMB181,250,000 and RMB176,634,000 respectively.

Upon completion of the equity transfers, CCRE Nanyang, CCRE Pingdingshan and Henan New Town became wholly-owned subsidiaries of the Group. Details set out in note 37(a).

The above joint ventures strengthen the Group’s property development business in Henan, the PRC.

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

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

	Zhengzhou Central China Tianming Property Company Limited		Henan Coal Chemical Central China Real Estate Development Company Limited		Puyang Central China City Development Company Limited		Henan Yuanda Company Limited		Henan United New Town Real Estate Company Limited		Central China Real Estate Nanyang Company Limited		Central China Real Estate Pingdingshan Company Limited	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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
Gross amounts of joint ventures														
Current assets	6,738,753	4,049,466	1,480,556	1,934,447	1,550,884	1,408,490	965,628	1,469,900	-	1,252,681	-	1,830,730	-	640,611
Non-current assets	65,273	41,376	149	4,906	8,974	4,238	226	115	-	3,220	-	24,912	-	5,085
Current liabilities	(2,584,940)	(715,105)	(418,012)	(580,959)	(477,466)	(384,467)	(217,494)	(394,325)	-	(551,025)	-	(831,528)	-	(330,302)
Non-current liabilities	(2,900,000)	(2,000,000)	(50,000)	(350,000)	(270,830)	(200,000)	(100,000)	(400,000)	-	-	-	(421,550)	-	-
Equity	1,319,086	1,375,737	1,012,693	1,008,394	811,562	828,261	648,360	675,690	-	704,876	-	602,564	-	315,394
Included in the above assets and liabilities:														
Cash and cash equivalents	81,595	17,670	79,963	24,062	49,835	3,882	17,022	29,963	-	2,059	-	8,927	-	107
Current financial liabilities (excluding trade and other payables and provisions)	(1,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(2,900,000)	(2,000,000)	(50,000)	(350,000)	(270,830)	(200,000)	(100,000)	(400,000)	-	-	-	(421,550)	-	-
Revenue	-	-	629,606	1,515,446	47,943	480,437	88,859	1,010,571	-	600,611	192,641	643,860	182,401	272,386
(Loss)/profit from continuing operations	(56,562)	(47,903)	84,598	199,527	(16,699)	52,561	2,678	299,454	(1,358)	152,219	26,705	92,351	16,837	64,072
Total comprehensive income	(56,562)	(47,903)	84,598	199,527	(16,699)	52,561	2,678	299,454	(1,358)	152,219	26,705	92,351	16,837	64,072
Dividend received from the joint ventures	-	-	41,070	90,528	-	15,431	-	181,455	-	102,988	13,000	39,780	3,000	22,000
Included in the above (loss)/profit:														
Depreciation and amortisation	(119)	(83)	(39)	(46)	(134)	(110)	(64)	(82)	(3)	(4)	(120)	(191)	(80)	(165)
Interest income	-	5,691	1,146	2,795	1,733	917	1,712	1,258	457	1,415	1,288	1,279	668	1,134
Interest expense	(314,464)	(117,517)	(20,271)	(36,386)	-	-	(17,813)	(7,536)	-	(10,921)	(19,740)	(26,304)	-	-
Income tax credit/(expense)	17,484	-	(33,545)	(115,594)	4,716	(16,256)	(1,037)	(225,829)	-	(80,253)	(9,370)	(63,691)	(5,463)	(29,974)
Reconciled to the Group's interest in the joint ventures														
Gross amounts of net assets of the joint ventures	1,319,086	1,375,737	1,012,693	1,008,394	811,562	828,261	648,360	675,690	-	704,876	-	602,564	-	315,394
Group's effective interest	60%	60%	51.15%	51.15%	51.22%	51.22%	51.61%	51.61%	0%	74.9%	0%	51%	0%	51%
Group's share of net assets of the joint ventures	791,451	825,442	517,949	515,750	415,678	424,231	334,637	348,743	-	527,952	-	307,307	-	160,849
Amounts due from joint ventures	927	-	1,070	299	536	-	-	-	-	13,574	-	-	-	-
Carrying amount in the consolidated financial statements														
	792,378	825,442	519,019	516,049	416,214	424,231	334,637	334,637	-	541,526	-	307,307	-	160,849

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

Aggregate information of joint ventures that are not individually material:

	2014 RMB'000	2013 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	<u>1,981,364</u>	<u>1,809,707</u>

Aggregate amounts of the Group's share of those joint ventures'

Profit from continuing operations	<u>121,364</u>	<u>149,349</u>
Total comprehensive income	<u>121,364</u>	<u>149,349</u>

18 OTHER FINANCIAL ASSETS

	The Group 2014 RMB'000	2013 RMB'000
Unlisted equity securities, at cost — in the PRC	<u>110,080</u>	<u>110,080</u>

The unlisted equity securities of the Group do not have quoted market price in active market and were stated at cost at 31 December 2014 and 2013.

19 TRADING SECURITIES

	The Group 2014 RMB'000	2013 RMB'000
Listed equity securities at fair value in Hong Kong	<u>67,039</u>	<u>99,085</u>

20 PROPERTIES FOR SALE

	The Group 2014 RMB'000	2013 RMB'000
Properties held for future development and under development for sale	<u>12,214,200</u>	<u>6,764,716</u>
Completed properties held for sale	<u>5,451,728</u>	<u>4,367,637</u>
	<u>17,665,928</u>	<u>11,132,353</u>

At 31 December 2014, properties held for future development and under development for sale of RMB12,214,200,000 (2013: RMB6,764,716,000) are net of a provision of RMB56,671,000 (2013: RMB37,588,000) (note 5) in order to state these properties at the lower of their cost and estimate net realisable value.

- (a) The analysis of carrying value of leasehold land held for property development for sale is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
In the PRC		
— long leases	5,977,368	4,777,074
— medium-term leases	2,723,957	304,801
	8,701,325	5,081,875

- (b) The amount of properties for sale expected to be recovered after more than one year is analysed as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Properties held for future development and under development for sale	7,630,470	4,428,545

- (c) Certain of the Group's properties for sale was pledged as securities for the Group's bank and other loans. Details are set out in notes 24 and 25 respectively.

At 31 December 2014, the Group's properties for sale of RMB511,000,000 was pledged as securities for a joint venture's other loan.

- (d) The Group temporarily leased out certain completed properties held for sale under operating leases. The lease runs for an initial period of one to twenty years. The lease does not include any contingent rental. The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 year	51,290	42,773
After 1 year to 5 years	113,538	110,328
After 5 years	113,061	84,888
	277,889	237,989

The directors confirm that the Group intends to sell the properties together with the respective leases.

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivables (<i>note (a)</i>)	4,857	31,606	–	–
Trade receivables (<i>note (a)</i>)	47,942	17,729	–	–
Other receivables	153,536	142,291	–	–
Amounts due from related companies (<i>note (b)</i>)	476,921	402,838	–	–
Amounts due from non-controlling interests (<i>note (c)</i>)	255,179	159,968	–	–
Amount due from a former joint venture (<i>note (d)</i>)	10,200	251,721	–	–
Amount due from a joint venture partner (<i>note (e)</i>)	51,000	–	–	–
Gross amount due from customers for contract work	14,085	14,085	–	–
Derivative financial instruments (<i>notes 29(b) and (c)</i>)	7,555	15,918	7,555	15,918
	<u>1,021,275</u>	<u>1,036,156</u>	<u>7,555</u>	<u>15,918</u>

Notes:

- (a) The ageing analysis of bills and trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and all of which are neither individually nor collectively considered to be impaired, is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Current	41,324	40,001
Less than 1 month overdue	–	–
1 to less than 3 months overdue	3,564	99
3 to less than 6 months overdue	1,033	–
6 months to less than 1 year overdue	–	633
More than 1 year overdue	6,878	8,602
	<u>52,799</u>	<u>49,335</u>

The Group's credit policy is set out in note 33(b).

Based on assessment, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

- (b) The amounts due from related companies included an amount of RMB39,015,000 (2013: RMB39,015,000) in relation to sales of properties in previous years to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB331,190,000 (2013: RMB267,740,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB77,770,000 (2013: RMB77,700,000) represents the management fee paid on behalf of the trust manager of joint ventures, Bridge Trust Company Limited. The amount is unsecured, interest-free and has no fixed terms of repayment.

The remaining amounts due from related companies are unsecured, interest-free and have no fixed terms of repayment.

- (c) The amounts due from non-controlling interests included (i) amounts of RMB20,000,000 (2013: RMBNil) and RMB15,300,000 (2013: RMB15,300,000) which are secured by the equity interests of certain PRC subsidiaries that partially owned by the non-controlling interests, interest-free and have no fixed terms of repayment; and (ii) an amount of RMB3,500,000 (2013: RMBNil) which is unsecured, interest bearing at 2% per annum and has no fixed terms of repayment.

The remaining amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

- (d) In December 2013, the Group entered into an agreement with a joint venture partner in respect of the Group's residual interest and profit-sharing arrangement in the joint venture. Pursuant to the agreement, the Group surrendered its right to future profits (and obligation to future losses) and residual assets/liabilities in consideration for RMB501,721,000. The transaction had been accounted for as a deemed disposal of the Group's interest in that joint venture. At 31 December 2014, the amount due from the abovementioned joint venture amounted to RMB10,200,000 (2013: RMB251,721,000), which represented the remaining consideration to be settled. The amount due from a former joint venture is unsecured, interest-free and has no fixed terms of repayment. As at 31 December 2014, the Group remains to be a named venture party.
- (e) The amount due from a joint venture partner is unsecured, interest-free and has no fixed terms of repayment.

22 DEPOSITS AND PREPAYMENTS

At 31 December 2014, the balance included deposits and prepayments for leasehold land of RMB3,852,648,000 (2013: RMB5,096,544,000).

23 RESTRICTED BANK DEPOSITS

	The Group	
	2014	2013
	RMB'000	RMB'000
Guarantee deposits in respect of:		
— mortgage loans related to property sale	453,965	230,096
— bills payable	1,019,443	648,437
	1,473,408	878,533

24 BANK LOANS

(a) At 31 December 2014, the bank loans were repayable as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	1,129,562	538,745	182,273	—
After 1 year but within 2 years	1,494,753	398,500	570,768	—
After 2 years but within 5 years	166,985	348,000	—	—
After 5 years	226,985	231,960	—	—
	1,888,723	978,460	570,768	—
	3,018,285	1,517,205	753,041	—

(b) At 31 December 2014, the bank loans were secured as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
— secured	1,855,244	1,387,205	—	—
— unsecured	1,163,041	130,000	753,041	—
	3,018,285	1,517,205	753,041	—

At 31 December 2014, assets of the Group secured against bank loans are analysed as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Properties for sale	2,842,201	2,026,909
Property, plant and equipment	1,192,282	1,022,697
	4,034,483	3,049,606

(c) The effective interest rates of bank loans of the Group and the Company at 31 December 2014 were ranged from 6.22%–8.50% (2013: 6.46%–8.00%) and 6.22%–6.45% per annum respectively.

(d) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 33(c). As at 31 December 2014 and 2013, none of the covenants relating to drawn down facilities had been breached.

25 OTHER LOANS

(a) At 31 December 2014, other loans were repayable as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 year	280,000	1,068,180
After 1 year but within 2 years	890,000	—
After 2 years but within 5 years	—	500,000
	890,000	500,000
	1,170,000	1,568,180

The other loans at 31 December 2013 included:

- (1) the loan from a joint venture, Bridge-CCRE Trust I, amounted to RMB80,000,000, which was unsecured, interest bearing at 7.125% per annum and repaid during the year; and
- (2) the loan from a joint venture of RMB378,180,000, which was unsecured, interest bearing at 12.8% per annum and repaid during the year.

(b) At 31 December 2014, the other loans were secured as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Other loans		
— secured	890,000	910,000
— unsecured	280,000	658,180
	1,170,000	1,568,180

At 31 December 2014, assets of the Group secured against other loans are analysed as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Properties for sales	339,590	905,608

- (c) The effective interest rates of other loans of the Group at 31 December 2014 were ranged from 7.80%–8.90% (2013: 6.30%–12.80%) per annum.

26 PAYABLES AND ACCRUALS

	The Group		The Company	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable (<i>note (a)</i>)	1,011,627	638,823	—	—
Trade payables (<i>note (a)</i>)	4,960,382	3,676,074	—	—
Other payables and accruals	2,295,169	1,046,680	88,658	74,259
Amounts due to joint ventures (<i>note (b)</i>)	6,796,082	7,475,380	—	—
Amounts due to non-controlling interests (<i>note (c)</i>)	691,830	422,859	—	—
Amount due to an associate (<i>note (b)</i>)	21,381	21,381	—	—
Derivative financial instruments	—	—	—	—
— held as cash flow hedging instruments (<i>notes 29(a) and (d)</i>)	122,574	16,929	122,574	16,929
	<u>15,899,045</u>	<u>13,298,126</u>	<u>211,232</u>	<u>91,188</u>

At 31 December 2014, included in other payables and accruals are retention payable of RMB56,292,000 (2013: RMB53,629,000) which are expected to be settled more than one year.

Notes:

- (a) The ageing analysis of bills and trade payables is set out as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Due within 1 month or on demand	2,532,902	2,104,928
Due after 1 month but within 3 months	683,468	548,327
Due after 3 month but within 6 months	677,847	469,883
Due after 6 month but within 1 year	1,191,816	522,106
Due after 1 year	885,976	669,653
	<u>5,972,009</u>	<u>4,314,897</u>

- (b) The amounts due to joint ventures and an associate are unsecured, interest-free and have no fixed terms of repayment.
- (c) The amounts due to non-controlling interests included amounts of RMB265,000,000 and RMB100,000,000 which are unsecured, interest bearing at 10% per annum and 9.41% per annum respectively and have no fixed terms of repayment.

The remaining amounts due to non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

27 RECEIPTS IN ADVANCE

Receipts in advance represent sale proceeds in connection with pre-sale of properties.

28 CONVERTIBLE BONDS

On 31 August 2009, the Company issued unsecured convertible bonds with principal amount of HK\$765,000,000 due 2014 and 76,097,561 warrants. The convertible bonds are interest-bearing at 4.9% per annum and payable semi-annually in arrears. The maturity date of the convertible bonds is 31 August 2014. The convertible bonds can be converted to shares of the Company at HK\$3.1 per share, subject to anti-dilutive adjustment, from 28 February 2010 to 31 August 2014.

Detachable from the convertible bonds, each warrant may be exercised from the date of issue up to 31 August 2014 at the exercise price of HK\$4.1 per share, subject to anti-dilutive adjustment. Both the conversion option of the convertible bonds and the warrants are classified as equity financial instruments in accordance with the Group's accounting policies.

As a result of the rights issue of the Company on 28 June 2011, the conversion price of the convertible bonds and the exercise price of the warrants were adjusted to HK\$2.984 and HK\$3.947 respectively.

In addition to the above, the Company and the holders of the convertible bonds may early redeem all the convertible bonds from 31 August 2012 to 31 August 2014 at a pre-determined redemption prices.

In November 2012, one of the holders exercised its redemption option to early redeem the convertible bonds with principal amount of HK\$78,000,000, and surrendered its 7,758,967 warrants. In addition, the terms of the convertible bonds have been modified including the following:

- removal of the early redemption rights from the holders and Company;
- a guaranteed gross yield of 8% per annum from date of issuance to 31 August 2012 and 10.5% per annum from 1 September 2012 to maturity date, on an annual compounding basis; and
- certain adjustment on financial covenants.

On 29 August 2014, the Company redeemed all outstanding convertible bonds with principal amount of HK\$687,000,000 at a pre-determined redemption price and the holder surrendered its 68,338,594 warrants.

The movements of different components of the convertible bonds/warrants are set out below:

The Group and the Company

	Liability component of the convertible bonds <i>(Note 28(a))</i> <i>RMB'000</i>	Equity component of the convertible bonds <i>(Note 28(b))</i> <i>RMB'000</i>	Warrant reserve <i>(Note 28(b))</i> <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2013	587,533	38,765	10,692	636,990
Interest and transaction costs amortised	70,867	–	–	70,867
Exchange difference	(16,942)	–	–	(16,942)
At 31 December 2013	<u>641,458</u>	<u>38,765</u>	<u>10,692</u>	<u>690,915</u>
At 1 January 2014	641,458	38,765	10,692	690,915
Interest and transaction costs amortised	53,375	–	–	53,375
Exchange difference	9,677	–	–	9,677
Redemption of convertible bonds	<u>(704,510)</u>	<u>(38,765)</u>	<u>(10,692)</u>	<u>(753,967)</u>
At 31 December 2014	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

(a) Liability component of convertible bonds represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 16.1% per annum.

(b) Equity component of convertible bonds and warrant reserve represent the excess of proceeds of the convertible bonds over the amount initially recognised as the liability component of convertible bonds.

29 SENIOR NOTES

Liability component of the Senior Notes:

	The Group and the Company	
	2014	2013
	RMB'000	RMB'000
SGD175m Senior Notes <i>(note (a))</i>	798,528	823,765
US\$200m Senior Notes <i>(note (b))</i>	1,221,560	1,212,025
US\$400m Senior Notes <i>(note (c))</i>	2,440,968	2,420,053
SGD200m Senior Notes <i>(note (d))</i>	<u>907,656</u>	–
	<u>5,368,712</u>	<u>4,455,843</u>

- (a) On 11 April 2012, the Company issued another senior notes with principal amount of SGD175,000,000 due in 2016 (“SGD175m Senior Notes”). The senior notes are interest bearing at 10.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 18 April 2016. At any time prior to 18 April 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD175m Senior Notes by swapping the SGD175m Senior Notes principal of SGD175 million into US\$137 million. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD175,000,000 and the contract will mature on 18 April 2016. The foreign exchange rate swap contract is accounted for at fair value at the end of each reporting period as derivative financial instrument in accordance with the accounting policies. As at 31 December 2014, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB51,948,000 (2013: RMB16,929,000) (note 26) is measured based on market price quoted by brokers.

The movements of SGD175m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes <i>(Note 29(a)(i))</i> <i>RMB'000</i>
At 1 January 2013	886,864
Interest and transaction costs amortised	3,558
Exchange difference	<u>(66,657)</u>
At 31 December 2013	<u>823,765</u>
At 1 January 2014	823,765
Interest and transaction costs amortised	5,256
Exchange difference	<u>(30,493)</u>
At 31 December 2014	<u>798,528</u>

- (i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 11.36% per annum.
- (b) On 21 January 2013, the Company issued senior notes with principal amount of US\$200,000,000 due in 2020 (“US\$200m Senior Notes”). The senior notes are interest bearing at 8% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 28 January 2020. At any time and from time to time on or after 28 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 28 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The movements of US\$200m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes <i>(Note 29(b)(i))</i> <i>RMB'000</i>	Redemption call option <i>(Notes 21 and 29(b)(ii))</i> <i>RMB'000</i>	Total <i>RMB'000</i>
Proceeds from issuance senior notes	1,264,410	(12,705)	1,251,705
Transaction costs	(21,593)	217	(21,376)
Net proceeds	1,242,817	(12,488)	1,230,329
Interest and transaction cost amortised	899	–	899
Change in fair value <i>(note 6(a))</i>	–	1,330	1,330
Exchange difference	(31,691)	302	(31,389)
At 31 December 2013	<u>1,212,025</u>	<u>(10,856)</u>	<u>1,201,169</u>
At 1 January 2014	1,212,025	(10,856)	1,201,169
Interest and transaction cost amortised	1,038	–	1,038
Change in fair value <i>(note 6(a))</i>	–	8,017	8,017
Exchange difference	8,497	(48)	8,449
At 31 December 2014	<u>1,221,560</u>	<u>(2,887)</u>	<u>1,218,673</u>

- (i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 8.13% per annum.
- (ii) Redemption call option represents the fair value of the Company's option to early redeem the senior notes and is recorded as derivative financial instruments under "Trade and other receivables" (note 21).

The assumptions applied in determining the fair value of the redemption call option at 31 December 2014 are set out as follows:

Credit spread	8.6% (2013: 5.9%)
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- (c) On 22 May 2013, the Company issued senior notes with principal amount of US\$400,000,000 due in 2018 ("US\$400m Senior Notes"). The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 4 June 2018. At any time and from time to time on or after 4 June 2016, the Company may at its option redeem the senior notes, in whole or in part, at a pre-determined redemption price. In addition, at any time prior to 4 June 2016, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The movements of US\$400m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes (Note 29(c)(i)) RMB'000	Redemption call option (Notes 21 and 29(c)(ii)) RMB'000	Total RMB'000
Proceeds from issuance senior notes	2,476,563	(11,524)	2,465,039
Transaction costs	(33,452)	156	(33,296)
Net proceeds	2,443,111	(11,368)	2,431,743
Interest and transaction cost amortised	2,187	–	2,187
Change in fair value (note 6(a))	–	6,270	6,270
Exchange difference	(25,245)	36	(25,209)
At 31 December 2013	<u>2,420,053</u>	<u>(5,062)</u>	<u>2,414,991</u>
At 1 January 2014	2,420,053	(5,062)	2,414,991
Interest and transaction cost amortised	3,941	–	3,941
Change in fair value (note 6(a))	–	429	429
Exchange difference	16,974	(35)	16,939
At 31 December 2014	<u>2,440,968</u>	<u>(4,668)</u>	<u>2,436,300</u>

- (i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 6.71% per annum.
- (ii) Redemption call option represents the fair value of the Company's option to early redeem the senior notes and is recorded as derivative financial instruments under "Trade and other receivables" (note 21).

The assumptions applied in determining the fair value of the redemption call option at 31 December 2014 are set out as follows:

Credit spread 8.3%
(2013: 5.4%)

- (d) On 15 May 2014, the Company issued senior notes with principal amount of SGD200,000,000 due in 2017 ("SGD200m Senior Notes"). The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 26 May 2017. At any time prior to 26 May 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD200m Senior Notes by swapping the senior notes principal of SGD200 million into US\$160 million. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD200 million and the contract will mature on 26 May 2017. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 31 December 2014, the fair value of the foreign exchange rate swap contract (liability) amounted to RMB70,626,000 (note 26) is measured based on market price quoted by brokers.

The movements of SGD200m Senior Notes are set out below:

The Group and the Company

	Liability component of the senior notes <i>(Note 29(d)(i))</i> RMB'000
Proceeds from issuance senior notes	1,003,704
Transaction costs	(17,752)
Net proceeds	985,952
Interest and transaction costs amortised	3,026
Exchange difference	(81,322)
At 31 December 2014	907,656

- (i) Liability component of senior notes represents the contractually determined stream of future cash flows discounted at the rate of interest determined by the market instruments of comparable credit status taken into account the business risk and financial risk of the Company. The effective interest rate of the liability component is 7.16% per annum.

30 EQUITY SETTLED SHARE-BASED TRANSACTION

(a) Pre-IPO share option scheme

On 14 May 2008, the Company conditionally granted certain pre-IPO share options to the Company's directors, employees and consultants. The exercise of these share options would entitle five of the Company's directors and ninety employees and consultants of the Group to subscribe for an aggregate of 14,350,000 shares and 17,650,000 shares of the Company respectively. The exercise price is HK\$2.75 per share. The pre-IPO share option scheme was effective from the listing date of the Company's share on the Stock Exchange of Hong Kong Limited, i.e. 6 June 2008. Under the pre-IPO share option scheme, no pre-IPO share options are exercisable within the first year from the listing date. Not more than 20% of the share options are exercisable with the second year from the listing date and not more than 40% of the share options are exercisable in each of the third and fourth year from the listing date. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of pre-IPO share options was adjusted to HK\$2.682 and the number of outstanding share options was adjusted from 28,150,000 to 28,859,380.

(b) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle three of the Company's directors and seven employees of the Group to subscribe for an aggregate of 6,000,000 shares and 14,000,000 shares of the Company respectively. The exercise price is HK\$1.9 per share. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of the share options granted on 25 May 2010 was adjusted to HK\$1.853 and the number of outstanding share options was adjusted from 20,000,000 to 20,504,000.

(c) Share options granted on 25 July 2011

On 25 July 2011, the Company conditionally granted certain share options to the Company's employees. The exercise of these share options would entitle six employees of the Group to subscribe for an aggregate of 12,500,000 shares of the Company. The exercise price is HK\$2.16 per share. The share option scheme was effective from 25 July 2011. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(d) Share options granted on 27 March 2013

On 27 March 2013, the Company conditionally granted certain share options to the Company's director and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregated of 24,000,000 shares of the Company. The exercise price is HK\$2.56 per share. The share option scheme was effective from 27 March 2013. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(e) The number and the weighted average exercise price of share options are as follows:

	2014		2013	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at 1 January	2.28	45,244,280	2.32	52,404,620
Granted during the year	—	—	2.56	24,000,000
Exercised during the year	—	—	2.12	(6,114,360)
Lapsed during the year	2.26	(4,850,400)	2.68	(25,045,980)
Outstanding at 31 December	2.28	<u>40,393,880</u>	2.28	<u>45,244,280</u>
Exercisable at 31 December	2.08	<u>20,273,880</u>	1.95	<u>18,244,280</u>

The weighted average share price at the date of exercise for share options exercised in 2013 was HK\$2.64.

The options outstanding at 31 December 2014 had a weighted average exercise price of HK\$2.04 (2013: HK\$2.28) and a weighted average remaining contractual life of 7.61 years (2013: 8.1 years).

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group			
	CIT	LAT	Withholding tax	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2013	256,074	598,705	149,596	1,004,375
Charged to the consolidated income statement (<i>note 7(a)</i>)	487,376	325,750	67,311	880,437
Disposal of subsidiaries	6,259	14,599	–	20,858
Tax paid	(499,501)	(336,483)	(5,103)	(841,087)
At 31 December 2013	<u>250,208</u>	<u>602,571</u>	<u>211,804</u>	<u>1,064,583</u>
At 1 January 2014	250,208	602,571	211,804	1,064,583
Charged to the consolidated income statement (<i>note 7(a)</i>)	505,014	445,504	49,823	1,000,341
Acquisition of subsidiaries (<i>note 37(a)</i>)	(12,432)	63,185	–	50,753
Disposal of a subsidiary (<i>note 37(c)</i>)	2,048	–	–	2,048
Tax paid	(542,448)	(259,006)	(392)	(801,846)
At 31 December 2014	<u>202,390</u>	<u>852,254</u>	<u>261,235</u>	<u>1,315,879</u>
			2014	2013
			<i>RMB'000</i>	<i>RMB'000</i>
Representing:				
Taxation payable			1,487,462	1,187,229
Tax recoverable			(171,583)	(122,646)
			<u>1,315,879</u>	<u>1,064,583</u>

- (b) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	The Group		
	Revaluation of properties RMB'000	LAT RMB'000	Total RMB'000
At 1 January 2013	(55,404)	116,602	61,198
(Charged)/credited to the consolidated income statement (<i>note 7(a)</i>)	(4,343)	30,238	25,895
Disposal of subsidiaries	—	71	71
At 31 December 2013	<u>(59,747)</u>	<u>146,911</u>	<u>87,164</u>
At 1 January 2014	(59,747)	146,911	87,164
(Charged)/credited to the consolidated income statement (<i>note 7(a)</i>)	<u>(2,709)</u>	<u>3,806</u>	<u>1,097</u>
At 31 December 2014	<u>(62,456)</u>	<u>150,717</u>	<u>88,261</u>
		2014 RMB'000	2013 RMB'000
Representing:			
Deferred tax assets		150,717	146,911
Deferred tax liabilities		<u>(62,456)</u>	<u>(59,747)</u>
		<u>88,261</u>	<u>87,164</u>

- (c) Deferred tax assets not recognised:

The Company has not recognised deferred tax assets in respect of cumulative tax losses of RMB383,246,000 (2013: RMB290,487,000) at 31 December 2014, as it is not probable that future taxable profits against which losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will be expired within five years.

32 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Authorised and issued share capital

	2014		2013	
	No. of shares '000	Amount HK\$'000	No. of shares '000	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>
Ordinary shares, issued and fully paid:				
At 1 January	2,435,345	243,534	2,429,230	242,923
Issued of shares under share option scheme	<u>–</u>	<u>–</u>	<u>6,115</u>	<u>611</u>
At 31 December	<u>2,435,345</u>	<u>243,534</u>	<u>2,435,345</u>	<u>243,534</u>
RMB'000 equivalent at 31 December		<u>215,770</u>		<u>215,770</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Issued of shares under share option scheme

In 2013, options were exercised to subscribe for totally 6,114,360 ordinary shares in the Company at a total consideration of HK\$12,945,000 (equivalent to RMB10,253,000) of which HK\$611,000 (equivalent to RMB485,000) was credited to share capital and the balance of HK\$12,334,000 (equivalent to RMB9,768,000) was credited to the share premium account. HK\$3,495,000 (equivalent to RMB2,803,000) had been transferred from share-based compensation reserve to the share premium account in accordance with the Group's accounting policy set out in note 2(t)(ii).

(b) Reserves

(i) Share premium

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonuses shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) *Statutory reserve fund*

The statutory reserve fund is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(iii) *Other capital reserve*

Other capital reserve includes the difference between the Group's considerations of acquisition of additional interests in subsidiaries from non-controlling interests and the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares issued by the Group in exchange thereafter.

(iv) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations which are dealt with in accordance with the accounting policies as set out in note 2(x).

(v) *Share-based compensation reserve*

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option schemes as set out in note 30.

(vi) *Property revaluation reserve*

In 2012, the property, plant and equipment with a carrying amount of RMB14,800,000 was transferred to investment properties. The difference between the carrying amount of RMB14,800,000 and the net book value of RMB8,321,000 was recognised directly in equity as property revaluation reserve.

(vii) *Hedging reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments use in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2(g).

(viii) *Distributability of reserves*

At 31 December 2014, the aggregate amounts of the Company's reserves available for distribution to equity shareholders of the Company at 31 December 2014 was RMB2,116,807,000 (2013: RMB1,785,221,000). After the end of the reporting period, the directors proposed a final dividend of HK\$13.6 cents, equivalent to RMB10.88 cents (2013: HK\$10.7 cents, equivalent to RMB8.49 cents) per ordinary share, amounting to RMB264,965,000 (2013: RMB206,811,000). This dividend has not been recognised as a liability at the end of the reporting period.

The Company relies on distributions or advances from its subsidiaries to pay any dividends. The ability of these subsidiaries to make distributions to the Company and the Company's ability to receive distributions are subject to applicable legal and other restrictions, including but not limited to restrictions on payment of dividends by PRC subsidiaries to non-PRC shareholders out of the PRC. These restrictions may impact the payment of distributions from the subsidiaries to the Company.

(ix) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital (Note 32(a)) RMB'000	Share premium (Note 32(b)(i)) RMB'000	Exchange reserve (Note 32(b)(iv)) RMB'000	Share-based compensation reserve (Note 32(b)(v)) RMB'000	Hedging reserve (Note 32(b)(vii)) RMB'000	Equity component of convertible bonds (Note 28) RMB'000	Warrant reserve (Note 28) RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2014	215,770	1,652,831	(183,514)	16,524	(21,745)	38,765	10,692	315,904	2,045,227
Changes in equity for 2014:									
Profit for the year	-	-	-	-	-	-	-	470,251	470,251
Other comprehensive income									
— Exchange difference on translation of financial statements	-	-	20,036	-	-	-	-	-	20,036
— Cash flow hedge:									
— Effective position of changes in fair value	-	-	-	-	(105,645)	-	-	-	(105,645)
— Transfer from equity to profit or loss	-	-	-	-	83,923	-	-	-	83,923
Total comprehensive income	-	-	20,036	-	(21,722)	-	-	470,251	468,565
Final dividends approved in respect of the previous year (note 32(c)(ii))	-	-	-	-	-	-	-	(210,148)	(210,148)
Redemption of convertible bonds (note 28)	-	-	-	-	-	(38,765)	(10,692)	49,457	-
Equity settled share-based payment (note 6(b))	-	-	-	3,543	-	-	-	1,990	5,533
	-	-	-	3,543	-	(38,765)	(10,692)	(158,701)	(204,615)
Balance at 31 December 2014	215,770	1,652,831	(163,478)	20,067	(43,467)	-	-	627,454	2,309,177

	Share capital (Note 32(a)) RMB'000	Share premium (Note 32(b)(i)) RMB'000	Exchange reserve (Note 32(b)(iv)) RMB'000	Share-based compensation reserve (Note 32(b)(v)) RMB'000	Hedging reserve (Note 32(b)(vii)) RMB'000	Equity component of convertible bonds (Note 28) RMB'000	Warrant reserve (Note 28) RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2013	215,285	1,640,260	(140,339)	25,834	(30,429)	38,765	10,692	249,682	2,009,750
Changes in equity for 2013:									
Profit for the year	-	-	-	-	-	-	-	312,313	312,313
Other comprehensive income									
— Exchange difference on translation of financial statements	-	-	(43,175)	-	-	-	-	-	(43,175)
— Cash flow hedge:									
— Effective position of changes in fair value	-	-	-	-	(34,196)	-	-	-	(34,196)
— Transfer from equity to profit or loss	-	-	-	-	42,880	-	-	-	42,880
Total comprehensive income	-	-	(43,175)	-	8,684	-	-	312,313	277,822
Final dividends approved in respect of the previous year (note 32(c)(iii))	-	-	-	-	-	-	-	(159,840)	(159,840)
Interim dividends declared in respect of current year (note 32(c)(ii))	-	-	-	-	-	-	-	(100,245)	(100,245)
Issue of new shares under share option scheme (note 32(a)(ii))	485	12,571	-	(2,803)	-	-	-	-	10,253
Equity settled share-based payment (note 6(b))	-	-	-	(6,507)	-	-	-	13,994	7,487
	485	12,571	-	(9,310)	-	-	-	(246,091)	(242,345)
Balance at 31 December 2013	215,770	1,652,831	(183,514)	16,524	(21,745)	38,765	10,692	315,904	2,045,227

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2014 RMB'000	2013 RMB'000
No interim dividend declared and paid (2013: HK\$5.2 cents (equivalent to RMB4.1 cents) per ordinary share)	-	100,245
Final dividend proposed after the end of the reporting period of HK\$13.6 cents (equivalent to RMB10.88 cents) per ordinary share (2013: HK\$10.7 cents (equivalent to RMB8.49 cents) per ordinary share)	264,965	206,811
	264,965	307,056

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) *Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year*

	2014 RMB'000	2013 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$10.7 cents equivalent to RMB8.62 cents) per ordinary share (2013: HK\$8.0 cents (equivalent to RMB6.6 cents) per ordinary share)	210,148	159,840

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

Consistent with industry practice, the Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity of the Group. Net debt is calculated as total bank and other loans, convertible bonds and senior notes less cash and cash equivalents and restricted bank deposits secured against bank loans.

The gearing ratio at 31 December 2014 and 2013 was as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Current liabilities		
— Bank loans	1,129,562	538,745
— Other loans	280,000	1,068,180
— Convertible bonds	—	641,458
	1,409,562	2,248,383
Non-current liabilities		
— Bank loans	1,888,723	978,460
— Other loans	890,000	500,000
— Senior notes	5,368,712	4,455,843
	8,147,435	5,934,303
Total debt	9,556,997	8,182,686
Less: Cash and cash equivalents	(5,018,511)	(4,812,575)
Net debt	4,538,486	3,370,111
Total equity	7,066,916	6,699,847
Gearing ratio	64.2%	50.3%

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Interest rate risk

The Group's interest rate risk arises primarily from restricted bank deposits, cash and cash equivalents, bank loans and other loans. The Group does not carry out any hedging activities to manage its interest rate exposure.

At 31 December 2014, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would increase the Group's profit and total equity by approximately RMB39,789,000 (2013: RMB38,130,000).

The analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The analysis is performed on the same basis for 2013.

(b) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, restricted bank deposits and cash and cash equivalents. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

In respect of trade receivables of mortgage sales, no credit terms will be granted to the buyers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the property and provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the dates of grants of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificate.

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the customer's deposit, take over the ownerships of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual building ownership certificates for these purchasers until full payment are received. Sales and marketing staff of the Group is delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

In respect of other receivables, the Group assesses the financial abilities of the debtors before granting the facilities to them. The Group chases the debtors to settle outstanding balances and monitors the settlement progress on an ongoing basis. In respect of trade receivables arising from other sales and other receivables, the Group assesses the financial abilities of the purchasers/debtors before granting the instalment sales/facilities to them. The Group chases the debtors to settle outstanding balances and monitors the settlement progress on an ongoing basis. The Group would not apply individual property ownership certificates for the property buyers until the outstanding balances are fully settled. Other than that, normally, the Group does not obtain collateral from debtors. The impairment losses on bad and doubtful accounts are within management's expectation.

Restricted bank deposit and cash and cash equivalents are deposited with financial institutions with sound credit ratings to minimise credit exposure.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. There is no significant concentration of credit risk within the Group.

(c) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computing using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

2014						
Contractual undiscounted cash flow						
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	1,233,689	1,564,936	180,110	280,557	3,259,292	3,018,285
Other loans	294,323	995,368	–	–	1,289,691	1,170,000
Senior notes	401,743	1,147,545	3,881,258	1,235,885	6,666,431	5,368,712
Payables and accruals	14,877,937	885,976	–	–	15,763,913	15,728,003
	<u>16,807,692</u>	<u>4,593,825</u>	<u>4,061,368</u>	<u>1,516,442</u>	<u>26,979,327</u>	<u>25,285,000</u>
Financial guarantees issued:						
— Maximum amount guaranteed (note 35)	<u>15,433,816</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>15,433,816</u>	
2013						
Contractual undiscounted cash flow						
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	670,089	471,414	391,853	250,192	1,783,548	1,517,205
Other loans	1,208,085	39,000	539,000	–	1,786,085	1,568,180
Convertible bonds	712,101	–	–	–	712,101	641,458
Senior notes	358,098	358,098	3,983,570	1,324,868	6,024,634	4,455,843
Payables and accruals	12,894,832	365,365	9,000	12,000	13,281,197	13,281,197
	<u>15,843,205</u>	<u>1,233,877</u>	<u>4,923,423</u>	<u>1,587,060</u>	<u>23,587,565</u>	<u>21,463,883</u>
Financial guarantees issued:						
— Maximum amount guaranteed (note 35)	<u>8,898,095</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>8,898,095</u>	

The Company

	2014					
	Contractual undiscounted cash flow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	230,498	600,010	–	–	830,508	753,041
Senior notes	401,743	1,147,545	3,881,258	1,235,885	6,666,431	5,368,712
Payables and accruals	88,658	–	–	–	88,658	88,658
	<u>720,899</u>	<u>1,747,555</u>	<u>3,881,258</u>	<u>1,235,885</u>	<u>7,585,597</u>	<u>6,210,411</u>
	2013					
	Contractual undiscounted cash flow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Convertible bonds	712,101	–	–	–	712,101	641,458
Senior notes	358,098	358,098	3,983,570	1,324,868	6,024,634	4,455,843
Payables and accruals	74,259	–	–	–	74,259	74,259
	<u>1,144,458</u>	<u>358,098</u>	<u>3,983,570</u>	<u>1,324,868</u>	<u>6,810,994</u>	<u>5,171,560</u>

(d) Currency risk

The Group is exposed to currency risk primarily through bank deposits, senior notes, bank loans and inter-company borrowings that are denominated in a currency other than the functional currency of the operations to which they related. The currencies giving rise to this risk are primarily Hong Kong Dollars, United States Dollars and Singapore Dollars.

The following table details the Group's and the Company's exposure at 31 December 2014 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	The Group					The Company			
	2014		2013			2014		2013	
	Singapore	United	Singapore	United	Hong Kong	Singapore	United	Singapore	United
	Dollars	States	Dollars	States	Dollars	Dollars	States	Dollars	States
	'000	'000	'000	'000	'000	'000	'000	'000	'000
Cash and cash equivalents	-	8,745	2	44,858	30,882	-	8,745	2	44,858
Senior notes	(370,517)	(596,335)	(172,289)	(595,521)	-	(370,517)	(596,335)	(172,289)	(595,521)
Bank loans	-	(24,522)	-	-	-	-	(24,522)	-	-
Inter-company borrowings	-	-	-	(30,000)	(160,000)	-	-	-	-
Gross exposure arising from recognised assets and liabilities and overall net exposure	<u>(370,517)</u>	<u>(612,112)</u>	<u>(172,287)</u>	<u>(580,663)</u>	<u>(129,118)</u>	<u>(370,517)</u>	<u>(612,112)</u>	<u>(172,287)</u>	<u>(550,663)</u>

In addition to the above, subsidiaries of the Company with functional currency of Hong Kong Dollars, have receivables of RMB3,535,635,000 (2013: RMB3,332,095,000) from PRC subsidiaries.

A reasonably possible increase/decrease of 5% (2013: 5%) in the foreign exchange rate of RMB against Hong Kong Dollars and United States Dollars would increase/decrease the Group's profit after tax and total equity by RMB96,499,000 (2013: RMB154,960,000). As Hong Kong Dollars are pegged to United States Dollars, the movement of exchange rate of Hong Kong Dollars against United States Dollars is considered insignificant. Moreover, the Group entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of SGD175m Senior Notes and SGD200m Senior Notes as discussed in notes 29(a) and 29(d) respectively.

The above analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 19).

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities other industry indications, as well as the Group's liquidity needs. Given that the volatility of the stock markets may not have a direct correlation with the Group's investment portfolio, it is impractical to determine the impact that the changes in stock market indices would have on the Group's portfolio of equity investments.

A reasonably possible increase/decrease of 5% (2013: 5%) in the relevant stock market index (for trading securities) or the Company's own share price (for the conversion option of convertible bonds) as applicable, with all other variables held constant, the impact on the Group's and the Company's profit after tax and total equity is not expected to be material.

(f) **Fair value measurement**

(i) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group

	Fair value measurement as at 31 December 2014 categorised into			
	Fair value at 31 December 2014 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Trading securities:				
— Listed equity securities in Hong Kong	67,039	67,039	—	—
Derivative financial instruments:				
— Redemption call option of US\$200m Senior Notes	2,887	—	2,887	—
— Redemption call option of US\$400m Senior Notes	4,668	—	4,668	—
	<u>67,039</u>	<u>67,039</u>	<u>2,887</u>	<u>4,668</u>
<i>Liabilities:</i>				
Derivative financial instruments:				
— Foreign exchange swap contracts	122,574	—	122,574	—
	<u>122,574</u>	<u>—</u>	<u>122,574</u>	<u>—</u>

Fair value measurement
as at 31 December 2013 categorised into

	Fair value at 31 December 2013 <i>RMB'000</i>	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>
Recurring fair value measurements				
<i>Assets:</i>				
Trading securities:				
— Listed equity securities in Hong Kong	99,085	99,085	—	—
Derivative financial instruments:				
— Redemption call option of US\$200m Senior Notes	10,856	—	10,856	—
— Redemption call option of US\$400m Senior Notes	5,062	—	5,062	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Liability:</i>				
Derivative financial instrument:				
— Foreign exchange swap contract	16,929	—	16,929	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

During the years ended 31 December 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The Company

Fair value measurement as at 31 December 2014 categorised into

	Fair value at 31 December 2014 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Derivative financial instruments:				
— Redemption call option of US\$200m Senior Notes	2,887	—	2,887	—
— Redemption call option of US\$400m Senior Notes	4,668	—	4,668	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Liabilities:</i>				
Derivative financial instruments:				
— Foreign exchange swap contracts	122,574	—	122,574	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fair value measurement as at 31 December 2013 categorised into

	Fair value at 31 December 2013 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
<i>Assets:</i>				
Derivative financial instruments:				
— Redemption call option of US\$200m Senior Notes	10,856	—	10,856	—
— Redemption call option of US\$400m Senior Notes	5,062	—	5,062	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Liability:</i>				
Derivative financial instrument:				
— Foreign exchange swap contract	16,929	—	16,929	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of redemption call options of US\$200m Senior Notes and US\$400m Senior Notes in Level 2 are determined by assessing the difference between the fair value of the senior notes by quoted price and the pure bond value.

The fair value of forward exchange swap contract in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant interest rate swap and cross currency basis swap yield curve as at the end of the reporting period plus an adequate credit spread.

(ii) *Fair values of financial instruments carried at other than fair value*

The fair values of these financial instruments are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013. Amounts due from/(to) subsidiaries, associates, joint ventures, a former joint venture, a joint venture partner and non-controlling interests are either recoverable/(repayable) on demand or with no fixed repayment terms. Given these terms it is not meaningful to disclose fair values.

34 COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2014 not provided for in the financial statements are as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Properties under development undertaken by the Group		
— Authorised but not contracted for	13,303,262	16,691,802
— Contracted but not provided for	6,591,546	4,182,206
	19,894,808	20,874,008
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	2,887,871	2,991,868
— Contracted but not provided for	1,137,269	514,787
	4,025,140	3,506,655

(b) Commitments for operating leases

At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 RMB'000	2013 RMB'000
Within 1 year	4,548	4,588
After 1 year but within 5 years	2,108	6,716
	6,656	11,304

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of two to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

35 CONTINGENT LIABILITIES

(a) Guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's and joint venture's properties

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 31 December 2014 is as follows:

	2014 RMB'000	2013 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	10,536,432	5,442,865
— the joint ventures' properties (the Group's shared portion)	1,099,554	1,088,680
	11,635,986	6,531,545

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the periods under guarantees as the Group and the joint ventures have not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group/joint ventures to the banks. The Group and joint ventures have not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group and joint ventures in the event the buyers default payments to the banks.

(b) Guarantees given to financial institutions for bank loans and other loans granted to joint ventures

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB3,797,830,000 at 31 December 2014 (2013: RMB2,366,550,000). At the end of the reporting period date, the directors do not consider it probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil.

36 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, major related party transactions entered by the Group during the year ended 31 December 2014 are as follows:

	<i>Note</i>	2014 RMB'000	2013 <i>RMB'000</i>
Interest income from joint ventures	(a)	8,671	97,688
Interest income from non-controlling interests	(a)	68,372	7,206
Project management fee income from joint ventures	(b)	49,837	66,345
Interest expenses to joint ventures	(c)	(37,961)	(67,596)
Interest expenses to non-controlling interests	(c)	(22,898)	(4,696)

Notes:

- (a) The amounts represent interest income in relation to advances to joint ventures and non-controlling interests.
- (b) The amount represents project management fee received from joint ventures for the management of property development projects during the year.
- (c) The amounts represented interest expenses in relation to loans from joint ventures and non-controlling interests.

37 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

(a) Acquisition of subsidiaries

During the year, the Group has acquired equity interest in four entities which held property development projects. After the completion of the acquisition, these four entities become the Group's subsidiaries. Acquisition of these subsidiaries enables the Group to expand its land banks and strengthen the Group's property development business in Henan, the PRC. Acquisitions of subsidiaries during the year are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest acquired	Percentage of equity interest held after acquisition	Consideration <i>RMB'000</i>
21 February 2014	Kaifeng Luda Real Estate Company Limited*	51% (Note)	51%	60,000
3 July 2014	Henan United New Town Real Estate Company Limited*	25.1%	100%	176,634
3 July 2014	Central China Real Estate Nanyang Company Limited*	49%	100%	389,935
3 July 2014	Central China Real Estate Pingdingshan Company Limited*	49%	100%	181,250

* The English name of the above companies in the PRC are translated by management only for the purpose of these financial statements as no English names have been registered or available.

Note: The Group acquired 60% equity interest in Kaifeng Luda Real Estate Company Limited through a subsidiary (the Group's equity interest: 85%).

The acquisitions of subsidiaries had the following combined effect on the Group's assets and liabilities upon the dates of acquisitions:

	Carrying amount RMB'000	Adjustments RMB'000	Recognised values on acquisitions RMB'000
Property, plant and equipment	751	–	751
Properties for sale	1,117,007	220,632	1,337,639
Deposits and prepayments	2,783,952	–	2,783,952
Tax recoverable	18,093	–	18,093
Cash and cash equivalents	230,588	–	230,588
Restricted bank deposits	78,568	–	78,568
Payables	(1,931,791)	–	(1,931,791)
Taxation payable	(68,846)	–	(68,846)
Bank loans	(199,550)	–	(199,550)
Other loans	(280,000)	–	(280,000)
Non-controlling interests	(40,000)	–	(40,000)
Interests in joint ventures	(1,121,585)	–	(1,121,585)
Net identified assets and liabilities	<u>587,187</u>	<u>220,632</u>	<u>807,819</u>
Total consideration paid			807,819
Total cash and cash equivalents acquired			<u>(230,588)</u>
Net cash outflow			<u>577,231</u>

The above subsidiaries contributed an aggregate turnover of RMB674,057,000 and profit attributable to the equity shareholders of the Company of RMB145,494,000 to the Group for the year ended 31 December 2014. Should the acquisitions had occurred on 1 January 2014, the consolidated turnover and the consolidated profit attributable to the equity shareholders of the Company for the year ended 31 December 2014 would have been RMB9,603,805,000 and RMB905,409,000 respectively.

The Group incurred acquisition-related costs of RMB286,000, and have been included in “general and administrative expenses”.

(b) Acquisition of additional interests in subsidiaries

(i) Henan Longyuan Real Estate Company Limited (“Henan Longyuan”)

On 20 January 2014, the Group entered into an equity transfer agreement with a non-controlling interest to acquire additional 40% equity interests in Henan Longyuan at a consideration of RMB145,695,000. Upon the completion of the above transaction, Henan Longyuan became the Group's indirect wholly-owned subsidiary.

The excess of the consideration paid in respect of the acquisition of additional interests in the subsidiary of RMB145,695,000 over the carrying amount of the non-controlling interest of RMB135,704,000 amounted to RMB9,991,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

(ii) *Central China New Land (Henan) Real Estate Company Limited (“CCRE New Land”)*

On 31 October 2014, the Group entered into an equity transfer agreement with a non-controlling interest to acquire additional 40% equity interests in CCRE New Land at a consideration of RMB192,000,000. Upon the completion of the above transaction, the Group’s equity interest in CCRE New Land increased from 55% to 95%.

The excess of the consideration paid in respect of the acquisition of additional interests in the subsidiary of RMB192,000,000 over the carrying amount of the non-controlling interest of RMB1,863,000 amounted to RMB190,137,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

(iii) *Zhengzhou Yipin Tianxia Zhiye Company Limited (“Zhengzhou Yipin Tianxia”)*

On 10 December 2014, the Group entered into an equity transfer agreement with a non-controlling interest to acquire additional 9.4% equity interests in Zhengzhou Yipin Tianxia at a consideration of RMB39,020,000. Upon the completion of the above transaction, the Group’s equity interest in Zhengzhou Yipin Tianxia increased from 80.6% to 90%.

The excess of the consideration paid in respect of the acquisition of additional interests in the subsidiary of RMB39,020,000 over the carrying amount of the non-controlling interest of RMB7,208,000 amounted to RMB31,812,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

(c) Disposal of a subsidiary

On 1 December 2014, the Group entered into an equity transfer agreement to dispose all the equity interest in Zhengzhou Central China Gaoxin Zhiye Company Limited (“Zhengzhou Gaoxin”, the Group held 100% equity interest in Zhengzhou Gaoxin before the disposal) to a joint venture, Henan Central China Fuju Investment Company Limited (“Henan Fuju”), at a consideration of RMB20,000,000. Upon the completion of the above transaction, Zhengzhou Gaoxin became a wholly owned subsidiary of Henan Fuju and a joint venture of the Group.

The disposal of Zhengzhou Gaoxin had the following effect on the Group’s financial position.

	<i>RMB’000</i>
Property, plant and equipment	(699)
Prepayments	(716,233)
Other receivables	(270,006)
Tax recoverable	(2,048)
Cash and cash equivalents	(2,871)
Payables	543
Other loans	980,000
Gain on disposal of a subsidiary (<i>note 5</i>)	(8,686)
	<u>(20,000)</u>
Consideration received	20,000
Cash and cash equivalents disposed	(2,871)
Net cash inflow	<u>17,129</u>

(d) Disposal of partial interest in a subsidiary

On 23 June 2014, the Group disposed 10% equity interest in Zhengzhou Yipin Tianxia at a consideration of RMB10,000,000. Upon the completion of the above transaction, the Group's equity interest in Zhengzhou Yipin Tianxia decreased from 90.6% to 80.6%. The increase in carrying amount of non-controlling interest at the date of disposal is RMB8,812,000, and the excess of consideration of RMB10,000,000 over the carrying amount of non-controlling interest amounted to RMB1,188,000 is recognised in other capital reserve in accordance with the accounting policy set out in note 2(c).

38 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

(a) Valuation of investment properties

All investment properties of the Group are revalued as at the end of the reporting period by independent professionally qualified valuers, on an open market value basis calculated by reference to the net rental income with allowance for reversionary income potential.

The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market sale prices for similar properties in the same location and condition and an appropriate capitalisation rate. Any change in assumptions of the valuation would affect the value of the investment properties significantly, and profit or loss in future years.

(b) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale 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.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs 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.

(c) Impairment for buildings and construction in progress

As explained in note 2(k), the Group makes impairment for the buildings and construction in progress taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates.

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(d) Provision for properties for sale

As explained in note 2(1), the Group's properties for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(e) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group assesses the estimates on the aging of the trade and other receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of the customers were to deteriorate, actual provisions would be higher than that estimated.

(f) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(g) CIT and LAT

As disclosed in note 7, the Group is subject to CIT and LAT under both authorised taxation method or actual taxation method in different jurisdictions. Significant judgement is required in determining the level of provision, as the calculations of which depend on the assessment and assumption of ultimate tax liability and are subject to uncertainty. The adoption of different methods may also affect the level of provision. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such assessment is made.

(h) Estimation of fair value of derivative financial instruments

Redemption call options embedded in senior notes of the Group are classified as derivative financial instruments and stated at fair value at the end of each reporting period. The fair value of these options is measured based on the assumptions set out in note 29. Any change in assumptions of the valuation would affect the value of these options significantly, and profit or loss in future years.

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 32(c)(i).
- (b) On 19 January 2015, the Group acquired the land use rights of four land parcels located at Yanling from the local government for a total consideration of RMB92,000,000.

On 22 January 2015, the Group acquired the land use rights of two land parcels located at Yongcheng from the local government for a total consideration of RMB178,000,000.

On 13 February 2015, the Group acquired the land use rights of four land parcels located at Zhengzhou from the local government for a total consideration of RMB581,000,000.

40 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
<i>Annual improvements to HKHRSS 2010–2012 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSS 2011–2013 cycle</i>	1 July 2014
Amendments to HKFRS 11, <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9, “Accounts and Audit”, of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company’s first financial year commencing after 3 March 2014 (i.e. the Company’s financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. *The Macro-economic Environment*

2014 was a year for commencing fully intensified reforms. As economic downturn has deepened, the PRC government intensified its reforms by innovative adjustments and controls as well as strengthening targeted macro-control on the basis of management by intervals, achieving a steady macro-economy and a new progress in structural adjustments. In 2014, China's GDP amounted to RMB63.65 trillion, representing a year-on-year growth of 7.4%.

In 2014, Henan has further developed the three major national strategies, namely food production core zone, central China economic zone and Zhengzhou Aviation Port Economic Integration Trial Zone, maintaining stable economic growth and optimising industrial structure by proactively promoting new urbanisation, undertaking industrial transformation and facilitating industrial upgrade. In 2014, Henan recorded GDP of RMB3.49 trillion, representing a year-on-year growth of 8.9%, which was 1.5 percentage points above the national growth rate.

2. *The Property Market*

In 2014, the property market was in a phase of intensified adjustments. The PRC government focused on development of a long-term, market-oriented mechanism, implementation of two-way control and guidelines on classification, administrative control measures by local governments, such as restrictions on home purchase and loans, being gradually removed as well as adjustments and controls on the property market restored by market force. In 2014, sales of commodity housing in the nationwide property market amounted to 1,206,490,000 sq.m., a year-on-year decrease of 7.6%, and average selling price was RMB6,323 per sq.m., a year-on-year growth of 1.4%.

With accelerated advancement of industrialisation and new urbanisation, Henan, as the principal market for the Company, showed greater potential in the property market, particularly Zhengzhou, the provincial capital. Due to its competitive edge in terms of population, transportation, industries and geographic location as well as the removal of policies of restrictions on home purchase, rigid demand for housing and demand for improvement of living have been effectively stepped up, providing a powerful support for the development of the property market. In 2014, sales of commodity housing in Henan property market amounted to 78,800,000 sq.m., a year-on-year growth of 7.8%, and average selling price was RMB4,366 per sq.m., a year-on-year growth of 3.8%.

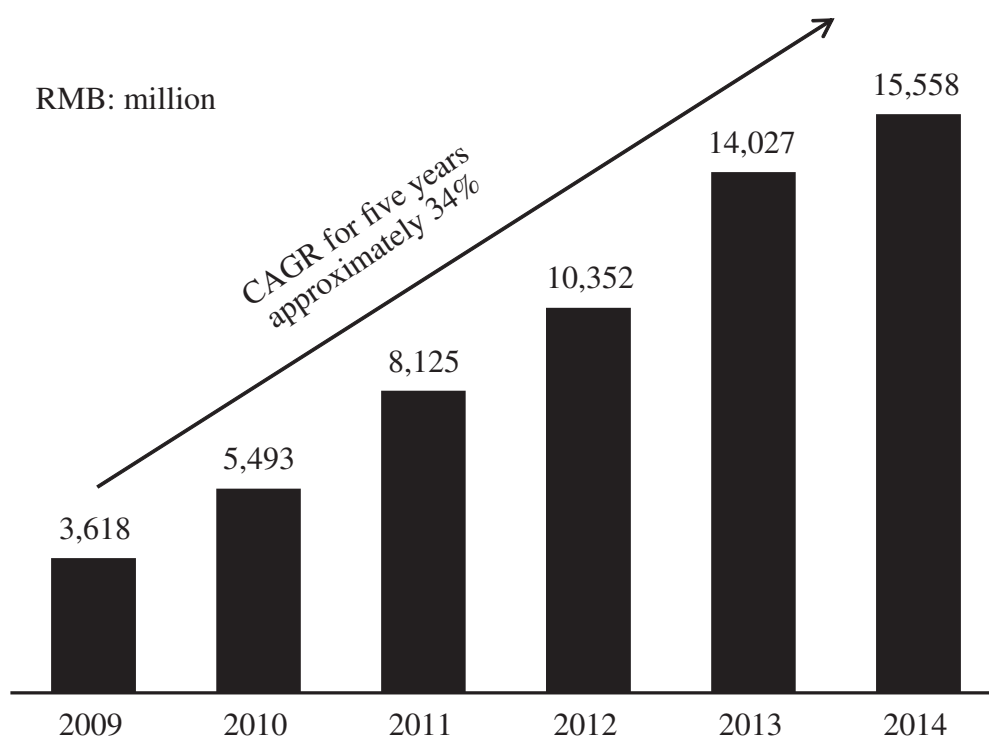
(II) Project Development

Property Development

During the reporting period, the Company maintained a sound momentum for operation in safety and healthy development by steadfastly focusing on Henan, strictly pursuing strategies for our cities, scientific evaluation and rational investments as well as appropriately supplementing quality project resources to the cities with better development prospects.

Sales Performance

In the reporting period, the contracted sales of the Group amounted to RMB15,558 million thanks to our efforts in expediting sales of properties, an increase of 11% as compared with RMB14,027 million in 2013, representing a CAGR of approximately 34% over five years. The contracted area sold was 2,181,000 sq.m., representing an increase of 6% as compared with last year.



Geographical Breakdown of Contracted Sales in 2014

City	Contracted sales amount (RMB million)			Contracted GFA (’000 sq.m.)		
	2014	2013	Change %	2014	2013	Change %
Zhengzhou	5,471	3,838	43%	413	241	71%
Kaifeng	106	306	−65%	4	47	−91%
Luoyang	1,275	2,164	−41%	164	261	−37%
Pingdingshan	567	706	−20%	108	139	−22%
Anyang	223	109	>100%	58	31	87%
Hebi	10	6	67%	4	0	>100%
Xinxiang	522	602	−13%	113	115	−2%
Jiaozuo	542	390	39%	93	81	15%
Puyang	603	1,118	−46%	127	229	−45%
Xuchang	922	372	>100%	166	72	>100%
Luohe	684	467	46%	123	98	26%
Sanmenxia	337	377	−11%	62	71	−13%
Shangqiu	1,073	947	13%	146	152	−4%
Zhoukou	454	530	−14%	105	123	−15%
Zhumadian	693	530	31%	156	118	32%
Nanyang	1,178	858	37%	172	144	19%
Xinyang	477	188	>100%	89	25	>100%
Jiyuan	421	519	−19%	78	101	−23%
Total	<u>15,558</u>	<u>14,027</u>	11%	<u>2,181</u>	<u>2,048</u>	6%

Newly Commenced Projects

In the reporting period, the Company had 28 newly commenced projects with GFA of approximately 2,840,000 sq.m..

Details of Newly Commenced Projects for 2014

City	Project name	Principal use of property	GFA newly commenced (sq.m.)
Zhengzhou	Zhengxi U-Town	Residential	27,327
Zhengzhou	Triumph Plaza	Commercial	54,406
Zhengzhou	Gongyi Code One City	Residential	119,478
Kaifeng	Dongjingmenghua	Commercial	33,390
Luoyang	Yanshi Forest Peninsula	Residential	47,131
Luoyang	Sweet-Scented Osmanthus Garden	Residential	143,295
Pingdingshan	Eighteen Cities	Residential	238,134
Pingdingshan	Baofeng Forest Peninsula	Residential	52,952
Anyang	Sweet-Scented Osmanthus Garden	Residential	106,477
Anyang	Huaxian Code One City	Residential	85,952
Jiaozuo	Park Lane	Residential	42,372
Puyang	Jianye City	Residential	51,349
Puyang	Code One City	Residential	81,298
Puyang	Sweet-Scented Osmanthus Garden	Residential	118,503
Xuchang	Changge Sweet-Scented Osmanthus Garden	Residential	171,049
Xuchang	Yanling Eco-City	Residential	42,540
Luohe	Code One City	Office	50,557
Luohe	Xicheng Forest Peninsula	Residential	21,194
Sanmenxia	Lingbao Forest Peninsula	Residential	29,577
Sanmenxia	Code One City	Residential	77,740
Shangqiu	Eighteen Cities	Residential	169,152
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden	Residential	62,264
Zhumadian	Eighteen Cities	Residential	158,828
Zhumadian	Xiping Forest Peninsula	Residential	73,348
Nanyang	Forest Peninsula	Residential	158,249
Nanyang	Triumph Plaza	Residential and commercial	398,217
Xinyang	Code One City	Residential	201,946
Jiyuan	U-Town	Residential	23,513
Total			<u><u>2,840,238</u></u>

Projects under Development

As at 31 December 2014, the Company had 43 projects under development with total GFA of approximately 4,460,000 sq.m., including 6 projects in Zhengzhou and 37 projects in other cities of Henan.

Details of Projects under Development as at 31 December 2014

City	Project name	Principal use of property	Total GFA (sq.m.)
Zhengzhou	Shangjie Forest Peninsula	Residential	68,274
Zhengzhou	Zhengxi U-Town	Residential	27,327
Zhengzhou	Tianzhu	Residential	251,108
Zhengzhou	Triumph Plaza	Commercial	54,406
Zhengzhou	Gongyi Code One City	Residential	119,478
Zhengzhou	Tihome Jianye International City	Residential	560,915
Kaifeng	Dongjingmenghua	Residential	32,627
Luoyang	Golf Garden	Residential	10,789
Luoyang	Sweet-Scented Osmanthus Garden	Residential	147,320
Luoyang	Yanshi Forest Peninsula	Residential	47,131
Pingdingshan	Sweet-Scented Osmanthus Garden	Residential	5,983
Pingdingshan	Wugang Forest Peninsula	Residential	50,793
Pingdingshan	Eighteen Cities	Residential	238,134
Pingdingshan	Baofeng Forest Peninsula	Residential	22,133
Anyang	Forest Peninsula	Residential	16,698
Anyang	Sweet-Scented Osmanthus Garden	Residential	106,477
Anyang	Huaxian Code One City	Residential	85,952
Hebi	Sweet-Scented Osmanthus Garden	Residential	112,605
Xinxiang	Code One City	Residential	182,606
Xinxiang	Changyuan Forest Peninsula	Residential	112,580
Jiaozuo	Xiuwu Forest Peninsula	Residential	36,723
Jiaozuo	Park Lane	Residential	42,372
Puyang	Jianye City	Residential	51,349
Puyang	Code One City	Residential	251,543
Puyang	Sweet-Scented Osmanthus Garden	Residential	118,503
Xuchang	Forest Peninsula	Residential	17,837
Xuchang	Changge Sweet-Scented Osmanthus Garden	Residential	117,687
Luohe	Code One City	Residential	92,364
Luohe	Linying Sweet-Scented Osmanthus Garden	Residential	83,508
Luohe	Xicheng Forest Peninsula	Residential	21,194
Sanmenxia	Lingbao Forest Peninsula	Residential	18,547
Sanmenxia	Code One City	Residential	175,673
Shangqiu	Eighteen Cities	Residential	96,172
Shangqiu	Zhecheng U-Town	Residential	9,299

City	Project name	Principal use of property	Total GFA (sq.m.)
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden	Residential	65,253
Zhoukou	Forest Peninsula	Residential	69,448
Zhumadian	Eighteen Cities	Residential	158,828
Zhumadian	Suiping Forest Peninsula	Residential	28,405
Zhumadian	Xiping Forest Peninsula	Residential	73,348
Nanyang	Forest Peninsula	Residential	158,249
Nanyang	Triumph Plaza	Residential	398,217
Xinyang	Code One City	Residential	102,964
Jiyuan	U-Town	Residential	23,514
Total			4,464,333

Projects Completed

During the reporting period, the Company had 26 projects/phases completed in total with total completed GFA of approximately 2,180,000 sq.m..

Details of Projects Completed as at 31 December 2014

City	Project name	Principal use of property	Saleable GFA (sq.m.)
Zhengzhou	Zhengxi U-Town	Residential	83,428
Kaifeng	Dongjingmenghua	Residential and commercial	33,232
Luoyang	Sweet-Scented Osmanthus Garden	Residential	137,236
Luoyang	Golf Garden	Office and commercial	60,668
Pingdingshan	Wugang Forest Peninsula	Residential	46,517
Pingdingshan	Sweet-Scented Osmanthus Garden	Residential	108,185
Pingdingshan	Baofeng Forest Peninsula	Residential	83,031
Anyang	Sweet-Scented Osmanthus Garden	Residential	60,947
Jiaozuo	Forest Peninsula	Residential	51,457
Puyang	Sweet-Scented Osmanthus Garden	Residential	85,469
Xuchang	Forest Peninsula	Residential	83,582
Xuchang	Changge Sweet-Scented Osmanthus Garden	Residential	51,870
Xuchang	Yanling Eco-City	Residential	108,860

City	Project name	Principal use of property	Saleable GFA (sq.m.)
Luohe	Code One City	Residential	101,543
Sanmenxia	Code One City	Residential	63,010
Sanmenxia	Lingbao Forest Peninsula	Residential	11,030
Shangqiu	Eighteen Cities	Residential	215,408
Zhoukou	Forest Peninsula	Residential	57,137
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden	Residential	63,350
Zhumadian	Suiping Forest Peninsula	Residential	37,842
Zhumadian	Eighteen Cities	Residential	142,310
Zhumadian	Xiping Forest Peninsula	Residential	50,755
Nanyang	Forest Peninsula	Residential	150,248
Xinyang	Code One City	Residential	100,081
Jiyuan	Code One City	Residential	92,490
Jiyuan	U-Town	Residential	103,584
Total			<u>2,183,271</u>

Hotels

As at 31 December 2014, the Group had 4 hotels completed and 1 hotel under development with total GFA of approximately 220,000 sq.m..

Le Méridien Zhengzhou

Le Méridien Zhengzhou is located at the junction of Zhengbian Road and Zhongzhou Avenue, and its soft launch was on 31 October 2013. It is a five-star hotel with a site area of approximately 5,391 sq.m. and a total GFA of approximately 65,007 sq.m., Le Méridien Zhengzhou inherits the European traditional elegance blending with modern culture and luxury design. It has 350 guest rooms or suites and is currently managed by Starwood Hotels Management Group.

Aloft Zhengzhou Shangjie

Aloft Zhengzhou Shangjie is located at No. 101, Zhongxin Road, Shangjie District, Zhengzhou and it commenced operation on 6 August 2011. It is a four-star hotel with a site area of approximately 12,701 sq.m. and a total GFA of approximately 19,457 sq.m., Aloft Zhengzhou Shangjie is a smart composite hotel comprising food & beverage, accommodation, conference and entertainment in fashionable and simple design. It has 172 guest rooms or suites and is currently managed by Starwood Hotels Management Group.

Holiday Inn Nanyang

Holiday Inn Nanyang is located at the junction of State Road 312 and Binhe Road in Nanyang which is in close proximity to Baihe River Tourist Attraction and it commenced operation on 8 August 2012. It is a five-star garden design style hotel with a site area of approximately 66,700 sq.m. and a total GFA of approximately 50,574 sq.m., Holiday Inn Nanyang is the first multi-functional hotel in Nanyang for the purposes of commerce, holiday, administration and conference. It has 360 guest rooms or suites and is currently managed by InterContinental Hotels Group.

Four Points by Sheraton Luohe

Four Points by Sheraton Luohe is located at No. 6, Songsshan Road West Branch, Yancheng District, Luohe, Henan and it commenced operation on 23 November 2012. It is a five-star hotel with a site area of approximately 35,326 sq.m. and a total GFA of approximately 37,398 sq.m., Four Points by Sheraton Luohe is a smart composite hotel comprising business conference, food & beverage, accommodation, leisure and entertainment in classic and fashionable design. It has 244 guest rooms or suites and it is a perfect choice for business conference as well as leisure and entertainment. It is currently managed by Starwood Hotels Management Group.

Pullman Kaifeng Jianye (under development)

Pullman Kaifeng Jianye (under development) is located at No. 16, Longting North Road, Longting District, Kaifeng. It is planned to be a five-star hotel with a site area of approximately 58,349 sq.m. and a total GFA of approximately 43,836 sq.m., Pullman Kaifeng Jianye will be a resort hotel comprising business conference, food & beverage, accommodation, leisure and entertainment. The building is planned to be a post-modern architecture in Northern Song style. It is expected that Pullman Kaifeng Jianye will have 186 guest rooms or suites and will be managed by Accor Hotels Group upon completion of construction. Its soft launch is planned to be in the second half of 2015.

(III) Land Reserves

In the reporting period, the Group acquired land reserves with a GFA of approximately 4.37 million sq.m. through public land auctions and land reserves with a GFA of approximately 0.58 million sq.m. through equity acquisitions. As at 31 December 2014, the Company had land reserves with a total GFA of 19.96 million sq.m. and obtained the state-owned land use rights certificates in respect of sites with total GFA of 16.78 million sq.m..

1. Public Land Auctions

On 3 January 2014, the Group acquired the land use right of a land parcel located at the east to Guihua Road, the west to Xueyuan Road, the south to Yuhong Road and the north to Houxun Road in Shangqiu City in a listing for sale process held by Shangqiu City Land and Resources Bureau* (商丘市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB76 million. The land parcel has a site area of 31,491 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.0.

On 10 January 2014, the Group acquired the land use right of a land parcel located at the north of Guihua Longyuan Road, the south of Taichi Sports Centre, the west of Wengjian River and the east of Sewage Treatment Plant in Jiaozuo City in a listing for sale process held by Jiaozuo City Land and Resources Bureau* (焦作市國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB511 million. The land parcel has a site area of 130,886 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.35.

On 17 January 2014, the Group acquired the land use rights of two land parcels located at the north of Dianchang Road, the south of Zhannan Road, the west of Beiguan Road and the east of Huangbin Village in a listing for sale process held by Puyang County Real Estate Trading Centre* (濮陽縣地產交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB82 million and RMB103 million, respectively. Puxuan Di land parcel No. 2013-12 has a site area of 54,405 sq.m., a mandatory detailed planned plot ratio of 2.8–3.2 (for commercial and residential use) and a mandatory detailed planned plot ratio of 2.2–2.7 (for residential use); Puxuan Di land parcel No. 2013-13 has a site area of 68,807 sq.m. and a mandatory detailed planned plot ratio of 2.8–3.2.

On 21 January 2014, the Group acquired the land use right of a land parcel located at the southeastern end of the junction of Tongshan Avenue and Jinque Road in Zhumadian City in a listing for sale process held by Zhumadian City Public Resources Trading Centre* (駐馬店市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB99 million. The land parcel has a site area of 49,672 sq.m. and a mandatory detailed planned plot ratio of 2.8–4.5.

On 24 January 2014, the Group acquired the land use right of a land parcel located at the northeastern end of the junction of Shuangtian Road and Chuangye Road in Lingbao City in a listing for sale process held by Lingbao City Real Estate Trading Centre* (靈寶市地產交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was approximately RMB39 million. The land parcel has a site area of 29,132 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.5.

On 30 April 2014, the Group acquired the land use rights of two land parcels located at the south of Lvyuan Road, the north of Lvhuan Road and the east of Tianyi Street in Zhengzhou City in a listing for sale process held by Zhengzhou City Land and Resources Bureau* (鄭州市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB303 million and RMB10 million, respectively. Zhengzhengchu land parcel No. [2014]24 has a site area of 99,603 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.0; Zhengzhengchu land parcel No. [2014]28 has a site area of 8,534 sq.m., both being street land with ratio of green space of not less than 20%.

On 30 April 2014, the Group acquired the land use rights of two land parcels located at the west of Zijing Road, the south of Fuxi Road and the north of Xueyuan Road in Gongyi City in a listing for sale process held by Gongyi City Land and Resources Bureau* (鞏義市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB33 million and RMB140 million, respectively. Land parcel No. 2013-041 has a site area of 18,233 sq.m. and a mandatory detailed planned plot ratio of 1.0–4.0; land parcel No. 2013-042 has a site area of 56,643 sq.m. and a mandatory detailed planned plot ratio of 1.0–3.2.

On 9 May 2014, the Group acquired the land use right of a land parcel located at the south of Pingyuan Avenue, the east of Hengshan Road, the north of Danjiang Road and the west of Jingjiu Road in Pingyuan New District, Xinxiang City in a listing for sale process held by Yuanyang County Land and Resources Bureau* (原陽縣國土資源局) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB55 million. The land parcel has a site area of 45,328 sq.m. and a mandatory detailed planned plot ratio of 1.2–2.0.

On 5 June 2014, the Group acquired the land use right of a land parcel located at the east of Taibaishan Road and the south of Jialingjiang Road in Xicheng District, Luohe City through the online listing trading system for transfer of state-owned land use rights in Luohe City. The purchase price for the acquisition was RMB156 million. The land parcel has a site area of 54,629 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2.

On 19 June 2014, the Group acquired the land use rights of five land parcels located at the north of Huazhou Avenue, the south of Dayunsi Road, the west of Songshan Road and the east of Jianye Road in Huaxian County in a listing for sale process held by Huaxian County Public Resources Trading Centre* (滑縣公共資源交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB34 million, RMB21 million, RMB21 million, RMB33 million and RMB33 million, respectively. Hua Di land parcel No. 2014-C6 has a site area of 45,560 sq.m., Hua Di land parcel No. 2014-C7 has a site area of 28,639 sq.m. and Hua Di land parcel No. 2014-C8 has a site area of 28,609 sq.m., mandatory detailed planned plot ratio of the three land parcels is 1.5–3.0; Hua Di land parcel No. 2014-C9 has a site area of 44,563 sq.m. and Hua Di land parcel No. 2014-C10 has a site area of 44,625 sq.m., mandatory detailed planned plot ratio of the two land parcels is 2.0–3.0.

On 21 August 2014, the Group acquired the land use rights of four land parcels located at the east of Shichang Street and the west of Donghuan Road in Shenhui Town in a listing for sale process held by Yuzhou City Tendering and Bidding Transaction Management Centre* (禹州市招標投標交易管理中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB5 million, RMB8 million, RMB5 million and RMB3 million, respectively. Land parcel No. (2014) 005 has a site area of 2,882 sq.m., land parcel No. (2014) 006 has a site area of 4,594 sq.m., land parcel No. (2014) 007 has a site area of 2,870 sq.m. and land parcel No. (2014) 008 has a site area of 1,968 sq.m., mandatory detailed planned plot ratio of the four land parcels is not less than 1.5.

On 29 August 2014, the Group acquired the land use right of a land parcel located at the south of Chaoyang Road and the east of Jiuru Road in Zhengzhou City in a listing for sale process held by Zhengzhou City Land and Resources Bureau* (鄭州市國土資源局) for transfer of state-owned land use right. The purchase price for the acquisition was RMB1,444 million. The land parcel has a site area of 63,738 sq.m., mandatory detailed planned plot ratio of the land parcel is 1.0–1.7.

On 11 September 2014, the Group acquired the land use rights of two land parcels surrounded by four roads, namely Qishuiguan Road, Qishuida Road, Tianshanbei Road and Zhongyangzhi Road, in Qishui Bay Business and Leisure District* (淇水灣商務休閒區) in a tendering (listing) for sale process held by Hebi City Jindi Real Estate Trading Centre (鶴壁市金地地產交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB118 million and RMB113 million, respectively. Hetu No. 2014GT33 land parcel has a site area of 50,585 sq.m., mandatory detailed planned plot ratio of the land parcel is 2.5–3.0. Hetu No. 2014GT34 land parcel has a site area of 49,985 sq.m., mandatory detailed planned plot ratio of the land parcel is 2.8–3.2.

On 19 September 2014, the Group acquired the land use rights of six land parcels located at the south of Ganqu Road South, the north of Xingjia Road, the east and the west of Xingyuan Road, Zhengzhou City in a tendering (listing) for sale process at State-owned Land Hall (國土交易大廳) held by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use rights of land of construction. The purchase prices for the acquisitions were RMB111 million, RMB137 million, RMB181 million, RMB99 million, RMB27 million and RMB97 million, respectively. Zhengzhengchu No. [2014] 110 land parcel has a site area of 30,393 sq.m., Zhengzhengchu No. [2014] 111 land parcel has a site area of 38,770 sq.m., . Zhengzhengchu No. [2014] 112 land parcel has a site area of 51,263 sq.m., . Zhengzhengchu No. [2014] 113 land parcel has a site area of 28,154 sq.m., . Zhengzhengchu No. [2014] 115 land parcel has a site area of 27,346 sq.m., and mandatory detailed planned plot ratio is 1.0-3.5. . Zhengzhengchu No. [2014] 114 land parcel has a site area of 8,383 sq.m., mandatory detailed planned plot ratio of the land parcel is 1.0–2.5.

On 18 December 2014, the Group acquired the land use right of a land parcel located at the east of Taibaishan Road, Xicheng District in Luohe City in a listing for sale process through the online listing trading system for transfer of state-owned land use rights in Luohe City. The purchase price for the acquisition was RMB11 million. The land parcel has a site area of 3,697 sq.m. and a mandatory detailed planned plot ratio of 1.0–2.2.

On 24 December 2014, the Group acquired the land use rights of three land parcels located at the north of Jinjiang Road and the east of Dengfeng Road in Shangjie District in a listing for sale process through the online listing trading system held by Zhengzhou City Shangjie District Land and Resources Bureau* (鄭州市上街區國土資源局) for transfer of state-owned land use rights in Zhengzhou City. The purchase prices for the acquisitions were RMB46 million, RMB32 million and RMB43 million, respectively. Shangjie Qu land parcel No. GPCR2014026 has a site area of 43,351 sq.m., Shangjie Qu land parcel No. GPCR2014027 has a site area of 30,263 sq.m., Shangjie Qu land parcel No. GPCR2014028 has a site area of 40,524 sq.m., and mandatory detailed planned plot ratio of the three land parcels is 1.0–3.0.

2. Equity Acquisitions

On 23 April 2014, the Group entered into an investment cooperation agreement with Kaifeng Luda Expressway Development Management Company Limited* (開封市路達高速公路開發管理有限公司) to obtain 51% equity interest in Kaifeng Luda Real Estate Company Limited* (開封市路達置業有限公司) at a consideration of RMB51 million. Kaifeng Luda Real Estate Company Limited* (開封市路達置業有限公司) owns the land use rights of a land parcel with a site area of 66,663 sq.m. and a mandatory detailed planned plot ratio of not more than 2.5.

On 3 July 2014, the Group entered into an investment cooperation agreement with Luoyang Xianglin Real Estate Development Company Limited* (洛陽橡林房地產開發有限公司) to acquire 100% equity interest in Luoyang Xianglin Real Estate Development Company Limited* (洛陽橡林房地產開發有限公司) at a consideration of RMB68 million. Luoyang Xianglin Real Estate Development Company Limited* (洛陽橡林房地產開發有限公司) owns the land use rights of a land parcel with a site area of 14,106 sq.m. and a mandatory detailed planned plot ratio of 3.0–3.6.

On 8 July 2014, the Group entered into a cooperation agreement with Zhengzhou Poly Real Estate Group Co., Ltd.* (鄭州保利房地產開發有限公司) to acquire 51% equity interest in Luoyang Liye Real Estate Development Co., Ltd.* (洛陽利業房地產開發有限公司) at a consideration of RMB246 million. Luoyang Liye Real Estate Development Co., Ltd.* (洛陽利業房地產開發有限公司) owns the land use right of a land parcel with a site area of 65,261 sq.m. and a mandatory detailed planned plot ratio of 3.3–4.1.

Land reserves acquired after the reporting period:

On 19 January 2015, the Group acquired the land use rights of four land parcels located at the north of State Road 311 in Chenhuadian Town, Yanling County in a listing for sale process held by Yanling County Tendering and Bidding Transaction Management Centre* (鄢陵縣招標投標交易中心) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB25 million, RMB26 million, RMB29 million and RMB12 million, respectively. Yanling County land parcel No. YL-14-30 has a site area of 38,689 sq.m., Yanling County land parcel No. YL-14-31 has a site area of 44,903 sq.m., Yanling County land parcel No. YL-14-32 has a site area of 49,408 sq.m., and mandatory detailed planned plot ratio of the three land parcels is 1.0–2.0; Yanling County land parcel No. YL-14-33 has a site area of 17,087 sq.m., and mandatory detailed planned plot ratio of the land parcel is 0.4–1.0.

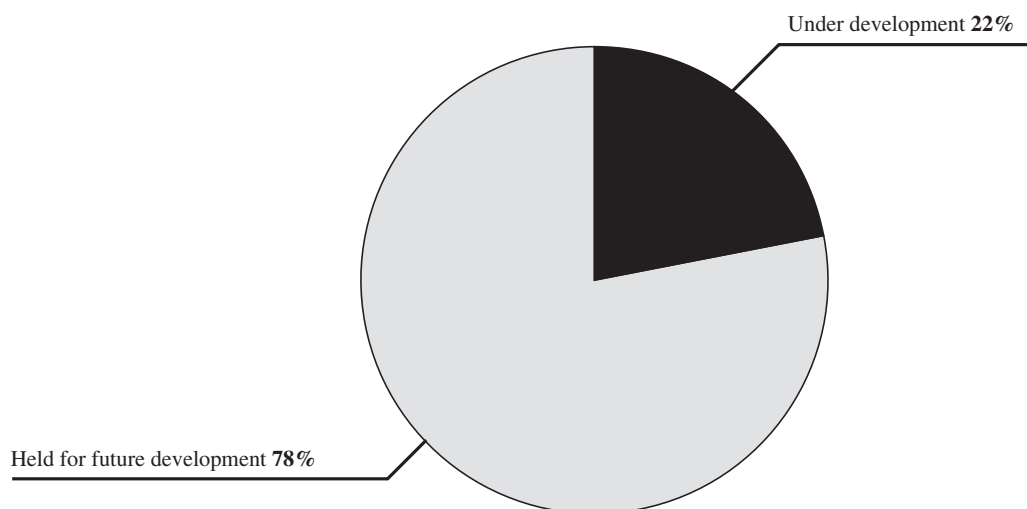
On 22 January 2015, the Group acquired the land use rights of two land parcels located at the east of Tieshan Road, the west of Zhongyuan Road, the south of Tuobinnan Road and the north of Yongsu Road in Yongcheng City in a listing for sale process held by Yongcheng City Land and Resources Bureau* (永城市國土資源局) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB90 million and RMB88 million, respectively. Yonggua land parcel No. 2014-29 has a site area of 64,412 sq.m. and Yonggua land parcel No. 2014-30 has a site area of 64,412 sq.m., and mandatory detailed planned plot ratio of the two land parcels is 1.0–2.0.

On 13 February 2015, the Group acquired the land use rights of four land parcels located at the east of Huafei Road East, the south of Xiwang Road, the east of Yulin Road and the north of Xiwang Road, Zhengzhou City in a tendering (listing) for sale process at State-owned Land Hall (國土交易大廳) held by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned land use rights of land for construction. The purchase prices for the acquisitions were RMB7 million, RMB69 million, RMB143 million and RMB362 million, respectively. Zhengzhengchu No. [2015] 5 land parcel has a site area of 5,084 sq.m., being street land with ratio of green space of not less than 20%; Zhengzhengchu No. [2015] 6 land parcel has a site area of 13,968 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.21; Zhengzhengchu No. [2015] 7 land parcel has a site area of 19,386 sq.m. with a mandatory detailed planned plot ratio of 1.0-5.54; Zhengzhengchu No. [2015] 8 land parcel has a site area of 55,720 sq.m. with a mandatory detailed planned plot ratio of 1.0-4.76.

Distribution of land reserves

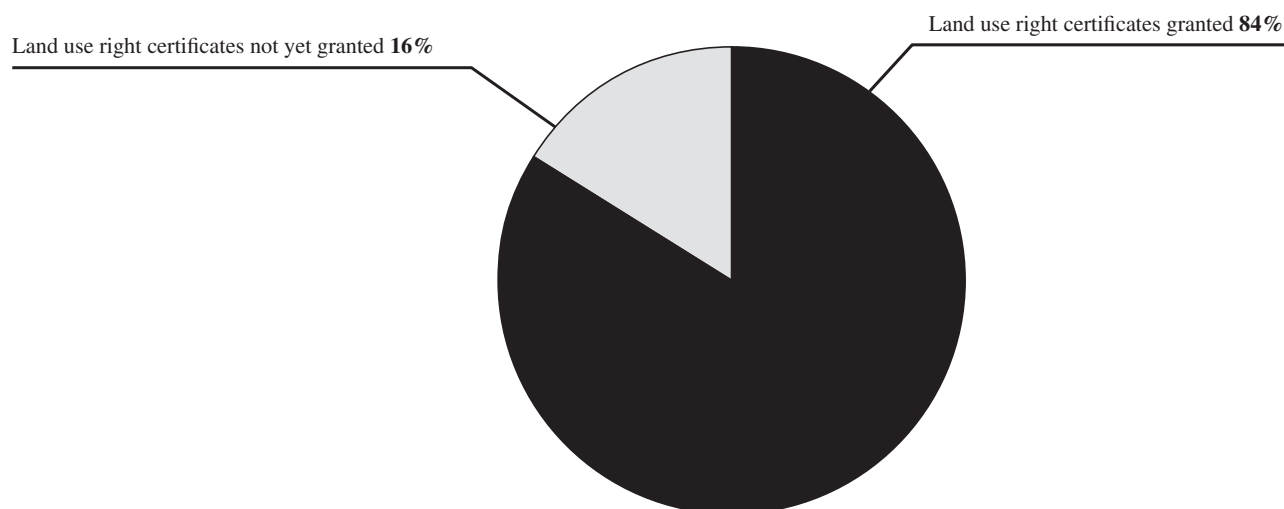
1. Distribution of the Company's land reserves by current development status

Fig: percentage of land under development and land held for future development to the Company's land reserves



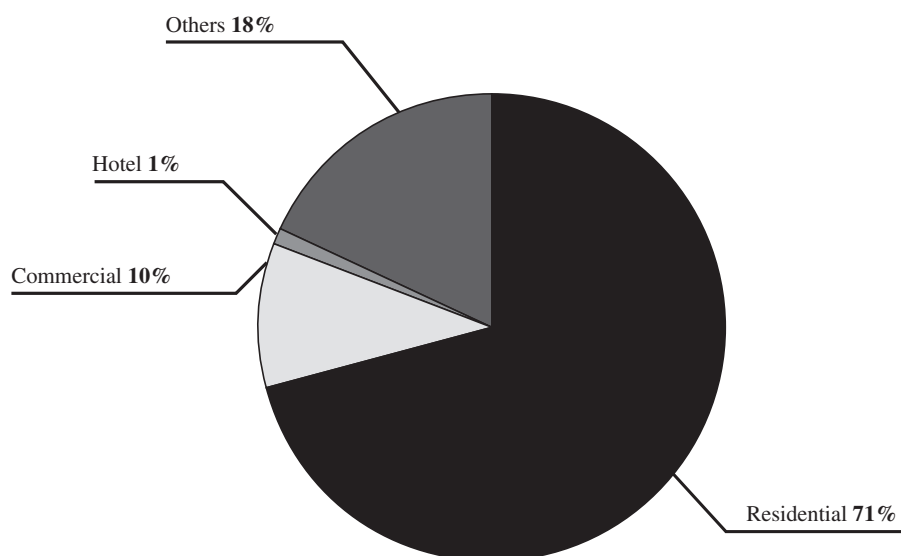
2. Distribution of the Company's land reserves by land use right certificates

Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted



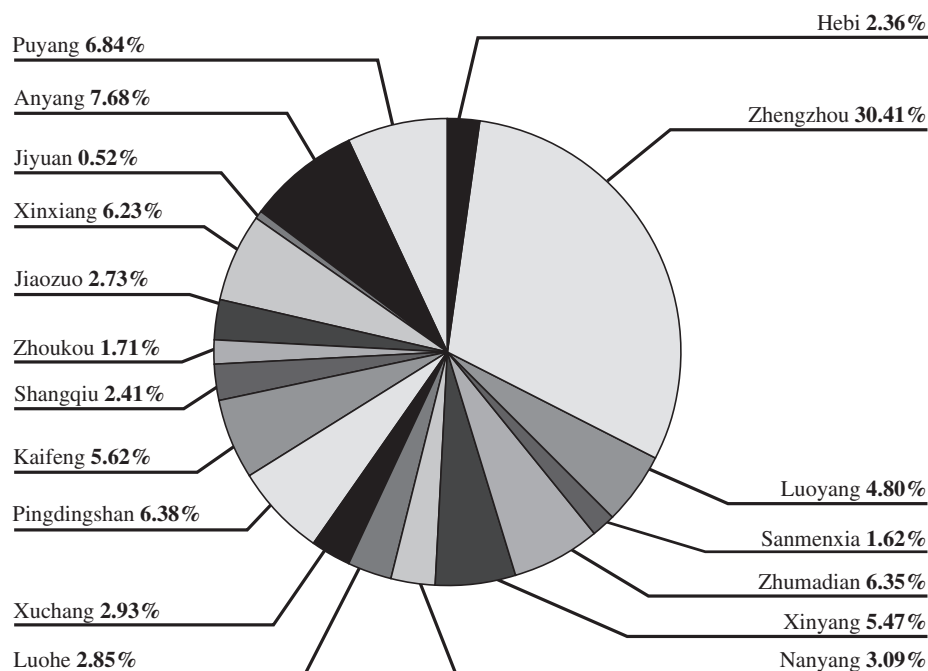
3. Distribution of the Company's land reserves by property types

Fig: Distribution of property types



4. Distribution of the Company's land reserves by cities

Fig: Distribution of land reserves by cities



(IV)Product Research and Development

Under the general principles of serialisation, standardisation and commercialisation, we ensured the research direction of new products and new technologies by continuously fine-tuning our traditional products in the new markets to enhance the quality of our existing product series while combining new form of operations in the traditional markets. We also maintained sustainable development for our products in the long term in adherence to the green development philosophy. Meanwhile, we continued to drive the process of commercialisation as we closely monitored the latest changes and developments in the industry.

1. Architectural design

During the reporting period, we continued to improve and upgrade the overall quality of our existing product lines by refining our designs and optimising our costs under the control of a standardised management process. In line with our “green, low-carbon and energy-saving” principles in sustainable development, we advocated our green architecture in further regions in the province. We also continued to leverage new building technologies with the introduction of house ventilation systems to all product lines as a solid move to improve home quality for owners.

2. Serialisation, standardisation and commercialisation

With the extensive implementation of serialisation and standardisation, the Company showed our care for its customers through products, as a whole, and attention to details in design, conducted research on standardisation of additional demands and augmented the related documents in a timely manner. In addition, we also conducted a thorough research on market development according to the demands of our customers under new landscape by using internet, a research direction of new products and new technologies has been ensured.

As the “development of the industry chain for residential properties” will be our core competitive strength, we have joined forces with major building construction companies to develop production base for the industry chain of residential properties, and continued to keep abreast of avant-garde construction technologies and management system for industry chain of residential properties, in a bid to consolidate the concept of industrialisation, full refurbishment and green architecture on the basis of serialisation and standardisation, preparing for industrialisation of component and fittings.

(V) Customer Service and Customer Relations

By upholding our working principles of reassuring objectives, enhancing implementation, bold innovation and solid implementation, our customer resources management aimed at enhancing satisfaction of our customers and establishing the mega service regime in 2014 guided by the thoughts of “Think before Acting, Going Forward in Exploration”, progressively facilitated interaction and synergy among resources of our various segments such as property, the Supreme, football, education, commerce, hotel and green base, with an aim to enhance satisfaction of our customers by elevating the standard of our fundamental services and expanding value-added services.

Firstly, the Company has fine-tuned internal service resources of our various segments to ensure the mind map and the direction of consolidated service resources in accordance with the “CCRE’s Personal Tailor” directive drafted last year by Mr. Wu Po Sum, our Chairman. We have introduced a brand new “Supreme Card” to our customers with a number of functions, including identification, daily living convenience and financial payment. In addition, we have fully explored the value of resources of our existing customers and services by capitalising the advantage of internet, establishing a resources platform which provides comprehensive online and offline services, and thus facilitating sound operation of mega service regime.

Secondly, the Company, on the basis of the idea of establishing mega service regime, made dedicated efforts to drive in-depth communication with our resource segments such as property, hotel, commercial and football, leveraging the Internet to investigate matching channels between the resource segments and the Supreme Card in order to bring complementary service resources into play within the mega service regime. With the online operation of the Supreme Card, we constantly launched a series of events, such as “CCRE Urban Life Festival”, “Football Parenting Experience Day”, “Into the Golf in Autumn”, providing property owners new experience with comprehensive services of, among others, hotel, green base and commerce. In addition, we aim to bring our customers a new lifestyle by the mega service regime supported by all-round service including 9617777 service hotline, website, mobile app and instant messenger platform, connecting all our customers in the province, and thus enhancing their satisfaction imperceptibly. As a result, we achieved our goal to transform CCRE to a new lifestyle services provider for urban residents from an urban complex developer.

BUSINESS OUTLOOK

(I) Market Outlook

(1) The Macro-economic Landscape

As Chinese economy has been undergoing a superposition of three economic phases, i.e. the phase of growth moderation, the phase of inflicting structural corrections and the digestive phase of early-stage stimulus policies, key tasks which have to be taken on by the PRC government in 2015 will be conducting further reforms and stabilising economic growth, whereby the government will continue to implement active fiscal policy and steady monetary policy with extra care for tightness and looseness of the monetary policy. In 2015, the Company expects the economic growth in China will be stable but faces downward pressure, and structural optimisation will continue to take place.

With ongoing development of the central China economic zone and the advancement of new urbanisation, economic structure in Henan province will be further optimised, industrial bearing capacity and regional economic competitiveness will also be enhanced. The Company expects Henan’s economic growth will continue to be higher than the average growth of China in 2015.

(2) The Property Market

With the removal of administrative control measures and the establishment of long-term mechanism for property market, increase in rigid demand facilitated by new urbanisation and stepping up of demand for improvement of living will support the development of the property market. In 2015, capital controls on real estate will be relatively moderate as the PRC government has to ensure smooth implementation of the policies in force. It is expected that the property market, in general, will develop steadily in 2015, divergence among different cities will be accelerated.

Due to Henan's competitive edge in terms of geographic location and population resources, strong and stable rigid demand for housing should be made by the development of property market in the advancement of new urbanisation, bolstering the growth of the property market in a long run. Zhengzhou, the provincial capital, has been undergoing reconstruction of all urban villages in Jiancheng District by establishing infrastructure, such as transportation enhancement, and upgrading industrial structure with an aim to implement entire territorial urbanisation, providing more room for the development of the property market. The Company expects the property market in Henan province will continue to enjoy stable development in 2015.

(II) Business Planning

In 2015, the Company continues to pursue a flexible and discreet strategy for development, and actively responds to the changing market by scientific evaluation, so as to enhance our combined competitive strengths.

(i) Construction Plans

In 2015, the Group expects to commence construction of a total of 35 projects or phases, with a GFA of approximately 3.21 million sq.m.

City	Project name	Principal use of property	GFA planned for construction (sq.m.)
Zhengzhou	Blossom Garden	Residential	283,362
Zhengzhou	Tianzhu	Residential	186,784
Zhengzhou	Zhengxi U-Town	Residential	30,628
Zhengzhou	Jiuru House	Residential	148,380
Zhengzhou	Triumph Plaza	Residential and commercial	61,228
Zhengzhou	Gongyi Code One City	Residential	97,366
Zhengzhou	Pingyuan City	Residential	66,348
Zhengzhou	Suoxu River Garden	Residential	268,681
Zhengzhou	Tihome Jianye International City	Residential and commercial	258,612
Kaifeng	Dongjingmenghua	Commercial	38,921
Kaifeng	Chrysanthemum Garden	Residential	102,251
Kaifeng	Pullman Resort & Spa	Hotel	43,836
Pingdingshan	Kaifeng		
	Wugang Forest Peninsula	Residential	39,971
Anyang	Sweet-Scented Osmenthus Garden	Residential	12,638
Hebi	Code One City	Residential	107,980
Xinxiang	Code One City	Residential	53,071
Xinxiang	U-Town	Residential	26,218
Jiaozuo	Park Lane	Residential	86,889

City	Project name	Principal use of property	GFA planned for construction (sq.m.)
Puyang	Jianye City North Land Plot	Residential	102,138
Puyang	Code One City	Residential	53,682
Xuchang	Yuzhou Jundu New World	Residential	20,747
Xuchang	Code One City	Residential	116,424
Xuchang	Yanling Eco-City	Residential	50,932
Luohe	Xicheng Forest Peninsula	Residential	150,343
Luohe	Code One City	Residential	46,762
Sanmenxia	Code One City	Residential	98,721
Sanmenxia	Lingbao Forest Peninsula	Residential	13,337
Shangqiu	Eighteen Cities	Residential and commercial	96,186
Shangqiu	Zhecheng U-Town	Residential	30,365
Zhoukou	Forest Peninsula	Residential	127,600
Zhoukou	Huiyang Sweet-Scented Osmenthus Garden	Residential	42,542
Zhumadian	Suiping Forest Peninsula	Residential	63,732
Xinyang	Code One City	Residential	135,850
Xinyang	Jianye City	Residential	74,530
Jiyuan	U-Town	Residential	75,515
Total			<u>3,212,570</u>

(ii) *Completion plan*

The Group expects to complete 32 projects (phases) with an expected completed GFA of 2,680,000 sq.m. in 2015.

City	Project name	Principal use of property	GFA planned for completion (sq.m.)
Zhengzhou	Zhengxi Forest Peninsula	Residential	65,484
Zhengzhou	Zhengxi U-Town	Residential	27,508
Zhengzhou	Spring Time	Residential	32,870
Zhengzhou	Wisdom Port	Commercial	57,015
Zhengzhou	Suoxu River Garden	Residential	85,403
Zhengzhou	Tihome Jianye International City	Residential and commercial	560,915
Luoyang	Yanshi Forest Peninsula	Residential	47,131
Pingdingshan	Wugang Forest Peninsula	Residential	37,188
Pingdingshan	Eighteen Cities	Residential and commercial	153,637
Pingdingshan	Baofeng Forest Peninsula	Residential	27,399
Anyang	Huaxian Code One City	Residential	63,242

City	Project name	Principal use of property	GFA planned for completion (sq.m.)
Xinxiang	Code One City	Residential	92,103
Xinxiang	Changyuan Forest Peninsula	Residential	113,401
Jiaozuo	Xiuwu Forest Peninsula	Residential	36,943
Puyang	Jianye City	Residential	50,075
Puyang	Code One City	Residential	157,542
Puyang	Sweet-Scented Osmenthus Garden	Residential	108,947
Luohe	Xicheng Forest Peninsula	Residential	24,824
Luohe	Code One City	Residential	109,958
Luohe	Linying Sweet-Scented Osmenthus Garden	Residential	83,194
Sanmenxia	Code One City	Residential	81,466
Sanmenxia	Lingbao Forest Peninsula	Residential	15,437
Shangqiu	Eighteen Cities	Residential and commercial	38,195
Zhoukou	Forest Peninsula	Residential	62,361
Zhoukou	Huaiyang Sweet-Scented Osmenthus Garden	Residential	27,658
Zhumadian	Eighteen Cities	Residential	67,559
Zhumadian	Suiping Forest Peninsula	Residential	30,812
Zhumadian	Xiping Forest Peninsula	Residential	27,924
Nanyang	Forest Peninsula	Residential	147,273
Nanyang	Triumph Plaza	Residential and commercial	115,422
Xinyang	Code One City	Residential	103,708
Jiyuan	U-Town	Residential	23,513
Total			<u><u>2,676,107</u></u>

FINANCIAL REVIEW

Turnover: Our turnover increased by 32.8% to approximately RMB9,229 million in 2014 from approximately RMB6,951 million in 2013, primarily due to the increases in sold area in property sales and property rental income and the growth of revenue from hotel operations.

- **Income from sales of properties:** Turnover from property sales increased by 31.0% to approximately RMB8,996 million in 2014 from approximately RMB6,868 million in 2013, primarily due to an increase in sold area by 33.2% to 1,680,758 sq.m. in 2014 from 1,261,691 sq.m. in 2013, but average selling price decreased to RMB5,408 per sq.m. in 2014 from RMB5,478 per sq.m. in 2013. The decrease in average selling price was primarily the result of the change of the product mix.

- **Rental income:** Turnover from property leasing significantly increased by 289.5% to approximately RMB100 million in 2014 from approximately RMB26 million in 2013, such increase was primarily due to an increase in rental income from shopping malls following their openings.
- **Revenue from hotel operation:** Turnover from hotel operation increased by 131.1% to approximately RMB133 million in 2014 from approximately RMB57 million in 2013. The increase was due to the opening of *Le Méridien Zhengzhou* in the second half of 2013 and the continuous improvement in hotel operation in each hotel.

Cost of sales: Our cost of sales increased by 33.8% to approximately RMB6,131 million in 2014 from approximately RMB4,582 million in 2013. The increase in cost of sales is in line with the 33.2% increase in sold area in property sales as mentioned above.

Gross profit: As a result of the aforesaid changes in turnover and cost of sales, our gross profit increased by 30.8% to approximately RMB3,097 million in 2014 from approximately RMB2,369 million in 2013, while our gross profit margin slightly decreased from 34.1% in 2013 to 33.6% in 2014.

Other revenue: Our other revenue decreased by 5.6% to approximately RMB151 million in 2014 from approximately RMB160 million in 2013. This was primarily due to a decrease in interest income from advances to related parties and third parties.

Other net income: Our other net income decreased by 88.2% to approximately RMB45 million in 2014 from approximately RMB379 million in 2013. Such decrease was primarily due to the gains recorded in 2013, namely the gain on disposal of equity interest in a Kaifeng project company, exchange gains and the unrealised gains on trading securities.

Selling and marketing expenses: Our selling and marketing expenses increased by 50.9% to approximately RMB471 million in 2014 from approximately RMB313 million in 2013. Such increase was primarily due to increased advertising and promotional expenses associated with our new projects and hotel operation and a raise in wage, other benefits and commission standards of our sales and marketing staff.

General and administrative expenses: Our general and administrative expenses increased by 19.2% to approximately RMB639 million in 2014 from approximately RMB537 million in 2013. This increase was primarily due to an increase in salaries and other benefits paid to our administrative staff as well as depreciation of our fixed assets of hotel operation.

Other operating income: Our other operating income increased by 37.5% to approximately RMB110 million in 2014 from approximately RMB80 million in 2013. The increase was mainly due to sales of construction materials of RMB36 million commenced in 2014.

Share of losses of associates: Our share of losses of associates decreased by 93.1% to approximately RMB184,000 in 2014 from approximately RMB3 million in 2013. Our share of losses of associates primarily represented our share of loss for operating expenses incurred by St. Andrews Golf Club (Zhengzhou) Company Limited, one of our associates.

Share of profits less losses of joint ventures: Our share of profits less losses of jointly controlled entities decreased by 75.9% to approximately RMB145 million in 2014 from approximately RMB601 million in 2013, primarily due to a decrease in the recognition of revenue of the joint ventures. The revenue of the Group's joint ventures amounted to approximately RMB1,385 million (2013: RMB5,985 million), representing sales of 165,928 sq.m. in 2014 (2013: 669,644 sq.m.), in which revenue of approximately RMB702 million (2013: RMB3,202 million), representing sales of 83,753 sq.m. (2013: 349,871 sq.m.), was attributable to the Group.

Finance costs: Our finance costs decreased by 39.8% to approximately RMB491 million in 2014 from approximately RMB817 million in 2013, since no loss was incurred in 2014 from early redemption of senior notes as was the case in 2013 and the convertible bonds were replaced by the SGD200m Senior Notes (as defined below) with lower finance costs.

Net increase in fair value of investment properties: An increase of approximately RMB12 million in fair value of the Group's investment properties in 2014 was recorded, as compared to an increase of approximately RMB19 million in 2013.

Income tax: Income tax comprises corporate income tax, land appreciation tax ("LAT") and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. Our income tax increased by 16.9% from RMB855 million in 2013 to approximately RMB999 million in 2014. Effective tax rate increased from 44.1% in 2013 to 51.1% in 2014. The income tax and effective tax rate increased over this period primarily due to no reversal of LAT provision in 2014 as was the case in 2013.

Profit for the year: Profit margin and profit from our principal businesses were substantially the same as the previous year. However, due to a decrease in other net income from non-operating business, our profit for the year decreased by 11.7% to approximately RMB958 million in 2014 as compared to approximately RMB1,085 million in 2013.

Financial resources and utilisation: As at 31 December 2014, the Group's cash and cash equivalents amounted to approximately RMB5,019 million (31 December 2013: approximately RMB4,813 million). During the year, the Group distributed a final dividend of RMB210 million to the shareholders of the Company in relation to profit attributable to the year ended 31 December 2013. Final dividend in relation to profit attributable to the year ended 31 December 2014 proposed after the end of reporting period amounts to approximately RMB265 million.

Structure of Borrowings and Deposits

We continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, we are able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. During the year, we successfully issued the senior notes with principal amount of SGD200,000,000 at a coupon rate of 6.5% due 2017 (the “SGD200m Senior Notes”). As at 31 December 2014, the repayment schedule of the Group’s bank and other borrowings was as follows:

Repayment Schedule	As at 31 December 2014 RMB’000	As at 31 December 2013 RMB’000
Bank loans		
Within one year	1,129,562	538,745
More than one year, but not exceeding two years	1,494,753	398,500
More than two years, but not exceeding five years	166,985	348,000
Exceeding five years	226,985	231,960
	<u>3,018,285</u>	<u>1,517,205</u>
Other loans		
Within one year	280,000	1,068,180
More than one year, but not exceeding two years	890,000	–
More than two years, but not exceeding five years	–	500,000
	<u>1,170,000</u>	<u>1,568,180</u>
Convertible bonds		
Within one year	–	641,458
Senior notes		
More than two years, but not exceeding five years	4,147,152	3,243,818
Exceeding five years	1,221,560	1,212,025
	<u>5,368,712</u>	<u>4,455,843</u>
Total borrowings	9,556,997	8,182,686
Deduct:		
Cash and cash equivalents	(5,018,511)	(4,812,575)
Net borrowings	4,538,486	3,370,111
Total equity	7,066,916	6,699,847
Net gearing ratio (%)	64.2%	50.3%

Pledge of assets: As at 31 December 2014, we had pledged completed properties, properties under development, properties for future development and property, plant and equipment with an aggregate carrying amount of approximately RMB4,374 million (2013: approximately RMB3,955 million) to secure general bank credit facilities and other loans granted to us. We also pledged properties under development, investment properties and plant and equipment with aggregate carrying amount of approximately RMB538 million (2013: approximately RMB292 million) to secure bank loans and other loans of joint ventures.

Financial guarantees: As at 31 December 2014, we provided guarantees of approximately RMB11,636 million (2013: approximately RMB6,531 million) to banks in favour of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of our joint ventures. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB3,798 million as at 31 December 2014 (2013: approximately RMB2,367 million).

Capital commitment: As at 31 December 2014, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB7,729 million (2013: approximately RMB4,697 million), and we had authorised, but not yet contracted for, a further approximately RMB16,191 million (2013: approximately RMB19,684 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2014, our major non-RMB assets and liabilities are (i) bank deposits and borrowings denominated in H.K. dollar; and (ii) the senior notes denominated in U.S. dollar and SGD. We are subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD. Our foreign currency hedging policy is stated in note 2 to the financial statements.

Interest rate risks: The interest rates for a portion of our loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. We currently do not use derivative instruments to hedge the interest rate risks.

Human resources and remuneration policy: As at 31 December 2014, we had 2,141 employees (31 December 2013: 1,951 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. We review our remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. Our policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this announcement, there was no significant labour dispute which had or might have an adverse impact on our business operations.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 39 to the financial statements, there are no significant events subsequent to 31 December 2014 which would materially affect the Group's operating and financial performance as of the date of this announcement.

SENIOR NOTES

On 15 May 2014, the Company issued the SGD200m Senior Notes due 2017 with principal amount of SGD200,000,000 at a coupon rate of 6.5% per annum for the purposes of refinancing the convertible bonds issued by the Company in August 2009 and for general corporate purposes. Further details relating to the issue of the SGD200m Senior Notes are disclosed in the announcements of the Company dated 15 and 16 May 2014.

In December 2014, the Company completed the consent solicitation (the "Consent Solicitation") and obtained requisite consents from holders of its SGD175,000,000 10.75% senior notes due 2016 (the "SGD175m Senior Notes") to certain amendments to the terms of the indenture governing the SGD175m Senior Notes so as to bring the said terms in conformity with the terms of the indenture governing the SGD200m Senior Notes which will in turn give the Company greater flexibility to pursue business opportunities. For details of the Consent Solicitation and the results thereof, please refer to the announcements of the Company dated 2 and 16 December 2014.

CONVERTIBLE BONDS

Redemption of the convertible bonds and surrender of the warrants

The Company completed the redemption of the convertible bonds in full at the redemption amount of HK\$893,904,826 in accordance with the terms and conditions of the convertible bonds on 29 August 2014. Upon the redemption, the convertible bonds were cancelled and the Company does not have any outstanding convertible bonds as at the date of this announcement.

In conjunction with the redemption, FV Green Alpha II surrendered all outstanding warrants to the Company on 29 August 2014. All outstanding warrants surrendered by FV Green Alpha II were cancelled and the Company does not have any outstanding warrants as at the date of this announcement.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend for the year ended 31 December 2014 at HK13.6 cents (equivalent to approximately RMB10.88 cents) (2013: HK10.7 cents) to the shareholders whose names appear on the register of members on Thursday, 21 May 2015. Subject to the shareholders' approval of the proposed final dividend at the annual general meeting to be held on Friday, 15 May 2015 (the "2015 AGM"), the dividend cum-date and ex-date will be Monday, 18 May 2015 and Tuesday, 19 May 2015 respectively, and the final dividend will be paid to the shareholders on or about Friday, 5 June 2015. The proposed final dividend has not been reflected in the financial statements as at 31 December 2014.

ANNUAL GENERAL MEETING

The 2015 AGM will be held on Friday, 15 May 2015 and the notice thereof will be published and despatched to the shareholders of the Company in a manner as required by the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders’ eligibility to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Wednesday, 13 May 2015 to Friday, 15 May 2015 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged 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, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 12 May 2015, for registration.

For the purposes of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Thursday, 21 May 2015, during that day no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged 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, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 20 May 2015, for registration.

CORPORATE GOVERNANCE

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices. For the year ended 31 December 2014, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the “Corporate Governance Code”) in Appendix 14 to the Listing Rules with the exception of code provisions A.4.1, A.6.7 and E.1.2 as addressed below.

1. Code provision A.4.1 — This code provision stipulates that all non-executive Directors should be appointed for a specific term, subject to re-election.

Mr. Hu Yongmin (“Mr. Hu”), an ex non-executive Director, was not appointed for a specific term. Mr. Hu was nominated by an investor who subscribed for convertible bonds and warrants issued by the Company on 31 August 2009 to the Board and was appointed as a non-executive Director on 3 September 2009. No service contract was entered into between Mr. Hu and the Company and he did not receive any remuneration as a non-executive Director from the Company. Mr. Hu resigned as a non-executive Director on 29 August 2014 following full redemption of the convertible bonds and surrender of all outstanding warrants on the same date.

Prior to Mr. Hu's resignation on 29 August 2014, all other non-executive Directors (except Mr. Hu) and independent non-executive Directors were appointed for a specific term. Since all Directors (including Mr. Hu) are subject to re-election by shareholders of the Company at annual general meetings and at least once every three years on a rotation basis in accordance with the articles of association of the Company, the Company considers that there are sufficient measures to ensure the corporate governance of the Company complies with the same level to that required under the Corporate Governance Code.

2. Code provision A.6.7 — This code provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

All Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

Mr. Lim Ming Yan (resigned on 1 October 2014), Mr. Leow Juan Thong Jason, Mr. Hu and Ms. Wu Wallis (alias Li Hua), all being non-executive Directors, and Mr. Xin Luo Lin and Mr. Muk Kin Yau, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 16 May 2014 (the "2014 AGM") as they were out of town for other businesses.

3. Code provision E.1.2 — This code provision requires the Chairman to invite the chairmen of the audit, remuneration and nomination committees to attend the annual general meetings.

Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2014 AGM as he was out of town for other business.

In his absence, the other members of the remuneration committee, namely Mr. Wu Po Sum and Mr. Cheung Shek Lun, attended the 2014 AGM and answered questions raised at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the year ended 31 December 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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.

AUDIT COMMITTEE

The audit committee of the Company reviewed the Annual Results, including the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters as well as the audited financial statements for the year ended 31 December 2014 with the management.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This Annual Results announcement is published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.centralchina.com. The Company's annual report for the year ended 31 December 2014 will be published on both websites and will be despatched to the shareholders of the Company in due course.

By Order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 20 March 2015

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.25. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Wu Po Sum and Ms. Yan Yingchun are executive Directors, Mr. Lucas Ignatius Loh Jen Yuh, Mr. Leow Juan Thong Jason and Ms. Wu Wallis (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Muk Kin Yau and Mr. Xin Luo Lin are independent non-executive Directors.