GUORUI PROPERTIES LIMITED
國瑞置業有限公司

(於開曼群島以「Glory Land Company Limited(国瑞置业有限公司)」的名稱註冊成立的有限公司,並以「Guorui Properties Limited」的名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company Limited (国瑞置业有限公司)" and carrying on business in Hong Kong as Guorui Properties Limited)

股份代號 Stock Code : 2329

2014
ANNUAL REPORT
年 度 報 告

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun *(Chairman)*
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent Non-Executive Directors

Ms. Nie Meisheng (resigned on October 10, 2014)
Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. Ge Weiguang
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang *(Committee Chairman)*
Ms. Nie Meisheng (resigned on October 10, 2014)
Mr. Lai Siming
Ms. Chen Jingru (appointed on October 10, 2014)

REMUNERATION COMMITTEE

Mr. Lai Siming *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun *(Committee Chairman)*
Ms. Nie Meisheng (resigned on October 10, 2014)
Mr. Lai Siming
Mr. Luo Zhenbang (appointed on October 10, 2014)

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru *(Committee Chairman)*
Mr. Luo Zhenbang
Ms. Ruan Wenjuan

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

COMPLIANCE ADVISOR

Messis Capital Limited
Room 1606, 16/F
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

LEGAL ADVISORS

As to Hong Kong Law
Shearman & Sterling
12/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Suite 5103A, 51/F, Central Plaza
18 Harbour Road
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

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Dongcheng District
Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

LISTING INFORMATION

Share Listing
The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 02329

WEBSITE

http://www.glorypty.com/

FINANCIAL HIGHLIGHTS

	For the year ended December 31, (RMB'000)			
	2014	**2013**	**2012**	**2011**
Revenue	5,278,546	6,835,358	4,275,996	1,753,398
Profit before tax	2,059,009	3,855,784	2,033,649	1,075,107
Profit for the year attributable to	1,206,289	2,770,189	1,273,178	744,421
– attributable to owners of the Company	950,654	2,233,812	1,029,776	597,001
– attributable to non-controlling interests	255,635	536,377	243,402	147,420
Earnings per share attributable to ordinary equity holders of the Company, in Renminbi cents:				
– Basic	23.42	59.57	—	—
– Diluted	23.34	59.57	—	—

	At December 31, (RMB'000)			
	2014	**2013**	**2012**	**2011**
Total assets	29,013,373	22,467,403	18,792,611	20,284,796
– Non-current assets	13,273,463	8,199,638	7,412,685	6,563,042
– Current assets	15,739,910	14,267,765	11,379,926	13,721,754
Total liabilities	20,476,929	16,371,424	13,107,113	15,690,031
– Current liabilities	12,094,486	8,451,791	8,283,901	10,069,020
– Non-current liabilities	8,382,443	7,919,633	4,823,212	5,621,011
Net assets	8,536,444	6,095,979	5,685,498	4,594,765
Total equity	8,536,444	6,095,979	5,685,498	4,594,765
– equity attributable to equity owners of the Company	7,016,322	4,788,414	4,898,733	3,802,056
– equity attributable to non-controlling interests	1,520,122	1,307,565	786,765	792,709

(a) Financial information of the financial position of the Company:

	At December 31, 2014 RMB'000	At December 31, 2013 RMB'000
Non-current assets		
Investment in subsidiaries	1,235,494	8
Current assets		
Other receivables	389	—
Cash and bank balances	121	2,945
	510	2,945
Current liabilities		
Trade and other payables	12,698	—
Amounts due to subsidiaries	33,680	20,930
	46,378	20,930
Net current liabilities	(45,868)	(17,985)
Total assets less current liabilities	1,189,626	(17,977)
Net assets (liabilities)	1,189,626	(17,977)
Capital and reserves		
Share capital	3,509	2,967
Reserves	1,186,117	(20,944)
Total equity (Accumulated deficits)	1,189,626	(17,977)

(b) Movement of reserves of the Company:

	Share premium RMB'000	Accumulated loss RMB'000	Total RMB'000
At January 1 2013	—	—	—
Profit and total comprehensive expense for the year	—	(20,944)	(20,944)
At December 31 2013	—	(20,944)	(20,944)
Profit and total comprehensive expense for the year	—	(32,183)	(32,183)
Issue of shares	1,290,032	—	1,290,032
Issue costs	(50,788)	—	(50,788)
At December 31 2014	1,239,244	(53,127)	1,186,117

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended December 31, 2014.

REVIEW OF RESULTS IN 2014

According to the data of the National Bureau of Statistics of the PRC, for 2014, the total amount of investments in real estate development at the national level was RMB9,503.6 billion, representing a nominal growth of 10.5% as compared to last year. Newly constructed housing area was 1,795.92 million sq.m., representing a decrease of 10.7% as compared to last year. Sales area of commodity housing at the national level was 1,206.49 million sq.m., representing a decrease of 7.6% as compared to last year. Total sales revenue of commodity housing at the national level was RMB7,629.2 billion, representing a decrease of 6.3% as compared to last year.

In view of the trend of negative growth in the real estate market in 2014, the PRC central government and local governments have worked together to introduce various measures to stabilize the weak market. In March 2014, the National People's Congress and the Chinese People's Political Consultative Conference proposed the "control by categories" policy (分類調控). Also, the PRC central government continued to re-enforce the "Five Central Policies" (央五條), "directional reduction of the deposit reserve ratio" (定向降準), relaxation of the mortgage loan restriction policies (放鬆限貸) and other "micro-stimulus" (微刺激) to stimulate the mortgage loan demand by purchasers of owner-occupied houses. The local governments have been delegated with more autonomy to provide various bailout policies locally with diversified and in-depth measures since June 2014, followed by progressive cassation of the "house-purchase restriction" (限購) system implemented for the last three years. These lenient macro-control policies should provide positive support for the real estate market.

In 2014, despite the aforesaid market situation, the Group achieved contracted sales of RMB6,206.3 million, representing an increase of 22.7% as compared to last year. Total contracted GFA was 476,764 sq.m., representing an increase of 24.2% as compared to last year. It realized a revenue of RMB5,278.5 million, of which the revenue from property development was RMB4,790.2 million, that from primary land construction and development services was RMB176.0 million and that from property investment was RMB267.6 million and property management and related services was RMB44.7 million.

With respect to land reserves, the Group has always been committed to acquiring quality land parcels at competitive cost. During 2014, the Group acquired two new land parcels in Foshan and Hainan, namely the Foshan • South Levee Bay (佛山 • 南堤灣) and Hainan Yunlong (海南雲龍) with site areas of 90,231 sq.m. and 1,084,162 sq.m., respectively, and the average costs of land acquisition were approximately RMB1,989 per sq.m.. As at December 31, 2014, the total GFA of land reserves owned by the Group was approximately 7,693,986 sq.m., and the average cost of land was approximately RMB1,536.5 per sq.m.

It is worth mentioning that Yongqing county of Langfang is a strategic region in the surrounding areas of Beijing, located at the heart of Bohai Economic Rim and at the center of the Greater Beijing Strategic Economic Rim. Since the PRC central government unveiled the key national strategy of realizing coordinated development among Beijing, Tianjin and Hebei Province, Yongqing county of Langfang, which is located within a short distance from the core areas of Beijing and Tianjin, with numerous advantages such as intact natural ecology and quality land site environment, has gradually become a popular area being targeted by a number of branded property developers. The land reserves of the Group in Yongqing county of Langfang city amount to 1,866,917 sq.m., which is an ecological township project in Yongqing county with Beijing-Taiwan Expressway (京台高速) on its western side and Langba Road (廊霸路) on its eastern side. The project is located in a prime location which is only 15 km away from various industrial and commercial enclaves such as the second international airport under construction in Beijing and adjacent to Yongqing Taiwan Industrial New Town (永清台灣工業新城), Zheshang New Town (浙商新城), Yongqing Fashion City (永清服裝城) and other industrial and commercial exclaves. The Group will continue to assess quality land parcels with a view to acquire more potential land reserves in Langfang.

OUTLOOK IN 2015

Looking forward to 2015, as the economy enters a new normal state, there will be a clearer idea on the control measures by the government to the real estate sector. In the medium-to-long term perspective, the control measures will change from a "too tight" state back to a "normal" state. Neither over-suppressive nor over-stimulating measures should be implemented. The government should gradually change from the "one-for-all" (一刀切) control measures as adopted in the past to allowing less administrative controls and more market influences in order to utilize the market forces to adjust and stabilize the housing market. This shift in control measures is a good indication that the relevant regulatory authorities are gradually aiming to establish a policy of long-term market-based control mechanism to encourage a healthy and steady growth in the real estate industry.

In 2015, seizing on the change of macroeconomic policies and market dynamic, the Group will continue to implement efficient project operational and management system, fine-tune the pace of operation and development, adopt flexible marketing policies, accelerate the inventory turnover rate, and consolidate and expand the market shares of all projects in the local markets. The Group will also ensure timely collection of sales receivable and account receivable, timely develop various overseas and domestic financing channels to ensure sustainable and stable development of the Group.

With the furtherance of China's new-style urbanization, urbanization will become an important support for the long-term development of the real estate industry. On March 5, 2015, a government work report presented by Premier Li Keqiang at the National People's Congress and the Chinese People's Political Consultative Conference pointed out that the PRC government will facilitate new breakthroughs in new-style urbanization and increase efforts in reforming squatter areas in large cities and dangerous buildings in the township and rural areas. Meanwhile, reforms of the urban and township squatter areas and urban villages for a population of approximately 100 million persons have been proposed. These should have significant effect on the real estate market in the future, particularly in key cities. The Group plans to focus its attention on the peripheral areas of Tier 1 and Tier 2 key cities and the Pearl River Delta region, to align its business development with the direction of the national urbanization policy and explore on the business model in constructing business zones and new cities by adopting the public and private partnership model (公私合營模式)" to further expand its existing property development business.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express our gratitude to all our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

Zhang Zhangsun
Chairman

Beijing, the PRC
March 26, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended December 31, 2014, the Group's total contracted sales were approximately RMB6,206.3 million, representing an increase of 22.7% as compared to the year ended December 31, 2013. The Group's revenue was RMB5,278.5 million, representing a decrease of 22.8% as compared to the year ended December 31, 2013. This decrease was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB1,264.2 million to the Group's revenue in 2013. Revenue from property development was RMB4,790.2 million, representing an increase of 6.0% as compared to the year ended December 31, 2013. For the year ended December 31, 2014, the Group's gross profit was RMB2,405.2 million, net profit was RMB1,206.3 million, of which RMB950.7 million was attributable to the equity holders of the Company.

Contracted Sales

For the year ended December 31, 2014, the contracted sales of the Group amounted to approximately RMB6,206.3 million, representing an increase of 22.7% from RMB5,057.1 million for the year ended December 31, 2013. Total GFA sold was approximately 476,764 sq.m., representing an increase of 24.2% from 383,970 sq.m. for the year ended December 31, 2013. Contracted sales of the Group, by geographical location, from Beijing, Haikou, Wanning, Langfang, Zhengzhou, Shenyang, Foshan and Shantou amounted to approximately RMB1,905.6 million, RMB1,360.7 million, RMB212.0 million, RMB710.6 million, RMB1,049.1 million, RMB963.1 million, RMB3.0 million and RMB2.2 million, respectively, representing 30.7%, 21.9%, 3.4%, 11.4%, 16.9%, 15.5%, 0.1% and 0.1% of the Group's total contracted sales, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2014 and 2013:

	2014 Contracted Sales (RMB million)	2013 Contracted Sales (RMB million)	2014 GFA Sold (sq.m.)	2013 GFA Sold (sq.m.)	2014 Contracted ASP (RMB/sq.m.)	2013 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City (Phases I and II)	1,826.4	1,186.4	27,297	20,902	66,907.1	56,758.9
Beijing Fugui Garden	38.6	6.7	1,285	500	30,072.6	13,439.3
Eudemonia Palace	40.6	590.2	872	12,992	46,621.0	45,427.3
Haikou						
Haikuotiankong Glory City (Phases I to V)	1,283.2	1,455.8	78,962	94,856	16,250.9	15,348.0
Haidian Island Glory Garden	77.5	213.8	4,808	15,039	16,118.1	14,216.0
Wanning						
Wanning Glory City (Phase I)	212.0	69.4	33,383	12,183	6,349.8	5,695.0
Langfang						
Yongqing Glory City (Phases III to IV)	710.6	279.4	63,687	25,554	11,157.8	10,932.4
Zhengzhou						
Zhengzhou Glory City (Phases I to VII)	1,049.10	965.3	129,383	155,627	8,108.7	6,202.4
Shenyang						
Shenyang Glory City (Phases II to IV)	963.10	244.2	136,455	40,786	7,058.0	5,988.4
Foshan						
Foshan Guohua New Capital (Phase I)	3.0	—	372	—	8,017.6	—
Shantou						
Glory Garden	0.5	7.1	64	943	7,599.8	7,505.0
Yashi Garden	1.7	38.9	196	4,590	8,388.2	8,466.7
Total	6,206.3	5,057.1	476,764	383,970	13,017.5	13,170.5

Note:

Contracted sales shown in the table include sales of car parking spaces and GFA sold includes contracted GFA of car parking spaces.

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at December 31, 2014, the Group had completed a total GFA of 3,095,706 sq.m. and had land reserves with a total GFA of 7,693,986 sq.m., comprising (a) a total GFA of 680,229 sq.m. completed but remaining unsold, (b) a total GFA of 2,079,775 sq.m. under development, and (c) a total planned GFA of 4,933,982 sq.m. held for future development.

The Group selectively retains the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and recurring income. As at December 31, 2014, the Group had investment properties with a total GFA of 760,230 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Glory Center and Foshan • South Levee Bay.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary of information on the Group's projects and project phases under development and properties held for future development as at December 31, 2014:

		UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area (sq.m.)	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Beijing								
1. Beijing Glory Center	Mixed-use	12,738	140,021	140,021	—	—	—	80.0
Haikou								
1. Haikuotiankong Glory City (Phases III to V)	Mixed-use	54,716	364,535	364,332	19,004	—	—	80.0
2. Glory Riverview Garden	Residential	36,634	21,582	20,498	—	—	—	80.0
3. Haikou West Coast Glory	Residential	34,121	—	—	—	22,531	—	80.0
4. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	1,084,162	—	40.8
Wanning								
1. Wanning Glory City (Phases I to III)	Residential	214,635	114,250	113,430	13,426	204,057	—	80.0
Langfang								
1. Yongqing Glory City (Phases I (partial) to II, Phase IV (partial), Phase V)	Residential	1,083,859	319,443	317,942	4,431	1,514,106	—	80.0
Zhengzhou								
1. Zhengzhou Glory City (Phase III (partial), Phases VI to VIII)	Mixed-use	132,614	312,792	311,585	65,900	66,873	—	80.0

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area (sq.m.)	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Shenyang								
1. Shenyang Glory City (Phase III (partial), Phase IV (partial), Phases V to VII)	Mixed-use	480,128	361,398	359,016	96,192	1,000,206	348,625	80.0
Foshan								
1. Foshan Guohua New Capital (Phases I to II)	Residential	120,814	275,033	273,662	372	236,098	—	44.0
2. Foshan • South Levee Bay	Mixed-use	90,231	—	—	—	335,328	335,328	80.0
Xi'an								
Xi'an Glory International Financial Center	Mixed-use	19,162	—	—	—	289,978	—	59.0
Shantou								
1. Shantou Glory City (Phases I to II)	Mixed-use	54,431	170,721	168,821	—	180,643	—	80.0
Total		3,418,245	2,079,775	2,069,307	199,325	4,933,982	683,953	
Total Attributable GFA			1,564,808	1,556,928	159,326	3,376,304	547,162	

The following table sets out a summary of information of the Group's investment properties as at December 31, 2014:

Project	Types of Properties	Total GFA Held for Investment	Leasable GFA	Effective Leased GFA	Total Rental Income	
					2014	2013
		(sq.m.)	(sq.m.)	(sq.m.)	(RMB'000)	(RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	36,166	210,231	179,876
	Offices	9,808	9,808	7,650		
	Car parking spaces	26,324	26,324	18,426		
	Retail outlets	29,128	25,642	21,282		
	Siheyuan	7,219	7,219	1,276		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,394	32,734	30,967
Shenyang Glory City	Specialized markets	50,841	50,841	50,841	—	1,068
	Retail outlets	58,972	58,972	—	—	—
Shantou Glory City	Specialized markets	62,398	62,398	53,039	24,657	20,130
Eudemonia Palace	Car parking spaces	3,950	3,950	2,844	—	—
Beijing Glory Center*	Offices Shopping Mall Car parking spaces	140,021				
Foshan • South Levee Bay*	Retail outlets Car parking spaces	260,519				
Total		760,230	317,666	211,918	267,622	232,041

* Projects currently under construction

Completed Properties

The following table sets out a summary of information on the Group's completed projects and project phases as at December 31, 2014:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or use by us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Beijing									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	51,675	4,699	26,146	420,911	9,125	91.0
2. Beijing Glory City (Phases I and II)	Mixed-use	117,473	881,590	106,142	44,501	157,383	599,886	18,180	80.0
3. Eudemonia Palace	Residential	14,464	33,101	3,211	299	3,950	24,632	1,309	80.0
Haikou									
1. Haikuotiankong Glory City (Phases I to III, Phase V)	Mixed-use	86,659	436,925	149,677	99,944	—	275,971	11,276	80.0
2. Haidian Island Glory Garden	Residential	65,643	71,863	17,055	2,202	—	54,808	—	80.0
Wanning									
1. Wanning Glory City (Phase I)	Residential	29,704	47,748	20,575	20,575	—	27,173	—	80.0
Langfang									
1. Yongqing Glory City (Phase I (partial), Phases III)	Residential	229,507	103,635	35,512	33,368	—	67,808	315	80.0
Zhengzhou									
1. Zhengzhou Glory City (Phases I to V)	Mixed-use	351,614	476,756	148,550	94,844	—	315,736	12,470	80.0
Shenyang									
1. Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV (partial))	Mixed-use	147,457	354,085	45,372	17,540	109,813	193,752	1,540	80.0
Shantou									
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90.0
2. Glory Garden	Mixed-use	14,161	33,795	2,461	2,461	—	31,335	—	100.0
3. Yu Garden	Residential	8,292	25,767	—	—	—	25,767	—	100.0
4. Star Lake Residence	Residential	3,589	12,132	—	—	—	12,132	—	100.0
5. Yashi Garden	Residential	9,472	48,054	106	106	—	47,172	776	100.0
Total		1,216,109	3,095,706	580,336	320,539	359,690	2,097,083	54,991	
Total Attributable GFA		994,668	2,562,619	470,467	257,461	296,868	1,747,247	45,151	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2014:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average land cost
	Saleable/ Rentable GFA Remaining Unsold	GFA Under Development	Planned GFA[1]	Total GFA		
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)	(RMB/sq.m.)
Beijing	236,978	140,021	—	376,999	4.9	8,902.9
Haikou	102,145	386,117	1,106,693	1,594,955	20.7	1,612.3
Wanning	20,575	114,250	204,057	338,882	4.4	351.2
Langfang	33,368	319,443	1,514,106	1,866,917	24.3	366.8
Zhengzhou	94,844	312,792	66,873	474,509	6.2	395.0
Shenyang	127,353	361,398	1,000,206	1,488,957	19.4	1,108.6
Foshan	—	275,033	571,426	846,459	11.0	2,491.0
Xi'an	—	—	289,978	289,978	3.8	1,551.8
Shantou	64,966	170,721	180,643	416,330	5.3	1,666.2
Total	680,229	2,079,775	4,933,982	7,693,986	100	1,536.5

Note:

(1) Includes 216,523 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2014:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA(1) (sq.m.)	Total GFA (sq.m.)	(%)
Residential	237,273	1,352,431	2,977,300	4,567,004	59.4
Commercial for sale	69,945	227,359	937,052	1,234,355	16.0
Commercial held or intended to be held for investment	359,690	140,021	260,519	760,230	9.9
Hotel	—	—	185,544	185,544	2.4
Car parking spaces	13,321	350,998	442,345	806,664	10.5
Ancillary	—	7,883	63,943	71,826	0.9
Others	—	1,083	67,279	68,363	0.9
Total	680,229	2,079,775	4,933,982	7,693,986	100

Note:

(1) Includes 216,523 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

Primary Land Development and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During 2014, the Group undertook primary land development and under the "Urban Redevelopment" policy projects in Beijing, Shantou and Chaozhou.

Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street project, with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. The site of West Qinian Street project is located on the west side of Qinian Street and is less than one kilometer from Tiananmen Square. As at December 31, 2014, the Group incurred development costs of approximately RMB1,024.8 million and completed the primary land development of one of the five land parcels in the second quarter of 2013. The Group expects to complete the primary land development of another two land parcels of this project in 2015.

Shantou

Pursuant to cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, comprising four development projects with a total planned GFA of approximately 4.3 million sq.m during the first half of 2014. The local self-governing organizations and enterprises have agreed to transfer the land use rights to the Group after the completion of the requisite government procedures under the relevant local regulation. The Group has completed and submitted a detailed regulatory plan for one of the development projects to the government for approval. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions. The related preliminary work is advancing in an orderly way. As at December 31, 2014, the Group incurred aggregate development costs of approximately RMB 60.5 million and planned to develop residential properties on these land parcels.

Chaozhou

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environment assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the pre-proclamation of approximately 4,419 mu of land. As at December 31, 2014, the Group incurred preliminary development costs of RMB1.2 million for this project to cover preliminary planning, design and surveying expenses.

FINANCIAL REVIEW

Revenue

For the year ended December 31, 2014, the Group's revenue was RMB5,278.5 million, representing a decrease of 22.8% from RMB6,835.4 million for the year ended December 31, 2013. This decrease was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB1,264.2 million to the Group's revenue in 2013.

Revenue from property development for the year ended December 31, 2014 was RMB4,790.2 million, representing an increase of 6.0% as compared to the year ended December 31, 2013. This increase was primarily due to the changes in project mix and geographic breakdown of properties the Group delivered for the year ended December 31, 2014.

Revenue from primary land construction and development services was RMB176.0 million for the year ended December 31, 2014, as compared to RMB2,023.2 million for the year ended December 31, 2013. This decrease was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB1,264.2 million to the Group's revenue in 2013.

Cost of Sales and Services

The Group's cost of sales and services decreased by 8.2% from RMB3,130.7 million in 2013 to RMB2,873.4 million in 2014.

The Group's cost of sales of properties decreased by 7.7% from RMB2,847.2 million in 2013 to RMB2,628.2 million in 2014.

The Group's cost of services of primary land development decreased by 19.2% from RMB216.2 million in 2013 to RMB174.6 million in 2014, primarily due to the reduced amount of compensation from demolition of the Qinian Street project.

Gross Profit

For the year ended December 31, 2014, the Group's gross profit was RMB2,405.2 million, representing a decrease of 35.1% from RMB3,704.7 million for the year ended December 31, 2013. The gross profit margin was 45.6% for the year ended December 31, 2014, as compared to 54.2% for the year ended December 31, 2013.

Gross profit of property development was RMB2,162.1 million for the year ended December 31, 2014, representing an increase of 29.3% from RMB1,672.4 million for the year ended December 31, 2013. The increase in the Group's gross profit of property development was primarily due to the changes in project mix and geographic breakdown of properties the Group delivered for the year ended December 31, 2014. The gross profit margin of property development increased from 37.0% for the year ended December 31, 2013 to 45.1% for the year ended December 31, 2014.

Gross profit of primary land construction and development services was RMB1.4 million for the year ended December 31, 2014, as compared to RMB1,807.0 million for the year ended December 31, 2013. The gross profit margin of primary land construction and development services was 0.8% for the year ended December 31, 2014, as compared to 89.3% for the year ended December 31, 2013. The decrease in gross profit and gross profit margin from primary land construction and development services was primarily due to the non-occurrence of one-off government compensation for primary land development projects in 2014, whereas such kind of compensation was received through the Group's Beijing Hademen primary land development project and contributed approximately RMB1,264.2 million to the Group's revenue in 2013.

Net Profit Attributable to Equity Holders of the Company

For the year ended December 31, 2014, the net profit attributable to equity holders of the Company was RMB950.7 million, representing a decrease of 57.4% from RMB2,233.8 million for the year ended December 31, 2013. A profit warning announcement of the Company (the "**Profit Warning**") was published on the website of the Stock Exchange on March 13, 2015. As stated in the Profit Warning, the decrease in the net profit attributable to equity holders of the Company was mainly due to (i) the non-occurrence in 2014 of a one-off compensation by the government for completion of the Group's Beijing Hademen primary land development project that contributed approximately RMB1,264.2 million to the Group's revenue in 2013; and (ii) the non-occurrence in 2014 of a fair value gain of approximately RMB527.3 million on the transfer of 12 units of siheyuan (四合院) of the Group from properties held for sale to investment properties in 2013.

Changes in Fair Value of Investment Properties

Changes in fair value of investment properties decreased by 57.7% from RMB911.9 million in 2013 to RMB386.0 million in 2014, primarily due to the change in fair value of RMB527.3 million arising from the transfer of 12 units of siheyuan (四合院) of the Group from properties held for sale to investment properties in 2013.

Other Gains and Losses

Other gains were RMB268.7 million for the year ended December 31, 2013, while other losses were RMB4.9 million for the year ended December 31, 2014. The difference was primarily due to the Group's recognition of a gain of RMB265.7 million in connection with its agreement with Shantou City Land Reserve Center (汕頭市土地儲備中心) in May 2013 to acquire the land use rights of the land parcels for Phase II of Shantou Glory City, while the Group did not recognize such gain in the year ended December 31, 2014.

Other Income

Other income increased by 47.6% from RMB8.4 million for the year ended December 31, 2013 to RMB12.4 million for the year ended December 31, 2014.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 1.1% from RMB184.5 million for the year ended December 31, 2013 to RMB182.4 million for the year ended December 31, 2014.

Administrative Expenses

Administrative expenses increased by 12.4% from RMB242.3 million for the year ended December 31, 2013 to RMB272.3 million for the year ended December 31, 2014, primarily due to an increase in the Group's staff headcount in line with the expansion of the Group's operations and an increase in average salaries and benefits of the Group's staff.

Finance Costs

Finance costs decreased by 58.3% from RMB572.5 million for the year ended December 31, 2013 to RMB238.9 million for the year ended December 31, 2014, primarily because the Group recorded fair value loss of RMB293.9 million on payment in relation to the Group's termination in May 2013 of a pre-sale agreement with Hainan Airlines Company Limited for the pre-sale of a high-rise residential building entered into in July 2009.

Income Tax Expenses

Income tax expenses decreased by 21.5% from RMB1,085.6 million for the year ended December 31, 2013 to RMB852.7 million for the year ended December 31, 2014, primarily due to a decrease in profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the year ended December 31, 2014 were RMB445.6 million and RMB407.1 million, respectively.

Profit and Total Comprehensive Income for the Year

As a result of the foregoing, the Group's profit and total comprehensive income for the year decreased from RMB2,770.2 million for the year ended December 31, 2013 to RMB1,206.3 million for the year ended December 31, 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at December 31, 2014, the Group's cash, restricted bank deposits and bank balances were approximately RMB1,730.3 million, representing an increase of 91.0%, as compared to RMB905.8 million as at December 31, 2013.

Negative Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB630.2 million for the year ended December 31, 2014, as compared to a positive operating cash flow of RMB32.9 million for the year ended December 31, 2013. The Group's negative net cash flow from operating activities was primarily attributable to its land acquisitions for land parcels of Foshan Guohua New Capital and Foshan • South Levee Bay. For details of acquisition of land parcel at Foshan • South Levee Bay, please refer to the section headed "Material Acquisition and Disposals and Significant Investments" in this annual report.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was 107% as at December 31, 2014, as compared to 106% as at December 31, 2013.

Borrowings

As at December 31, 2014, the Group had outstanding indebtedness of RMB10,818.6 million, consisting of bank borrowings of RMB8,376.2 million and other borrowings which are trust financing arrangements of RMB2,442.4 million. The Group's outstanding indebtedness consists of approximately RMB4,221.3 million is repayable within one year, approximately RMB2,252.2 million is repayable after one year but within two years, approximately RMB3,508.1 million is repayable after two years but within five years and approximately RMB837.0 million is repayable after five years. The Group's current and non-current borrowings increased RMB3,482.0 million to RMB10,818.6 million as at December 31, 2014 from RMB7,336.6 million as at December 31, 2013.

As at December 31, 2014, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 22.6% of the balance of the Group's total bank and other borrowings, compared to 29.8% as at December 31, 2013.

Charge over Assets

Some of the Group's borrowings are secured by properties held for/under development, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2014, the assets pledged to secure certain borrowing granted to the Group amounted to RMB20,696.6 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at December 31, 2014, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB2,665.3 million.

Save as disclosed in this annual report, the Group had no other material contingent liabilities as at December 31, 2014.

Foreign Currency Risk

The Group collects all of its revenue in RMB and incurs most of its expenditures in RMB.

The Group has certain bank deposits in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at December 31, 2014, the Group has bank balances of RMB 8.9 million denominated in foreign currencies which expose the Group to foreign currency risk.

Material Acquisition and Disposals and Significant Investments

For the year ended December 31, 2014, the Group had completed the material acquisitions for the purpose of reorganization of the Group in preparation for its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**") and in the ordinary course of business of the Group. Please refer to the Company's prospectus dated June 23, 2014 (the "**Prospectus**") for further details.

On March 5, 2014, Shenzhen Glory Xingye Real Estate Co., Ltd* (深圳國瑞興業房地產有限公司), an indirect subsidiary of the Company, entered into an equity interest transfer agreement to acquire 30% of the equity interest in Shenzhen Dachaoshan Construction Co., Ltd.* (深圳市大潮汕建設有限公司) ("**Shenzhen Dachaoshan**") from independent third parties for a total consideration of RMB12.0 million. Shenzhen Dachaoshan intends to undertake a development project in Shenzhen under the "Urban Resettlement" policy with a total site area of 3.8 million sq.m. and entered into a cooperation agreement on March 12, 2014 with a company controlled by the local self-governing organization with respect to the aforementioned project.

On April 2, 2014, Hainan Glory Real Estate Development Co., Ltd* (海南國瑞房地產開發有限公司) ("**Hainan Glory**"), an indirect subsidiary of the Company, entered into an equity interest transfer and cooperation agreement (the "**Agreement**") with an independent third party to acquire 100% of the equity interest in Hainan Junhe for a total consideration of RMB1,014.0 million in order to acquire the land use rights of certain land parcels in Haikou with a site area of approximately 1.1 million sq.m. The Group is working towards completion of the acquisition pursuant to the Agreement.

* For identification purpose only

On June 16, 2014, Foshan Glory Southern Real Estate Development Co., Ltd.* (佛山市國瑞南方地產開發有限公司), an indirect subsidiary of the Company won the bid to acquire a land parcel in Foshan with site areas of 90,231 sq.m. through listing-for-sale for a total consideration of RMB1,483.2 million. The Group received the relevant confirmation letter on bidding for granting land use rights on June 18, 2014 and subsequently, the Group entered into the land grant contract with the Foshan city government on June 30, 2014. The Group is working towards completion of the acquisition pursuant to the land grant contract.

Save as disclosed in the Prospectus and the abovementioned in this annual report, the Group did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2014.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the Prospectus and the abovementioned in this annual report, the Group did not have any future plans for material investments or capital assets as at the date of this annual report.

Employees and Remuneration Policies

As at December 31, 2014, the Group had approximately 1,349 employees. For the year ended December 31, 2014, the Group incurred employee costs of approximately RMB226.8 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK6.05 cents per share, totalling HK226,080,000 (equivalent to RMB209,903,000), for the year ended December 31, 2014 to shareholders whose names appear on the register of members of the Company on June 5, 2015. The proposed final dividend will be paid on or about June 15, 2015 after approval by Shareholders at annual general meeting of the Company.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new Shares of the Company in its global offering and the partial exercise of over-allotment option (after deducting underwriting fees and related expenses) amounted to approximately HK$1,561.0 million. As of December 31, 2014, the Company had used approximately HK$150.0 million to be used for the Company's general corporate and working capital purposes. The remaining of the net proceeds are intended to be applied in the manner consistent with that set out in the Prospectus.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

EXECUTIVE DIRECTORS

Mr. Zhang Zhangsun (張章笋) or Chairman Zhang, aged 58, is the founder of the Group and one of the Controlling Shareholders. Chairman Zhang also serves as executive Director, president and the chairman of the Nomination Committee of the Company and as chairman of Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"). Chairman Zhang has over 20 years of experience in real estate development, management and operation. He established our Group in April 1994 and has since led the Group in its development of real estate projects. Before he established our Group, Chairman Zhang used to work in the Shantou Commodities Bureau from 1980 to 1987. Chairman Zhang is also a member of the Chinese People's Political Consultative Committee of Beijing Municipality, a member of the standing committee of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing, a representative of the National People's Congress of Shantou Municipality, an executive committee member and the vice chairman of Real Estate Chamber of Commerce of the All-China Federation of Industry and Commence and the chairman of Chaoshan Chamber of Commerce in Beijing. He graduated from high school in Shantou in July 1969.

Mr. Ge Weiguang (葛偉光), aged 50, serves as executive Director and vice president of the Company and as the director of New Beijing Glory. Mr. Ge joined the Group in September 2008 and has since served as vice president of Beijing Glory Xingye Real Estate Co., Ltd* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**"). Before joining us, he successively served as the deputy section chief of Daxilin Iron Mine of Xilin Steel Group Co., Ltd.* (西林鋼鐵公司大西林鐵礦), a steel manufacturing company, from August 1984 to June 1990, primarily responsible for the financial management; the deputy section chief of Heilongjiang Aluminum Foil Factory* (黑龍江鋁箔廠), an aluminum processing company, from June 1990 to June 1992, primarily responsible for the financial management; the assistant to president and deputy chief accountant of Orient Holding Co., Ltd., a listed company on the Shanghai Stock Exchange (stock code: 600811) engaged in various businesses including, among others, banking and financing businesses and precious mineral resources exploration and extraction businesses, from June 1992 to September 1995, responsible for general management of the company's accounting and financing affairs; the vice president and chief financial officer of Jinzhou Port Co., Ltd., a listed company on the Shanghai Stock Exchange (A share stock code: 600190, B share stock code: 900952) mainly engaged in port and transportation businesses, from September 1995 to April 2001, primarily responsible for accounting, investment and financing and listing affairs; the vice president and chief financial officer of Jitong Network Communications Limited* (吉通通信網路股份有限公司), a telecommunication company, from April 2001 to December 2002, primarily responsible for accounting, investment and financing and listing affairs; and the executive vice president of Oriental Garden Properties Limited* (東方家園置業有限公司), a building materials trading company, from December 2002 to April 2007, primarily responsible for assisting the president in the company's daily operation and management. Mr. Ge was awarded the qualification of accountant by the Metallurgical Industry Department of Heilongjiang Province in November 1991. He obtained a Bachelor's degree in industrial finance and accounting in August 1984 and a Master's degree in management science and engineering in July 1999 from Harbin Institute of Technology.

* For identification purpose only

Ms. Ruan Wenjuan (阮文娟), aged 36, the spouse of Chairman Zhang, serves as executive Director, vice president, a member of the Remuneration Committee, a member of the Internal Control Committee of the Company and as director of New Beijing Glory. Ms. Ruan joined the Group in January 2000 and was responsible for financial management related work in Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"). She successively served as the financial manager and chief financial officer in Original Beijing Glory since 2004. In August 2006, Ms. Ruan was appointed as a director and vice president in Original Beijing Glory and was primarily responsible for the cost management and financial management affairs of our Group. Ms. Ruan completed the real estate EMBA program from Tsinghua University in September 2004.

Ms. Zhang Jin (張瑾), aged 31, the daughter of Chairman Zhang, serves as executive Director and vice president of the Company and as director of New Beijing Glory. Ms. Zhang joined the Group in August 2006 and served as the assistant to the chairman of Original Beijing Glory. Since August 2008, Ms. Zhang served as the vice president of Original Beijing Glory, primarily responsible for the management and operation of our commercial properties. She is also the executive director of Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司) ("**Glory Commercial Management**") and chairman of Beijing Yinhe Glory Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司). Ms. Zhang graduated from Holmes Institute in Australia majoring in business administration in August 2007. She also participated in the international real estate advanced leadership program in Harvard University in May 2007, the globalized city and real estate operator course in The University of Hong Kong in January 2008 and the entrepreneur development program in globalization in University of Cambridge in April 2008. Ms. Zhang was awarded "China Real Estate Top Hundred Person" (中國房地產百傑) by CIHAF China Real Estate Mainstream Media Alliance (CIHAF中國房地產主流媒體聯盟) in 2008, "China Shopping Mall Centre Top Professional of Year 2010" (中國購物中心2010年度職業精英) by PURCHASING Union Mall Development Committee (中購聯購物中心發展委員會) in 2010 and "China Commercial Properties Influential Person" (中國商業地產影響力人物) by China Commercial Real Estate Industry Development Forum (中國商業地產行業發展論壇) in 2013. Ms. Zhang is also a vice chairman of Chamber of Commerce of Dongcheng District of Beijing, council of China Commercial Real Estate Association, vice chairman of China International SME Union and member of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luo Zhenbang (羅振邦), aged 48, serves as independent non-executive Director, chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Internal Control Committee of the Company. Mr. Luo was appointed as an independent non-executive Director of the Company on July 5, 2013. Mr. Luo is the director and senior partner of BDO China Shu Lun Pan CPAs. He has been an independent non-executive director of China Aerospace International Holding Limited (a company listed on the Stock Exchange, stock code: 31) since December 2004, China City Railway Transportation Technology Holdings Company Limited (a company listed on the Stock Exchange, stock code: 1522) since November 2012, Xinjiang Goldwind Science & Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2208) and Shenzhen Stock Exchange (stock code: 002202)) since June 2013 and Digital China Information Service Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000555) since January 2014, respectively. Mr. Luo is also a member of internal audit team of Northeast Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000686). Mr. Luo used to worked successively in several accounting firms, namely Ningxia CPAs* (寧夏會計師事務所), Zhongzhou CPAs* (中洲會計師事務所), Zhong Tian Xin CPAs* (中天信會計師事務所) and Tianhua CPAs* (天華會計師事務所) before he joined BDO China Shu Lun Pan CPAs in May 2008. He also used to serve as a supervisor in China Cinda Asset Management Co., Ltd. from January 2001 to December 2002 and China Greatwall Asset Management Co., Ltd. from January 2003 to December 2004. He was also an independent director of Ningxia Zhongyin Cashmere Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 982) between 2001 to 2004, Long March Launch Vehicle Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600879) between 2002 to 2008, Ningxia Orient Tantalum Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 962) between 2002 to 2005, Wuzhong Instrument Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 862) between 2004 to 2005 and AVIC Heavy Machinery Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600765) between 2010 to 2011, respectively. Mr. Luo was awarded professional qualifications as a certified public accountant by the MOF in January 1995 and a certified accountant in securities and futures industry by the MOF and CSRC in July 1997. He graduated from the School of Business of Lanzhou in June 1991 majoring in Enterprise Management and obtained the Master's degree in enterprise management and innovation from the Australia National University in July 2007.

Mr. Lai Siming (賴思明), aged 57, serves as independent non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Lai was appointed as independent non-executive Director of the Company on July 5, 2013. Mr. Lai has been the member of the Royal Institution of Chartered Surveyors since June 1983 and the member of the Hong Kong Institute of Surveyors since August 1984. In April 1999, Mr. Lai became the fellow member of the Hong Kong Institute of Surveyors. Mr. Lai is a professional surveyor and has considerable experience in the property field. Between September 1980 to February 1994 and August 1997 to June 2002, Mr. Lai was working in Knight Frank (known as F.Y. Kan & Partners in 1980), an international property consultant firm, offering property consulting services. Mr. Lai is an independent non-executive director of Asia Commercial Holdings Limited (a company listed on the Stock Exchange, stock code: 104) since August 1998. Mr. Lai was also an independent non-executive director of The Sun's Group Limited (a company listed on the Stock Exchange, stock code: 988) from May 2002 to March 2003. Mr. Lai served as the Vice Chairman, General Practice Division of the Hong Kong Institute of Surveyors for two years (GPD Council 2001-2003). Mr. Lai obtained a Master's degree in business administration from The Chinese University of Hong Kong in November 2001.

* For identification purpose only

Ms. Chen Jingru (陳靜茹), aged 50, serves as independent non-executive Director, chairman of the Internal Control Committee and a member of the Audit Committee of the Company. Ms. Chen was appointed as independent non-executive Director of the Company on June 5, 2014. Ms. Chen is the global partner of DeHeng Law Offices. She has been an independent director of Dongxin Electrical Carbon Co., Ltd. (previously known as Yangmei Chemical Co., Ltd., a company listed on the Shanghai Stock Exchange, stock code: 600691) since November 2012. Ms. Chen has been working in DeHeng Law Offices since 1993 and has extensive experience in the corporate and securities aspects. Ms. Chen served as an independent director of Beijing Xiangeqing Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002306) from May 2011 to January 2014. Ms. Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in March 1993. She obtained a Bachelor's degree majoring in law in July 1985 and a Master's degree majoring in law in December 1990 from Nankai University.

SENIOR MANAGEMENT

Mr. Dai Jie (戴傑), aged 46, serves as the vice president of the Company. Mr. Dai joined the Group in November 2011 and has successively served as the regional manager of Hainan Region and the director of the group operation and construction management center. Mr. Dai has more than 13 years of experience in development, operation and construction management. Before joining the Group, Mr. Dai successively served as the director of construction department of New World China Land (Beijing) Limited* (香港新世界中國地產有限公司北京公司) from December 2001 to June 2010, responsible for the project development; and deputy general manager of Beijing Xinjingrun Property Co., Ltd.* (北京新京潤房地產有限公司) from July 2010 to November 2011, responsible for project development. Mr. Dai was awarded the professional qualification as an engineer by China Railway Group Limited in June 2008. He obtained a Bachelor's degree in industrial and civil construction from Beijing University of Technology in July 1993.

Mr. Hao Zhenhe (郝振河), aged 60, serves as the vice president of the Company and as general manager of Langfang Glory Investment Co., Ltd.* (廊坊國瑞投資有限公司) ("**Langfang Glory**"). Mr. Hao joined the Group in July 2001 and has successively served as the head of the general office and head of the planning and development department of Original Beijing Glory, the general manager of Beijing Glory Property Services Co., Ltd*. (北京國瑞物業服務有限公司) ("**Glory Services**") and vice president of Original Beijing Glory. Before joining the Group, Mr. Hao worked at the International Liaison department of the Chinese Communist Party Central Committee from April 1971 to April 2001. Mr. Hao obtained a college degree in journalism from the college of journalism of All-China Journalists Association* (中國記協新聞學院) in July 1992.

* For identification purpose only

Mr. Lin Yaoquan (林耀泉), aged 48, Chairman Zhang's brother-in-law, serves as the vice president of the Company and as the general manager of Garden Group, Shantou Glory Real Estate Development Co., Ltd.* (汕頭市國瑞房地產開發有限公司) ("**Shantou Glory**"), Shantou Guohua Properties Real Estate Development Co., Ltd.* (汕頭市國華置業地產開發有限公司) ("**Shantou Guohua**"), Shantou Glory Zhoucuowen Real Estate Development Co., Ltd.* (汕頭市國瑞周厝塭房地產開發有限公司) ("**Shantou Zhoucuowen**") and Shantou Glory Construction Materials & Home Furnishing Exhibition Center Co., Ltd* (汕頭國瑞建材家居博覽中心有限公司) ("**Shantou Construction Materials**"). Mr. Lin joined the Group in August 2004 and has served as the vice president and regional manager of Shantou Region of Original Beijing Glory since 2009. He has also been the general manager of Shantou Industrial Materials Exchange Center* (汕頭工業材料交易中心) since 2004 and the general manager of Shantou Guohong Construction Limited (汕頭市國宏建築有限公司) since 2010. Before joining the Group, Mr. Lin served as a clerk of the import and export department of Shantou Jinming Wujin Material Co., Ltd. (汕頭金明五金材料有限公司) ("**Jinming Wujin**") from April 1989 to May 1993, responsible for daily operation of the import and export department; the manager of the import and export deportment of Shantou Jinming Development Company* (汕頭金明發展公司) from June 1993 to February 1998, responsible for daily operation of the import and export department; general manager of Chaozhou Caitang Yaolong Stainless Steel Products Co., Ltd.* (潮州彩塘耀隆不銹鋼製品有限公司) from July 1998 to March 2004, responsible for overall management of this company. Mr. Lin graduated from high school in Shantou.

Mr. Lin Jianfei (林建飛), aged 48, serves as the vice president of the Company. Mr. Lin joined the Group in April 2005 and served as the assistant to the chairman and deputy general manager in Original Beijing Glory from April 2005 to April 2007. From April 2007 to December 2012, Mr. Lin resigned from the Group and served in the construction, development and management center of Eastern City of Shantou Economic Zone. In December 2012, Mr. Lin rejoined the Group and served as the vice president of Original Beijing Glory. Before joining the Group, he used to work in the urban planning department of Shantou, Guangdong Province from July 1998 to May 2005. Mr. Lin obtained a Bachelor's degree in city planning from Sun Yatsen University in July 1988.

Mr. Li Bin (李斌), aged 43, serves as the vice president of the Company and as the chairman of Beijing Glory. Mr. Li joined the Group in July 1997 and successively served as the procurement manager, sales manager and public relationship manager of Garden Group and the deputy general manager of Hainan Glory Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("**Hainan Glory**"). He has worked in Original Beijing Glory since 2002 and successively served as the secretary to the chairman and the assistant to the chairman. Mr. Li is also the vice chairman of Qianmen Branch of Dongcheng District of Beijing Federation of Industry & Commence, the member of the Youth Federation of Dongcheng District of Beijing, a director and deputy secretary-general of Chaoshan Chamber of Commerce in Beijing. Mr. Li completed business administration programme from International Business University of Beijing in July 2006.

Mr. Sun Xiaodong (孫曉東), aged 45, serves as the vice president of the Company. Mr. Sun is responsible for bidding and procurement as well as cost management. Mr. Sun has over 10 years of experience in project management and real estate operation. Before joining the Group, Mr. Sun served in renowned property companies such as Tsinghua Tongfang Nuclear Technology Limited* (清華同方核技術股份有限公司), Longfor Properties Co., Ltd and HKI China Land (香江國際中國地產有限公司). Mr. Sun obtained a Bachelor's degree in business administration from Renmin University of China and held qualifications as a senior engineer, a PRC certified budgeting specialist and a real estate valuer.

Ms. Dong Xueer (董雪兒), aged 37, serves as the chief financial officer of the Company. Ms. Dong joined the Group in October 1997 and successively served as the general accountant in Shantou Glory Management Limited (汕頭國瑞企業管理有限公司) ("**Glory Management**") from October 1997 to January 2003, account officer in Original Beijing Glory from February 2003 to July 2008 and chief financial officer in Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) ("**Shenyang Dadongfang**") from August 2008 to February 2010. Since March 2010, Ms. Dong has served as the chief financial officer in Original Beijing Glory, responsible for its overall financial management, including but not limited to fund management, loan management, asset management and accounting computations. Ms. Dong obtained a college degree in accounting from the University of International Business and Economics in July 2006.

Ms. Tian Yanchun (田燕春), aged 43, serves as the assistant to the Chairman of the Company. Ms. Tian joined the Group in April 2005 and successively served as the financial manager, chief financial controller, director of the auditing center, head of the bidding and procurement center of Original Beijing Glory, responsible for the bidding and procurement affairs. Before joining the Group, she served as the cost engineer in Beijing Vanke Co., Ltd.* (北京萬科企業有限公司), a real estate development company, from September 1998 to September 2004, responsible for cost management. Ms. Tian was awarded the qualification as a certified cost engineer by Beijing Municipal Bureau of Personnel in October 2005. She obtained a Bachelor's degree in civil defense engineering construction from Institute of Engineering Corps, PLA University of Science* (中國人民解放軍理工大學工程兵工程學院) in July 1994.

Mr. Yan Shuang (閆雙), aged 33, serves as the assistant to the Chairman of the Company. Mr. Yan joined the Group in March 2004 and has since successively served as various positions in our Group, namely the security head of Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司) ("**Glory Industrial**") from March 2004 to February 2005; the deputy general manager of Glory Services from February 2005 to September 2009; the deputy general manager of Beijing Glory Industrial Commercial Management Limited from September 2009 to March 2012; and the assistant to the chairman and the director of the president office of Original Beijing Glory since March 2012. Mr. Yan was awarded a certificate in property management in June 2011 by Beijing Municipal Commission of Housing and Urban-Rural Development. He is pursing a college degree in business administration at the School of Network and Continuing Education of Xidian University.

Ms. Zheng Jin (鄭瑾), aged 32, serves as the board secretary and joint company secretary of the Company. Ms. Zheng joined the Group in January 2010 and has served as the vice president of the capital and financial management center and the operation and construction management center of Original Beijing Glory since October 2010 and February 2013, respectively. Before joining the Group, she served as the assistant manager in KPMG Huazhen (special general partnership) from July 2007 to January 2010, responsible for auditing. Ms. Zheng was awarded the qualification as a certified public accountant by the Chinese Institute of Certified Public Accountants in August 2009. She obtained a Bachelor's degree in engineering management in July 2004 and a Master's degree in finance in June 2007 from Central University of Finance and Economics.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (鄭瑾), aged 32, serves as the Company's joint company secretary. Please refer to the section headed "Directors' and Senior Management's Profiles".

Ms. Kwong Yin Ping Yvonne (鄺燕萍), aged 59, serves as our joint company secretary of the Company. Ms. Kwong is a vice president of SW Corporate Services Group Limited, a specialty corporate services provider focusing on the provision of listing company secretarial and compliance services. She holds a Degree in Accountancy from the Hong Kong Polytechnic University and is a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators. Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies.

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are property development, primary land construction and development services, property investment and management in China. An analysis of the Group's revenue for the year ended December 31, 2014 by principal activities is set out in note 8 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 210.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on May 29, 2015 ("**AGM**"), the register of members of the Company will be closed on May 27, 2015 to May 29, 2015, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, May 26, 2015.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on June 4, 2015 to June 5, 2015, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, June 3, 2015.

FINANCIAL SUMMARY

A summary of the financial results and of the assets' liabilities and equity of the Group for the last four financial years is set out on pages 156-157 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of change during the year in the share capital and share options of the Company are set out in note 38 and note 40, respectively, to the consolidated financial statements.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended December 31, 2014 are set out in note 19 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group for the year ended December 31, 2014 are set out in note 18 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the year ended December 31, 2014 are set out in the consolidated statement of changes in equity on page 213 to 214 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2014, the Group's distributable reserves was RMB3,776.8 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2014 are set out in note 37 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:
Mr. Zhang Zhangsun (Chairman)
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent non-executive directors:
Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru
Ms. Nie Meisheng (resigned on October 10, 2014)

The executive directors and independent non-executive Directors are appointed for a period of three years.

At the AGM, Mr. Ge Weiguang, Ms. Zhang Jin and Mr. Lai Siming shall retire and being eligible, shall offer themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company considers all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules for the year ended December 31, 2014.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the service contract.

Each of the independent non-executive Directors is appointed for initial term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the appointment letter.

None of the Directors has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTOR'S INTERESTS IN SIGNIFICANT CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of 2014.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2014, purchases from the Group's largest supplier accounted for approximately 6.6% of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase in the year.

For the year ended December 31, 2014, sales to the Group's largest customer accounted for approximately 9.1% of the Group's total revenue and the five largest customers of the Group accounted for less than 30% of the Group's total revenue in the year.

None of the Directors of the Company or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,716,382,300	83.860%
Ruan Wenjuan	Interest of a controlled corporation	3,716,382,300	83.860%

Note 1: Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang. Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in the underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	3,500,000	0.079%
Ruan Wenjuan*	Beneficial owner	3,500,000	0.079%
Zhang Jin	Beneficial owner	3,500,000	0.079%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying Shares held by Ms. Ruan Wenjuan.

(c) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

All interests in the shares and underlying shares of the Company and its associated corporation are long positions.

Save as disclosed above, as at December 31, 2014, none of the Directors, chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

(i) As at December 31, 2014, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[(1)]	Interest of a controlled corporation	3,716,382,300	83.860%
Alltogether	Beneficial owner	3,716,382,300	83.860%

Note 1: Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang. Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Substantial shareholders of other members of the Group

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
1	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	New Beijing Glory	Beneficial Owner	20%
2	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	Original Beijing Glory	Beneficial Owner	20%
3	Lin Yaoquan (林耀泉)	Shantou Construction Materials	Beneficial Owner	10%
4	Chaoan County Baoshan Investment & Development Co., Ltd.* (潮安縣寶山投資開發有限公司)	Chaoan County Meilin Lake Development & Construction Co., Ltd.* (潮州市潮安區梅林湖開發建設有限公司) ("Chaoan Meilin")	Beneficial Owner	40%
5	Xie Maolin (謝茂林)	Shantou Guohua	Beneficial Owner	25%
6	Ji Yongcai (紀永財)	Shantou Zhoucuowen	Beneficial Owner	15%
7	Shantou Liyi Real Estate Investment Co., Ltd.* (汕頭市利溢房地產投資有限公司)	Foshan Guohua Properties Co., Ltd.* (佛山市國華置業有限公司) ("Foshan Guohua")	Beneficial Owner	45%
8	Shaanxi Like Investment Group Ltd.* (陝西利科投資集團有限公司)	Shaanxi Huawei	Beneficial Owner	10%
9	Dongguan Junhao Real Estate Development Co., Ltd. (東莞駿豪房地產開發有限公司)	Hainan Junhe	Beneficial Owner	48.2%

* For identification purpose only

(ii) Save as disclosed above, as at December 31, 2014, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

(iii) All the above interests in the Shares and underlying Shares of the Company are long positions.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Commercial Management Services Agreements with Beijing Glory Industrial Commerical Management Limited* (北京國瑞興業商業管理有限公司) ("Glory Commercial Management")

Glory Commercial Management, a limited liability company incorporated in the PRC, is owned as to 0.07% by Ms. Zhang Jin, the daughter of Chairman Zhang and 99.93% by Beijing Yinhe Glory Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司), both of which are connected persons of our Company. Glory Commerical Management is pricipally engaged in the provision of commercial property management services and educational and social welfare business such as kindergarten. Prior to June 1, 2013, Glory Commerical Management has been providing commercial property management services to certain properties previously owned by Original Beijing Glory before its split in November 2013 and Glory Industrial, an indirect subsidiary of our Company, at nil consideration.

Major terms

In order to regulate the above mentioned provision of services, each of Original Beijing Glory and Glory Industrial has entered into a commercial management services agreement (collectively the "**Original Commercial Management Services Agreements**" and each an "**Original Commercial Management Services Agreement**") with Glory Commercial Management, respectively, on May 30, 2013. The principal terms of the two Original Commercial Management Services Agreements are substantially the same which are summarized below:

- *Properties to be covered by Original Commercial Management Services Agreements*

  Glory Commercial Management will provide commercial management services (i) to Original Beijing Glory for the shopping center, offices, apartments, siheyuan (四合院) and street-level retail outlets of Beijing Glory City, and the commercial properties of Beijing Glory Center upon completion; and (ii) to Glory Industrial for the shopping centre and street-level retail outlets of Beijing Fugui Garden (collectively the "**Relevant Properties**");

- *Services to be provided by Glory Commercial Management*

  The scope of commercial management services includes, among others, the preparation and implementation of business proposals; the preparation of lease proposals; the design of the business positioning and the overall outline; coordination between the property owners and the lessees, such as representing the property owners to negotiate the lease agreements with the lessees, supervising and managing the decoration of the properties by the lessees and collecting the overdue rental payment from the lessees.

- *Management services fees to be charged*

  Original Beijing Glory and Glory Industrial shall pay Glory Commercial Management on a monthly basis the management services fees, which are equivalent to 12% of the actual rental payment received by them from the lessees of the Relevant Properties. The amount of management services fees was determined based on prevailing market price.

- *Term of the Original Commercial Management Services Agreements*

  The term of the Original Commercial Management Services Agreements is from June 1, 2013 and shall expire on May 31, 2016, subject to an automatic renewal, provided that such renewal shall be in compliance with the relevant laws, regulations and the Listing Rules.

Upon completion of the split, Beijing Glory inherited all the properties previously owned by Original Beijing Glory. Accordingly, Beijing Glory assumed the obligations and enjoyed the rights of Original Beijing Glory under the Original Commercial Management Services Agreement.

Considering the long-term cooperation relationship between the Group and Glory Commercial Management and to support the business development of the Group, on March 26, 2014, each of Beijing Glory and Glory Industrial entered into a supplemental agreement with Glory Commercial Management (the "**Supplemental Agreement(s)**", together with Original Commercial Management Services Agreement(s), the "**Commercial Management Services Agreement(s)**") to amend the pricing provision under the Original Commercial Management Services Agreements. Pursuant to the Supplemental Agreements, the rate of the management services fees payable to Glory Commercial Management was reduced from 12% to 6% of the actual rental payment received by the Group from the leases of the Relevant Properties, with effect from January 1, 2014. All other major terms of the Original Commercial Management Services Agreements remained unchanged.

Annual Caps and Aggregate Sum of Transactions occurred for the year

As disclosed in the Prospectus, the annual caps for the year ended December 31, 2014 and the year ending December 31, 2015 are set out as follows:

	December 31,	
	2014	2015
	(RMB Million)	
Expenditure		
Management services fees payable by Original Beijing Glory and Glory Industrial	15.98	20.29

The Company obtained approval from the Stock Exchange in respect of the annual caps of such non-exempt continuing connected transactions, and was granted a waiver from strict compliance with the independent shareholders' approval requirement.

The aggregate sum of the management services fee charged by Glory Commercial Management for the year ended December 31, 2014 was RMB15,388,136, which has not exceeded the relevant annual cap.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITORS' CONFIRMATIONS

The independent non-executive Directors have reviewed such non-exempt continuing connected transactions and they have confirmed that the transactions are conducted (i) in the Company's ordinary and usual course of business (ii) on normal commercial terms (or terms no less favourable to the Company than terms available to or from independent third parties) and (iii) the terms are fair and reasonable and in the interest of the shareholders as a whole.

The Board confirmed that save as disclosed above, none of the related party transactions set out in note 49 to the consolidated financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Save as disclosed above, for the year ended December 31, 2014, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules or not in compliance with Chapter 14A of the Listing Rules.

To comply with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued a letter containing its conclusion of the matters set out in Rule 14A.56 of the Listing Rules in respect of the continuing connected transactions disclosed above and confirmed that nothing come to their attention that causes them to believe the continuing connected transactions disclosed above:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iii) have exceeded the annual cap.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2014, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

NON-COMPETITION UNDERTAKING

Each of Mr. Zhang Zhangsun and Alltogether (the "**Controlling Shareholders**") has executed a deed of non-competition through which they have irrevocably and unconditionally warranted and undertaken to the Company not to, whether directly or indirectly or as principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any subsidiary of the Company) engage in businesses that are in competition with the Group.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report for the year ended December 31, 2014.

The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the year ended December 31, 2014. The independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and contributions, time commitment and responsibilities of the Directors and senior management and salaries paid by comparable companies.

The Company has adopted a pre-ipo share option scheme (the "**Pre-IPO Share Option Scheme**") and a post-ipo share option scheme (the "**Share Option Scheme**") as incentive to eligible employees, details of the schemes are set out in the section headed "Pre-IPO Share Option Scheme" and "Post-IPO Share Option Scheme" below, respectively.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

As at December 31, 2014, options to subscribe for an aggregate of 67,076,800 Shares (representing approximately 1.51% of the issued share capital of the Company) were granted to 54 grantees under the Pre-IPO Share Option Scheme. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme and the particular of the outstanding options granted are set out in Appendix VIII to the Prospectus. Further details of the Pre-IPO Share Option Scheme are set out in note 40(ii) to the consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

A summary of the principal terms and conditions of the Post-IPO Share Option Scheme is set out in Appendix VIII to the Prospectus. As at December 31, 2014, no option under the Post-IPO Share Option Scheme has been granted or agreed to be granted by the Company since the adoption of the Post-IPO Share Option Scheme.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus. Further details of the Share Award Scheme are set out in note 40 (i) to the consolidated financial statements.

Pursuant to the Share Award Scheme, a total of four Selected Perons (as defined below) were awarded Shares representing approximately 0.762% of the total issued share capital of the Company upon completion of its Listing (assuming the Over-allotment Option is not exercised and without taking into account any options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). On June 10, 2014, Alltogether transferred a total of 33,617,700 Shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Seleted Persons.

As at December 31, 2014, a total of 33,617,700 Shares were granted to Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) (collectively, the "Selected Persons"). No further Shares have been awarded under the Share Award Scheme for the year ended December 31, 2014.

Apart from Ms. Zhang Chanjuan, the other Selected Persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date up to the date of this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules since the Listing Date and up to the date of this report with deviation from code provision A.2.1 which has already been stated in the Corporate Governance Report in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 196 to 207 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its Listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There is no material post balance sheet event undertaken by the Company or by the Group after December 31, 2014.

CHARITABLE DONATIONS

For the year ended December 31, 2014, the Group made charitable and other donations in a total amount of RMB4.54 million.

AUDITOR

Deloitte Touche Tohmatsu has acted as auditor of the Company for the year ended December 31, 2014. Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to cosult an independent expert.

On behalf of the Board
Zhang Zhangsun
Chairman

Beijing, the PRC, March 26, 2015

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended December 31, 2014.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Group is committed to maintaining high standards of corporate governance with a view to assure the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code since its Listing on July 7, 2014 (the "**Listing Date**") up to the date of this annual report. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and real estate and have contributed to the Board with their professional opinions.

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

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Group's Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

Board Composition

The Board currently comprises four executive Directors, namely Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan and Ms. Zhang Jin, and three independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The biographies of the Directors are set out under the section headed "Directors' and Senior Management's Profiles" of this annual report.

For the year ended December 31, 2014, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, listed issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. The Company has three independent non-executive Directors currently representing one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

Under code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Company has adopted a board diversity policy and therefore complied with this code provision. A summary of the board diversity policy is set out under "Board Committees — Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Ms. Ruan Wenjuan and Ms. Zhang Jin are, respectively, the spouse and daughter of Mr. Zhang Zhangsun, the Chairman and one of the Controlling Shareholders of the Company. Save as disclosed in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee.

With regards to the CG Code provision requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Directors' Training and Continuous Professional Development

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

The Company also arranges regular seminars to provide all Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Joint Company Secretaries from time to time update and provide written training materials relating to the roles, functions and duties of a Director and all the Directors are encouraged to study such materials.

Prior to Listing, each of the Directors, namely Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru has attended a formal and comprehensive training. The Company has received confirmation from all Directors of their respective training records for the year ended December 31, 2014.

Chairman and President

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organization structure of the Company, Mr. Zhang Zhangsun is our Chairman of the Board and president. With extensive experience in the property industry, the Board considers that vesting the roles of chairman and president in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service agreement with the Company on June 5, 2014 for a term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the service agreements.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on June 5, 2014, for an initial term of three years commencing from the date of Listing.

None of the Directors has a service agreement which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Company's articles of association (the "**Articles**"), one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and all Directors are subject to retirement by rotation at least once every three years. The Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election of that meeting. Subject to the Articles and the Companies Law of the Cayman Islands, the Company may by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the existing Directors. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the AGM, Mr. Ge Weiguang, Ms. Zhang Jin and Mr. Lai Siming, shall retire and being eligible, shall offer themselves for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's articles of association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board Committees meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient detail the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings and Board Committees meetings are open for inspection by Directors.

Upon Listing and for the year ended December 31, 2014, three Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Zhang Zhangsun	3/3
Mr. Ge Weiguang	3/3
Ms. Ruan Wenjuan	3/3
Ms. Zhang Jin	3/3
Mr. Luo Zhenbang	3/3
Mr. Lai Siming	3/3
Ms. Chen Jingru	3/3
Ms. Nie Meishang (resigned on October 10, 2014)	3/3

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the period from the date of Listing to December 31, 2014 and up to the date of this report.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

(i) to formulate and review the Company's policy and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

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

(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, being one executive Director, namely Mr. Zhang Zhangsun (chairman), and two independent non-executive Directors, namely Mr. Luo Zhenbang and Mr. Lai Siming. Accordingly, the majority of them are independent non-executive Directors. Mr. Luo Zhenbang has been appointed as a member of the Nomination Committee on October 10, 2014, in place of Ms. Nie Meisheng who has ceased to be a member of the Nomination Committee with effect from October 10, 2014.

The main duties of the Nomination Committee include:

– to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

– to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

– to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

– to assess the independence of independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee reviewed the skills and experience of Mr. Luo Zhenbang and Ms. Cheng Jingru in relation to each of their appointments as a member of the Nomination Committee and the Audit Committee, respectively.

With a view to enhancing Board effectiveness and corporate governance, the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company adopted the Board Diversity Policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

Upon Listing and for the year ended December 31, 2014, one meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	1/1
Mr. Luo Zhenbang (appointed as member of the Nomination Committee on October 10, 2014)	1/1
Mr. Lai Siming	1/1
Ms. Nie Meisheng (resigned as member of the Nomination Committee on October 10, 2014)	—

The Nomination Committee assessed the independence of the independent non-executive Directors and made recommendations to the Board on the appointment and re-appointment of Directors.

Remuneration Committee

The Remuneration Committee comprises three members, being two independent non-executive Directors, namely Mr. Lai Siming (chairman), and Mr. Luo Zhenbang, and being one executive Director, Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Remuneration Committee include:

(i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

(ii) to make recommendations to the Board on the remuneration of individual executive Directors and senior management, including benefits in kind, pension rights and compensations (including any compensation payable for loss or termination of office or appointment);

(iii) to make recommendations to the Board on the remuneration of non-executive Directors;

(iv) to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration; and

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment terms for other positions of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

Upon Listing and for the year ended December 31, 2014, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Lai Siming	1/1
Ms. Ruan Wenjuan	1/1
Mr. Luo Zhenbang	1/1

The Remuneration Committee discussed and reviewed the remuneration policy for all Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management.

Details of the remuneration by band of the ten members of the senior management of the Company, whose biographies are set out on pages 179 to 182 of this annual report, for the year ended December 31, 2014 are set out below:

Remuneration band (RMB'000)	**Number of individual**
below 700	1
700 to 1,000	5
above 1,000	4

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Luo Zhenbang (chairman), Mr. Lai Siming and Ms. Chen Jingru. Ms. Chen Jingru has been appointed as a member of the Audit Committee on October 10, 2014, in place of Ms. Nie Meisheng who has ceased to be a member of the Audit Committee with effect from October 10, 2014. The main duties of the Audit Committee include:

– to monitor and review the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them and to consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

– to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

– to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

Upon Listing and for the year ended December 31, 2014, three meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Luo Zhenbang	3/3
Mr. Lai Siming	3/3
Ms. Nie Meisheng (resigned as member of the Audit Committee on October 10, 2014)	2/3
Ms. Chen Jingru (appointed as member of the Audit Committee on October 10, 2014)	1/3

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), risk management systems and processes and the re-appointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed interim and final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Internal Control Committee

The Internal Control Committee comprises three members, being two independent non-executive Directors, namely Ms. Chen Jingru (chairman), Mr. Luo Zhenbang and being one executive Director, Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors. The main duties of the Internal Control Committee include:

(i) to formulate and implement internal control handbook, policies and guidelines in relation to project management, cash flow management, capital management and internal audit procedures and make recommendations to the Board;

(ii) to monitor the Company's internal control status, including but not limited to project development, lease registration and non-compliant inter-company loans;

(iii) to develop and monitor the implementation of internal control communication channels between different departments within the Company to ensure their effectiveness; and

(iv) to review and discuss the solutions to regulatory, compliance and internal control related matters and report to the Board on a quarterly basis.

Upon Listing and for the year ended December 31, 2014, six meetings of the Internal Control Committee were held and the attendance record of the Internal Control Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Ms. Chen Jing Ru	6/6
Mr. Luo Zhenbang	6/6
Ms. Ruan Wenjuan	6/6

The Internal Control Committee reviewed the Company's internal control status, internal audit policy and procedures, human resources policy and risk management system.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of Directors and 5 highest paid employees have been set out in note 14 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2014 in accordance with statutory requirements and applicable accounting standards, which give a true and fair view of the affairs of the Group and of its results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 208 and 209 of this annual report.

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard Shareholder investments and Company assets and reviewing the effectiveness of such system on an annual basis.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial conditions and internal control of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considered the internal control system to be effective and adequate.

AUDITORS' REMUNERATION

For the year ended December 31, 2014, the fees payable to the external auditor, Deloitte Touche Tohmatsu, was RMB2.1 million for audit services and RMB0.8 million for non-audit services including review of interim results, work on continuing connected transactions and preliminary announcement.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin, the Joint Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Kwong Yin Ping, Yvonne, vice president of SW Corporate Services Group Limited (a company secretarial services provider), as its Joint Company Secretary to assist Ms. Zheng Jin to discharge her duties as company secretary of the Company. The primary corporate contact person at the Company is Ms. Zheng Jin, the Board Secretary and Joint Company Secretary.

For the year ended December 31, 2014, Ms. Zheng Jin and Ms. Kwong Yin Ping, Yvonne have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The AGM of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The external auditor of the Company will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.glorypty.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder meetings, including the election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 12.3 of the Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. As regards proposing a person for election as a Director, the procedures are available on the Company's website.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at Suite 5103A, 51/F, Central Plaza, 18 Harbour Road, Hong Kong (email address: ir@gloypty.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

On 7 July 2014, the Company has adopted an amended and restated memorandum and articles of association which had been uploaded to the website of the Company and the Stock Exchange. Save as disclosed above, there is no significant change in constitutional documents of the Company during the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE SHAREHOLDERS OF GUORUI PROPERTIES LIMITED (INCORPORATED UNDER THE NAME OF "GLORY LAND COMPANY LIMITED (國瑞置業有限公司)" IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS "GUORUI PROPERTIES LIMITED")

We have audited the consolidated financial statements of Guorui Properties Limited (incorporated under the name of "Glory Land Company Limited (國瑞置業有限公司)" in the Cayman Islands and carrying on business in Hong Kong as "Guorui Properties Limited") (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 210 to 305, which comprise the consolidated statement of financial position as at December 31, 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 26, 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2014

	NOTES	Year ended December 31, 2014 RMB'000	2013 RMB'000
Revenue	8	**5,278,546**	6,835,358
Cost of sales and services		**(2,873,368)**	(3,130,684)
Gross profit		**2,405,178**	3,704,674
Other gains and losses	9	**(4,896)**	268,672
Other income	10	**12,387**	8,426
Gain on fair value change of investment properties	18	**385,956**	911,895
Selling expenses		**(182,446)**	(184,545)
Administrative expenses		**(272,319)**	(242,269)
Other expenses	11	**(39,027)**	(38,527)
Finance costs	12	**(238,900)**	(572,542)
Share of result of associates	21	**(6,924)**	—
Profit before tax	13	**2,059,009**	3,855,784
Income tax expenses	15	**(852,720)**	(1,085,595)
Profit and total comprehensive income for the year		**1,206,289**	2,770,189
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**950,654**	2,233,812
Non-controlling interests		**255,635**	536,377
		1,206,289	2,770,189
Earnings per share, in Renminbi cents:	16		
Basic		**23.42**	59.57
Diluted		**23.34**	59.57

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2014

	NOTES	At December 31, 2014 RMB'000	2013 RMB'000
Non-current assets			
Investment properties	18	12,822,450	7,985,500
Property, plant and equipment	19	142,891	141,131
Intangible assets	20	3,164	2,383
Interests in associates	21	189,076	—
Available-for-sale investments	22	5,000	5,000
Prepaid lease payments	23	3,120	2,941
Deferred tax assets	24	100,172	61,761
Restricted bank deposits	32	7,590	922
		13,273,463	8,199,638
Current assets			
Inventories		78	93
Deposits paid for land acquisition	25	35,000	314,160
Properties held for/under development	26	10,092,920	9,967,028
Properties held for sale	28	2,243,952	1,739,494
Trade and other receivables, deposits and prepayments	29	553,756	389,494
Amounts due from customers for contract work	30	1,072,586	889,261
Taxation recoverable		18,777	59,003
Amounts due from related parties	49	—	4,265
Held-for-trading investments	31	97	80
Restricted bank deposits	32	1,180,187	60,033
Cash and bank balances	33	542,557	844,854
		15,739,910	14,267,765

At December 31, 2014

	NOTES	At December 31, 2014 RMB'000	2013 RMB'000
Current liabilities			
Trade and other payables	34	5,044,261	4,679,785
Deposits received from sale of properties	35	1,688,750	1,648,241
Amounts due to related parties	49	18,954	297,740
Taxation payable	36	1,121,261	713,889
Bank and other borrowings - due within one year	37	4,221,260	1,112,136
		12,094,486	8,451,791
Net current assets		3,645,424	5,815,974
Total assets less current liabilities		16,918,887	14,015,612
Non-current liabilities			
Other payables	34	64,826	49,302
Bank and other borrowings - due after one year	37	6,597,350	6,224,424
Deferred tax liabilities	24	1,720,267	1,645,907
		8,382,443	7,919,633
Net assets		8,536,444	6,095,979
Capital and reserves			
Paid-in/Share capital	38	3,509	2,967
Reserves		7,012,813	4,785,447
Equity attributable to owners of the Company		7,016,322	4,788,414
Non-controlling interests		1,520,122	1,307,565
Total equity		8,536,444	6,095,979

The consolidated financial statements on pages 210 to 305 were approved and authorised for issue by the Board of Directors on March 26, 2015 and are signed on its behalf by:

DIRECTOR
Ruan Wenjuan

DIRECTOR
Ge Weiguang

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014

	Attributable to owners of the Company									
	Paid-in/ Share capital RMB'000	Capital reserve RMB'000	Other reserve RMB'000 (note i)	Equity-settled share-based payment reserve RMB'000 (note 40)	Treasury shares reserve RMB'000	Statutory surplus reserve RMB'000 (note ii)	Retained earnings RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At January 1, 2013	48,000	26,235	(48,950)	—	—	249,806	4,623,642	4,898,733	786,765	5,685,498
Profit for the year and total comprehensive income for the year	—	—	—	—	—	—	2,233,812	2,233,812	536,377	2,770,189
Appropriate to reserve	—	—	—	—	—	131,054	(131,054)	—	—	—
Capital injection by non-controlling equity holders	—	—	—	—	—	—	—	—	4,000	4,000
Dividends paid to equity holder (note 17)	—	—	—	—	—	—	(2,350,000)	(2,350,000)	—	(2,350,000)
Deemed contribution from equity holder (note iii)	—	73,741	—	—	—	—	—	73,741	60	73,801
Deemed distribution to equity holder (note iv)	—	(839)	—	—	—	—	—	(839)	(205)	(1,044)
Deemed distribution to equity holder (note v)	—	(22,000)	—	—	—	—	—	(22,000)	—	(22,000)
Effect of reorganization (note vi)	(48,000)	—	—	—	—	—	—	(48,000)	—	(48,000)
Issue of shares (note 38)	2,967	—	—	—	—	—	—	2,967	—	2,967
Disposal of subsidiaries (note 42)	—	—	—	—	—	—	—	—	(19,432)	(19,432)
At December 31, 2013	2,967	77,137	(48,950)	—	—	380,860	4,376,400	4,788,414	1,307,565	6,095,979
Profit for the year and total comprehensive income for the year	—	—	—	—	—	—	950,654	950,654	255,635	1,206,289
Appropriate to reserve	—	—	—	—	—	109,009	(109,009)	—	—	—
Issue of shares (note 38)	542	1,290,032	—	—	—	—	—	1,290,574	—	1,290,574
Issue cost (note 38)	—	(50,788)	—	—	—	—	—	(50,788)	—	(50,788)
Deemed contribution from ultimate shareholder (note vii)	—	56,242	—	—	(56,242)	—	—	—	—	—
Acquisition of non-controlling interests (note viii)	—	—	12,105	—	—	—	1,057	13,162	(43,078)	(29,916)
Recognition of equity-settled share base payments (note 40)	—	—	—	24,306	—	—	—	24,306	—	24,306
At December 31, 2014	3,509	1,372,623	(36,845)	24,306	(56,242)	489,869	5,219,102	7,016,322	1,520,122	8,536,444

Notes:

(i) Other reserve represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries.

(ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(iii) During the year ended December 31, 2013, Shantou Garden Group Co., Ltd.（汕頭花園集團有限公司） ("Garden Group") disposed of its 90% equity interest in Shantou Chenghai Garden Hotel Co., Ltd.（汕頭市澄海花園酒店有限公司） ("Chenghai Hotel"), Shantou Glory Real Estate Development Co.,Ltd.（汕頭市國瑞房地產開發有限公司） ("Shantou Glory") disposed of its 100% equity interest in Shantou Special Economic Zone SanjinPlants Co., Ltd.（汕頭經濟特區三金廠房開發有限公司） ("Shantou Sanjin") and Langfang Glory Investment Co., Ltd.（廊坊國瑞投資有限公司） ("Langfang Glory") disposed of its 100% equity interest in Langfang Glory Agricultural Development Co., Ltd.（廊坊國瑞農業開發有限公司） ("Langfang Agricultural"), all to Shantou Jinming Wujin Material Co., Ltd.（汕頭金明五金材料有限公司） ("Jinming Wujin"), a related party controlled by Mr. Zhang Zhangsun. Beijing Glory Real Estate Co., Ltd.（北京國瑞興業地產股份有限公司） ("Original Beijing Glory") disposed of its 90% equity interest in Tonghe Leasing Co., Ltd.（通和租賃股份有限公司） ("Tonghe Leasing") to Shantou Huitong Investment Co., Ltd. （汕頭市惠通投資有限公司） ("Huitong Investment"), a related party controlled by Mr. Zhang Zhangsun. The Company disposed of its 100% equity interest in Glory Real Estate Development Limited ("Glory HK") to Mr. Zhang Zhangsun. The gain on disposal of these subsidiaries amounted to RMB73,741,000 were recognized as a deemed contribution from equity holder directly in equity.

(iv) During the year ended December 31, 2013, Garden Group disposed of its 100% equity interest in Beijing Detong Shunli Investment Advisory Co., Ltd.（北京德通順利投資顧問有限公司） ("Detong Shunli") to Jinming Wujin. Shantou Glory disposed of its 80% equity interest in Shantou Garden Property Management Co., Ltd.（汕頭花園物業管理有限公司） ("Shantou Property Management") to Shantou Guoxia Real Estate Co., Ltd.（汕頭市國廈地產有限公司） ("Shantou Guoxia"), a related party controlled by Mr. Zhang Zhangqiao, brother of Mr. Zhang Zhangsun. The loss on disposal of the two subsidiaries amounted to RMB839,000 were recognized as a deemed distribution to equity holder directly in equity.

(v) On March 10, 2013, Glory HK acquired the remaining 55% equity interest in Shantou Glory Management Limited（汕頭國瑞企業管理有限公司） ("Glory Management") for a consideration of RMB22,000,000 from Jinming Wujin. Details are set out in note 2.

(vi) On June 29, 2013, Glory Management acquired 100% equity interest in Garden Group for a consideration of RMB48,000,000 (the "Garden Group Acquisition"). Details are set out in note 2.

(vii) On June 16, 2014, Alltogether Land Company Limited, the parent and ultimate holding company of the Company, transferred a total of 33,617,700 shares ("Awarded Shares") of the Company to TMF (Cayman) Ltd ("TMF"), a trust company holding the shares on behalf of the Group, for the purpose of granting Awarded Shares to four employees with certain vesting conditions. The Company has the beneficial interest on the shares held by TMF and the shares are included in treasury shares reserve prior to vesting, the fair value of Awarded Shares on grant date amounting to RMB56,242,000 was treated as deemed contribution from the ultimate holding company. The details of the Awarded Shares are set out in note 40.

(viii) In April 2014, Hainan Glory Real Estate Development Co., Ltd（海南國瑞房地產開發有限公司） ("Hainan Glory") acquired the remaining 45% interest in Haikou Hangrui Industrial Development Co., Ltd（海口航瑞實業發展有限公司） ("Haikou Hangrui") for a consideration of RMB29,916,000 from the non-controlling equity holder. Difference between consideration paid and adjustment to non-controlling interest amounting to RMB13,162,000 is recognized in other reserve. The consideration was paid in the year ended December 31, 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	NOTES	Year ended December 31, 2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**2,059,009**	3,855,784
Adjustments for:			
Finance costs		**238,900**	572,542
Interest income		**(4,013)**	(8,426)
Depreciation of property, plant and equipment		**20,939**	23,732
Amortization of intangible assets		**721**	579
Release of prepaid lease payments		**107**	451
Changes in fair value of investment properties		**(385,956)**	(911,895)
Changes in fair value of held-for-trading investments		**(17)**	(628)
Gain on disposal of property, plant and equipment		**(51)**	(940)
Loss (gain) on disposal of land use right		**5,894**	(265,739)
Allowance on doubtful receivables, net		**—**	1,200
Gain on disposal of subsidiaries		**—**	(251)
Share of result of an associate		**6,924**	—
Share-based payment expense		**17,917**	—
Operating cash flows before movements in working capital		**1,960,374**	3,266,409
Increase in properties held for/under development and properties held for sale		**(3,018,396)**	(4,578,644)
Decrease in deposits paid for land acquisition		**279,160**	536,840
Decrease in inventories		**15**	6,485
Decrease in held-for-trading investments		**—**	3,558
(Increase) decrease in trade and other receivables		**(145,487)**	1,487,399
Decrease in amounts due from related parties		**—**	3,898
Increase in amounts due to related parties		**1,208**	—
Increase in trade and other payables		**657,120**	771,099
Increase (decrease) in deposits received from sale of properties		**40,509**	(1,850,984)
(Increase) decrease in amounts due from customers for contract work		**(60,717)**	465,853
Decrease in restricted bank deposits		**25,751**	211,645
Cash (used in) generated from operations		**(260,463)**	323,558
Income tax and land appreciation tax paid		**(369,715)**	(290,657)
Net cash (used in) generated from operating activities		**(630,178)**	32,901

For the year ended December 31, 2014

	NOTES	Year ended December 31, 2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Interest received		**4,013**	8,426
Proceeds on disposal of property, plant and equipment		**233**	47,902
Proceeds on disposal of land use right		**27,984**	287,071
Purchase of property, plant and equipment, intangible assets and prepaid lease payment of land use right		**(22,756)**	(18,897)
Payments for investment properties		**(679,106)**	—
Proceeds received upon deregistration of available-for-sale investments		**—**	7,000
Payment for investment in associates		**(196,000)**	—
Net cash outflow on disposal of subsidiaries	42	**—**	191,189
Net cash outflow on acquisition of subsidiaries	43	**(646,640)**	(119,496)
Payment of consideration payable for acquisition of subsidiaries in prior year		**(349,511)**	(344,858)
Advance to related parties		**(1,423)**	(202,008)
Repayment from related parties		**5,688**	242,438
Repayment from independent third parties		**—**	901,446
New advance to independent third parties		**—**	(735,967)
Withdrawal of restricted bank deposits		**543,193**	501,312
Placement of restricted bank deposits		**(1,695,766)**	(410,521)
Net cash (used in) generated from investing activities		**(3,010,091)**	355,037

	NOTES	Year ended December 31, 2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES			
New bank loans raised		**4,497,690**	2,588,000
New other loans raised		**1,270,700**	2,069,060
Repayment of bank loans		**(1,274,840)**	(2,344,230)
Repayment of other loans		**(1,011,500)**	(477,800)
Advance from related parties		**4,000**	98,265
Repayment to related parties		**(143,742)**	(331,334)
Advance from independent third parties		**—**	10
Repayment to independent third parties		**—**	(3,949)
Interest paid		**(1,073,954)**	(494,344)
Acquisition of additional interests in subsidiaries		**(29,916)**	(68,000)
Deemed distribution to shareholders			(81,352)
Capital injection from non-controlling interests		**—**	4,000
Issue of shares		**1,290,574**	2,967
Issuance costs paid		**(50,788)**	—
Dividends paid to equity holders		**(140,252)**	(1,307,750)
Net cash generated from (used in) financing activities		**3,337,972**	(346,457)
Net (decrease) increase in cash and cash equivalents		**(302,297)**	41,481
Cash and cash equivalents at beginning of the year		**844,854**	803,373
Cash and cash equivalents at end of the year, represented by bank balances and cash		**542,557**	844,854

1. GENERAL

The Company was incorporated in the Cayman Islands under the name of "Glory Land Company Limited (國瑞置業有限公司)" as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as "Guorui Properties Limited". Its parent and ultimate holding company is Alltogether Land Company Limited, a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who hold 100% equity interests of Alltogher Land Company Limited, is the ultimate shareholder of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at No. 15, East Zhushikou Street, Dongcheng District, Beijing, the PRC.

On July 7, 2014, the Company completed the global offering and its shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively the "Group") are principally engaged in property development, primary land construction and development services, property investment and property management and related services.

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of the group entities).

2. REORGANIZATION AND BASIS OF PRESENTATION

Prior to the reorganization ("Reorganization"), Garden Group was a company controlled by Mr. Zhang Zhangsun, which directly or indirectly held controlling interest in all the PRC subsidiaries of the Group, except for Glory Management. Prior to the Glory Management Acquisition (as defined below), Glory HK (wholly owned by Mr. Zhang Zhangsun) and Jinming Wujin held 45% and 55% equity interest in Glory Management, respectively. On July 1, 2012, Mr. Zhang Zhangsun obtained the controlling interest in Jiming Wujin, and therefore, obtained control over Glory Management (the "Glory Management Acquisition"). On March 10, 2013, Jinming Wujin transferred its 55% equity interest in Glory Management to Glory HK for a consideration of RMB22,000,000.

The Company was incorporated on July 16, 2012 and the initial share was transferred to an entity wholly owned by Mr. Zhang Zhangsun on the same date.

On May 7, 2013, Glory Real Estate (HK) Investment Limited 國瑞地產（香港）投資有限公司 ("Glory Real Estate (HK)"), which was set up by the Company on April 29, 2013, acquired the entire equity interest in Glory Management from Glory HK for a consideration of RMB40,000,000. Following a series of shareholding transfers, Glory Management acquired 100% equity interest in Garden Group for a consideration of RMB48,000,000 on June 29, 2013 (the "Garden Group Acquisition").

Upon completion of the Reorganization, the Company became the holding company of the companies now comprising the Group on June 29, 2013. Mr. Zhang Zhangsun, the controlling shareholder, controlled all the companies now comprising the Group before and after the Reorganization and that control is not transitory. Accordingly, the Group resulting from the Reorganization is regarded as a continuing entity. The Garden Group Acquisition is accounted for by reference to the principles of merger accounting and the financial statements have been prepared as if the Company has always been the holding company of the Group.

2. REORGANIZATION AND BASIS OF PRESENTATION (continued)

Therefore, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended December 31, 2013 are prepared as if the current group structure had been in existence throughout the year of 2013 or since their respective dates of incorporation/establishment where it is shorter period.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied, the following new interpretation and amendments to IFRSs:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment entities
Amendments to IAS 32	Offsetting financial assets and financial liabilities
Amendments to IAS 36	Recoverable amount disclosures for non-financial assets
Amendments to IAS 39	Novation of derivatives and continuation of hedge accounting
IFRIC 21	Levies

The application of the new interpretation and amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

At the date of this report, the following new standards and amendments to IFRSs have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

The Directors anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

One of the key requirements of IFRS 9 that are applicable to the Group includes the impairment of financial assets, of which IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 Financial Instruments: Recognition and Measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 9 Financial Instruments (continued)

The directors of the Company are of the view that the expected credit loss model may result in early provision of credit losses which are not yet incurred for the Group's financial assets measured at amortized costs. However, it is not practicable to provide a reasonable estimate of the effect from using an expected credit loss model until a detailed review has been completed.

Except for the above impact, the Directors do not anticipate that the application of other new and revised IFRSs will have significant impact in the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 32).

Basis of preparation

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

Except for common control subsidiaries in which merger accounting applies, consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the each reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposl groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Opeerations are measured in accordance with that standard.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Acquisition of assets and liabilities through acquisition of subsidiaries

Where an acquisition of an assets or a group of assets and liabilities that not constitute a business, the Group identify and recognize the individual identifiable assets acquired and liabilities assumed by allocating purchase price first to the financial assets and financial liabilities at the respectively fair values, the remaining balance of the purchase price is then allocated to other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been consolidated from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Merger accounting for business combination involving businesses under common control (continued)

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint operations

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

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

Revenue recognition

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties, which is when the construction of relevant properties has been completed, upon delivery, and collectability of related receivables is reasonably assured;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Revenue from construction contract

Revenue from construction contract is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Rental income

The Group's policy for recognition of revenue from operating leases is described in "Leasing" section below.

Service income

Service income is recognized when the services are provided.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contract

When the outcome of a construction contract can be estimated reliably, revenue from fixed price contracts and cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

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

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as liabilities and as a reduction of rental expense over the lease term on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land for own use

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity’s functional currency (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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

Borrowing costs

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

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

Employee benefits

Payments to defined contribution retirement benefits scheme under the state-managed retirement benefit scheme in the PRC is recognized as expenses when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based payment reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in equity-settled share-based payment reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in equity-settled share-based payment reserve will be transferred to retained earnings.

When the awarded shares are vested, the amount previously recognized in equity-settled share-based payment reserve and the amount of the relevant treasury shares is reversed and the differences arising from the reversal is adjusted to retained earnings.

Investment properties

Investment properties are properties held to earn rentals or/and capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

A property is transferred to investment properties when, and only when, there is a change in use, as evidenced by the change of use has occurred, such as commencement of an operating lease. Except for transfer from owner occupied property, any difference between the carrying amount of the property transferred and the fair value at the date of transfer is recognised in the profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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

Property, plant and equipment

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

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

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

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

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses.

Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Properties held for/under development

Properties under development for sale which are intended to be sold in the ordinary course of business upon completion of development are classified as current assets, and are carried at the lower of cost and net realizable value. Cost comprises the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalized. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development for sale are transferred to completed properties for sale upon completion of development.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realizable value. Cost comprises the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalized. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Impairment of tangible and intangible assets

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognized in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Group's financial assets are classified into held-for-trading financial assets, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Held-for-trading financial assets

A financial asset is classified as held-for-trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

Held-for-trading financial assets are measured at fair value, with changes in fair value arising from re-measurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, restricted bank deposits and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

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

Interest income is recognized on an effective interest basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as held-for-trading financial assets, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest and principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

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

For financial assets measured at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties and bank and other borrowings are subsequently measured at amortized cost, using effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Equity instruments

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

Treasury shares contributed by the ultimate holding company for share award scheme are initially recognized at the fair value and recorded in treasury share reserve prior to vesting.

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group and not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Derecognition

A financial asset is derecognized only when the contractual rights to the cash flows from the asset expire, or when the Group has transferred the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities are derecognized when the Group's obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured using the tax rate applicable for recovery through use.

Current and deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Key sources of estimation uncertainty

Construction costs estimation for revenue recognition

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognizes sales upon delivery of properties and collectability of related receivables is reasonably assured. Cost of sales including construction cost specific to the phases and common costs allocated to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered. When the actual common costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of management's estimates, the effect of such change is recognized prospectively in the profit or loss in the period of the change.

Primary land construction and development contracts

The Group carried out primary land construction and development projects for the Beijing Municipal People's Government. The Group recognized contract revenue on the primary land construction and development projects by reference to the recoverable costs incurred plus the expected fee earned in accordance with relevant rules and regulations issued by the Beijing Municipal People's Government and other relevant agreements. Construction and development costs mainly comprise resettlement compensation, sub-contracting charges and costs of construction materials and are estimated by the management by reference to quotations provided by contractors and vendors and the past experience of the management. Estimation of the contract revenue and recoverable costs is subject to final approval from the Beijing Municipal People's Government. The Directors estimate contract revenue and recoverable costs based on latest available budgets of each primary land construction and development projects and current market conditions. The final amounts approved by the Beijing Municipal People's Government may not be the same as the amounts estimated by the Group. These differences will affect contract revenue and contract profit in the period in which the approval has been obtained from the Beijing Municipal People's Government.

The Group entered into an agreement with the Beijing Municipal People's Government in relation to the Hademan Project (as defined in note 8). The Group recognized contract revenue based on a percentage of estimated recoverable costs before the final approval from the Beijing Municipal People's Government. During the year ended December 31, 2013, the Beijing Municipal People's Government finalized the amount of contract revenue and recoverable costs of the project and the Group recognized additional contract revenue amounting to RMB1,264,205,000 in the year ended December 31, 2013.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Primary land construction and development contracts (continued)

During the year of 2013, the Group entered into an agreement with the Beijing Municipal People's Government in relation to another primary land construction and development project carried out by the Group, the Qinian Street Project (as defined in note 27), under a joint operation. Under the arrangement of the Beijing Municipal People's Government, the Group entered into two agreements with two public service units respectively, and finalized the amount of contract revenue for two sub-projects. The Group revised its estimation of construction revenue and recognized its share of contract revenue amounting to RMB731,386,000 based on the terms set out in the agreements during the year ended December 31, 2013.

Investment properties

Investment properties amounted to RMB12,822,450,000 (2013: RMB7,985,500,000) as at December 31, 2014 were stated at fair values based on the valuation performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the Directors have exercised their judgment and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of fair value gains or losses reported in profit or loss.

Income tax expense

Deferred tax assets of RMB100,172,000 (2013: RMB61,761,000) have been recognized as at December 31, 2014, after offsetting certain deferred tax liabilities as set out in Note 24. The realizability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The Directors determine the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the Group for coming years during which the deferred taxation assets are expected to be utilized. The Directors reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

Land appreciation tax

The Group has provided land appreciation tax ("LAT") in the PRC amounting to RMB264,292,000 (2013: RMB51,161,000) as at December 31, 2014. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not yet finalized their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of land appreciation tax and its related enterprise income tax. The Group recognized the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense in the period in which such tax is finalized with local tax authorities.

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see above), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model under IAS 40 amounting to RMB12,822,450,000 (2013: RMB7,985,500,000), as at December 31, 2014 the Directors concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

Revenue recognition of property sales

As part of the Group's marketing strategy, some properties were delivered to buyers before the full consideration was received. In assessing whether the such contract meets the revenue recognition criteria in accordance with the Group's accounting policies, the Directors of the Group considered various factors such as the level of purchase consideration received, the collectability of the remaining outstanding consideration and the potential decrease in fair value of the underlying property relative to the relevant selling price. In the cases where the Directors considered the contract does not meet the Group's revenue recognition criteria, the consideration received is accounted for as "deposit received from sale of properties" in current liabilities.

6. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2014	2013	Principal activities
Well Ample Holdings Limited ("Well Ample")	British Virgin Islands ("BVI") September 15, 2014	Issued and fully paid USD1	100% (note (b))	N/A	Intermediate holding
Well Ample Holdings (HK) Limited ("Well Ample (HK)")	Hong Kong October 6, 2014	Issued and fully paid HKD100,000	100% (note (b))	N/A	Investment holding
State Wealth Holdings Limited ("State Wealth")	BVI September 15,2014	Issued and fully paid USD1	100% (note (b))	N/A	Intermediate holding
State Wealth Holdings (HK) Limited ("State Wealth (HK)")	Hong Kong October 6, 2014	Issued and fully paid HKD100,000	100% (note (b))	N/A	Investment holding
All Affluent Holdings Limited ("All Affluent")	BVI September 15, 2014	Issue and fully paid USD1	100% (note (b))	N/A	Intermediate holding
All Affluent Holdings (HK) Limited ("All Affluent (HK)")	Hong Kong October 6, 2014	Issue and fully paid USD1	100% (note (b))	N/A	Investment holding
Glory Real Estate (HK)	Hong Kong April 29, 2013	Issued and fully paid HKD10,000	100%	100%	Investment holding
Glory Management	PRC December 24, 1996	Paid up capital RMB40,000,000	100%	100%	Investment holding and hotel operation
Shantou Glory Trading Co., Ltd.* ("Shantou Trading") (汕頭國瑞貿易有限公司)	PRC April 1, 2014	Paid up capital RMB0	100% (note (b))	N/A	Not yet commence business

6. SUBSIDIARIES (continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2014	2013	Principal activities
Garden Group	PRC April 1, 1994	Paid up capital RMB48,000,000	100%	100%	Investment holding
Glory Xingye (Beijing) Industrial Co., Ltd.* ("Glory Industrial") （國瑞興業(北京)實業股份有限公司）	PRC August 17, 1999	Paid up capital RMB458,224,110	91%	91%	Property development
Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.* ("Shantou Construction Materials") （汕頭國瑞建材家居博覽中心有限公司）	PRC August 6, 2004	Paid up capital RMB200,000,000	90%	90%	Property development
Original Beijing Glory	PRC March 12, 2002	Paid up capital RMB1,166,000,000	80%	80%	Property development and investment holding
Beijing Glory Real Estate (Holding) Co., Ltd.* ("New Beijing Glory") （北京國瑞興業房地產控股有限公司） (note (c))	PRC December 5, 2013	Paid up capital RMB52,000,000	80%	80%	Investment holding
Beijing Wenchang Real Estate Development Co., Ltd.* ("Beijing Wenchang") （北京文昌房地產開發有限公司）	PRC May 27, 2002	Paid up capital RMB10,000,000	80%	80%	Property development
Beijing Glory Property Services Co., Ltd.* ("Glory Services") （北京國瑞物業服務有限公司）	PRC April 12, 2002	Paid up capital RMB5,000,000	80%	80%	Property management and services
Glory Xingye (Beijing) Investment Co., Ltd.* ("Glory Investment") （國瑞興業(北京)投資有限公司）	PRC February 13, 2012	Paid up capital RMB10,000,000	80%	80%	Not yet commence business
Hainan Glory	PRC April 21, 2009	Paid up capital RMB100,000,000	80%	80%	Property development

6. SUBSIDIARIES (continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2014	2013	Principal activities
Wanning Glory Real Estate Development Co., Ltd.* ("Wanning Glory") (萬甯國瑞房地產開發有限公司)	PRC July 13, 2009	Paid up capital RMB30,000,000	80%	80%	Property development
Hainan Tongcheng Industrial Co., Ltd.* ("Hainan Tongcheng") (海南同城實業有限公司)	PRC August 11, 2003	Paid up capital RMB74,270,000	80%	80%	Property development
Hainan Nandujiang Industrial Development Co., Ltd.* ("Hainan Nandujiang") (海南南渡江實業發展有限公司)	PRC January 3, 2003	Paid up capital RMB20,030,000	80%	80%	Property development
Haikou Hangrui	PRC June 6, 2008	Paid up capital RMB110,104,100	80%	44% (note (d))	Property development
Hainan HNA Glory Investment & Development Co., Ltd.* ("Hainan HNA") (海南海航國瑞投資開發有限公司)	PRC July 6, 2009	Paid up capital RMB466,869,243	80%	80%	Property development
Xinzheng Glory Real Estate Development Co., Ltd.* ("Xinzheng Glory") 新鄭市國瑞房地產開發有限公司	PRC October 26, 2009	Paid up capital RMB100,000,000	80%	80%	Property development
Foshan Glory Xingye Real Estate Co., Ltd.* ("Foshan Glory") (佛山市國瑞興業地產有限公司)	PRC June 2, 2010	Paid up capital RMB10,000,000	80%	80%	Property development
Foshan Guohua Properties Co., Ltd.* ("Foshan Guohua") (佛山市國華置業有限公司)	PRC December 19, 2012	Paid up capital RMB100,000,000	44%	44% (note (d))	Property development
Langfang Glory	PRC November 25, 2009	Paid up capital RMB100,000,000	80%	80%	Investment holding

6. SUBSIDIARIES (continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2014	2013	Principal activities
Langfang Guosheng Real Estate Development Co., Ltd.* ("Langfang Guosheng") （廊坊國盛房地產開發有限公司）	PRC November 12, 2010	Paid up capital RMB30,000,000	80%	80%	Property development
Langfang Glory Real Estate Development Co., Ltd.* ("Langfang Real Estate") （廊坊國瑞房地產開發有限公司）	PRC April 15, 2010	Paid up capital RMB150,000,000	80%	80%	Property development
Langfang Guoxing Real Estate Development Co., Ltd.* ("Langfang Guoxing") （廊坊國興房地產開發有限公司）	PRC November 12, 2010	Paid up capital RMB10,000,000	80%	80%	Property development
Yongqing County Orchard Sport Services Co., Ltd.* ("Langfang Yongqing") （永清縣果園體育服務有限公司）	PRC February 15, 2011	Paid up capital RMB1,000,000	80%	80%	Not yet commence business
Shantou Glory	PRC December 3, 2009	Paid up capital RMB198,000,000	80%	80%	Property development
Shenzhen Glory Real Estate Co., Ltd.* ("Shenhen Glory") （深圳國瑞興業房地產有限公司）	PRC August 21, 2013	Paid in capital RMB100,000,000	100%	100%	Not yet commence business
Shantou Guohua Properties Real Estate Development Co., Ltd.* ("Shantou Guohua") （汕頭市國華置業地產開發有限公司）	PRC May 31, 2011	Paid up capital RMB20,000,000	60%	60%	Property development
Shantou Glory Zhoucuowen Real Estate Development Co., Ltd.* ("Shantou Zhoucuowen") 汕頭市國瑞周厝塭房地產開發有限公司	PRC March 2, 2011	Paid up capital RMB20,000,000	68%	68%	Property development

6. SUBSIDIARIES (continued)

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2014	2013	Principal activities
Shenyang Dadongfang Properties Co., Ltd.* ("Shenyang Dadongfang") 瀋陽大東方置業有限公司	PRC March 19, 2004	Paid up capital RMB286,362,194	80%	80%	Property development
Shenyang Glory Industrial Commerce Co., Ltd.* ("Shenyang Commerce") 瀋陽國瑞興業商務有限公司	PRC November 30, 2007	Paid up capital RMB1,000,000	80%	80%	Properties management services
Chaoan County Meilin Lake Development & Construction Co., Ltd.* ("Chaoan Meilin") (潮州市潮安區梅林湖開發建設有限公司)	PRC March 19, 2013	Paid up capital RMB10,000,000	48%	48% (note (d))	Not yet commence business
Shaanxi Huawei Shida Industrial Co., Ltd.* ("Shaanxi Huawei") (陝西華威世達實業有限公司)	PRC December 28, 2011	Paid up capital RMB200,000,000	80%	80% (note (e))	Property development
Hainan Junhe Industrial Co., Ltd.* ("Hainan Junhe") (海南駿和實業有限公司)	PRC June 7, 2010	Paid up capital RMB50,000,000	80% (note (e))	—	Property development
Beijing Wenhuashengda Real Estate Development Co., Ltd.* ("Beijing Wenhuashengda") (北京文華盛達房地產開發有限公司)	PRC March 12, 2014	Paid up capital RMB50,000,000	100% (note (b))	N/A	Not yet commence business
Foshan Glory Southern Real Estate Development Co., Ltd.* ("Foshan Glory Southern") (佛山市國瑞南方地產開發有限公司)	PRC April 25, 2014	Paid up capital RMB33,330,000	80% (note (b))	N/A	Property development

* The English names of the companies which were established in the PRC are for reference only and have not been registered.

6. SUBSIDIARIES (continued)

Notes:

(a) None of the subsidiaries had issued any debt securities at the end of each reporting period or at any time during the reporting period.

(b) These subsidiaries were newly established during the year ended December 31, 2014.

(c) On October 8, 2013, the business, assets and liabilities of Original Beijing Glory was split into two companies, namely, New Beijing Glory, the new entity that was established following the split, and the then Original Beijing Glory (The "Split"). New Beijing Glory has obtained pre-approval notification from the industrial and commercial administration authorities on April 12, 2013, completed the capital verification on October 8, 2013 and obtained business license on December 5, 2013. New Beijing Glory and Original Beijing Glory were each owned as to 80% by Garden Group and 20% by Shantou Longhu Huamu Market Co., Ltd.（汕頭市龍湖花木市場有限公司） ("Longhu Huamu"). Following the Split, New Beijing Glory became the holding company of all the subsidiaries of Original Beijing Glory other than those subsidiaries located in Beijing (including Beijing Wenchang, Glory Services and Glory Investment) whereas the then Original Beijing Glory continues to hold its subsidiaries located in Beijing and continues to engage in the property development business and projects undertaken by Original Beijing Glory in Beijing.

(d) Garden Group held 80% equity interest in Original Beijing Glory, which held 55%, 55% and 60% equity interest in Haikou Hangrui, Foshan Guohua and Chaoan Meilin respectively. Therefore, the Group indirectly held 44%, 44% and 48% equity interest in Haikou Hangrui, Foshan Guohua, Chaoan Meilin respectively, which are still considered to be subsidiaries of the Group.

(e) These subsidiaries were acquired during the years ended December 31, 2014 and 2013 respectively. Details are set out in note 43.

(f) Other than Glory Real Estate (HK), Well Ample, Well Ample (HK), State Wealth, State Wealth (HK), All Affluent and All Affluent (HK) which are investment holding companies in Hong Kong, all subsidiaries operate in the PRC.

(g) Glory Real Estate (HK), Well Ample, State Wealth and All Affluent are directly held by the Company. Other subsidiaries are indirectly held by the Company.

Majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	**Principal place of business**	**Number of subsidiaries At December 31,**	
		2014	2013
Property development	PRC	**24**	22
Primary land construction and development services	PRC	**1**	1
Rental business	PRC	**4**	4
Property management and related service	PRC	**2**	2
		31	29

6. SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests	Accumulated non-controlling interests
			RMB'000	RMB'000
At December 31, 2014				
Glory Industrial	PRC	**9%**	**1,456**	**146,909**
Original Beijing Glory (notes a)	PRC	**20%**	**89,281**	**970,598**
New Beijing Glory (notes b)	PRC	**20%**	**169,462**	**285,280**
Total			**260,199**	**1,402,787**
At December 31, 2013				
Glory Industrial	PRC	9%	262	145,453
Original Beijing Glory (notes a)	PRC	20%	476,039	881,317
New Beijing Glory (notes b)	PRC	20%	40,386	214,829
Total			516,687	1,241,599

Notes:

(a) The summarized financial information disclosed below comprised of the financial information of Original Beijing Glory and its wholly owned subsidiaries (the "Original Beijing Glory Sub-Group").

(b) The summarized financial information disclosed below comprised of the financial information of New Beijing Glory, its wholly owned subsidiaries and non-wholly subsidiaries (the "New Beijing Glory Sub-Group"). In the opinion of the Directors, the non-controlling interest of each of those non-wholly owned subsidiaries is not material.

Summarized financial information in respect of Glory Industrial, Original Beijing Glory Sub-Group and New Beijing Glory Sub-Group is set out below. The summarized financial information below represents amounts before intragroup eliminations.

6. SUBSIDIARIES (continued)

Glory Industrial

	At December 31, 2014 RMB'000	At December 31, 2013 RMB'000
Current assets	3,416,469	2,760,981
Non-current assets	1,012,284	845,330
Current liabilities	(2,352,845)	(1,535,526)
Non-current liabilities	(443,582)	(454,643)
Total equity	1,632,326	1,616,142

	Year ended December 31, 2014 RMB'000	Year ended December 31, 2013 RMB'000
Revenue	61,106	30,933
Gain on fair value change of investment properties	11,600	13,000
Cost of sales and service and expense	(56,524)	(41,020)
Profit and total comprehensive income for the year	16,182	2,913
Net cash inflow from operating activities	194,733	56,330
Net cash (outflow) inflow from investing activities	(197,434)	37,389
Net cash inflow (outflow) from financing activities	45,032	(97,270)
Net cash inflow (outflow) from the above activities	42,331	(3,551)

6. SUBSIDIARIES (continued)

Original Beijing Glory Sub-Group

	At December 31,	
	2014 **RMB'000**	2013 RMB'000
Current assets	**8,089,124**	10,815,630
Non-current assets	**10,056,570**	6,180,259
Current liabilities	**(7,265,850)**	(8,023,506)
Non-current liabilities	**(6,026,806)**	(4,565,794)
Total equity	**4,853,038**	4,406,589

	Year ended December 31,	
	2014 **RMB'000**	2013 RMB'000
Revenue	**1,634,065**	5,548,504
Gain on fair value change of investment properties	**207,881**	872,680
Cost of sales and expense	**(1,395,540)**	(4,038,847)
Profit and total comprehensive income for the year	**446,406**	2,382,337
Net cash outflow from operating activities	**(739,934)**	(219,966)
Net cash outflow from investing activities	**(278,428)**	(1,235,264)
Net cash inflow from financing activities	**1,139,205**	783,001
Net cash inflow (outflow) from the above activities	**120,843**	(672,229)

6. SUBSIDIARIES (continued)

New Beijing Glory Sub-Group

	At December 31, 2014 RMB'000	At December 31, 2013 RMB'000
Current assets	**18,616,451**	12,273,463
Non-current assets	**1,616,540**	623,473
Current liabilities	**(16,624,236)**	(10,393,059)
Non-current liabilities	**(2,130,640)**	(1,836,696)
Total equity	**1,478,115**	667,181

	Year ended December 31, 2014 RMB'000	Year ended December 31, 2013 RMB'000
Revenue	**3,538,827**	1,169,372
Gain on fair value change of investment properties	**145,691**	9,846
Cost of sales and expense	**(2,837,206)**	(976,614)
Profit and total comprehensive income for the year	**847,312**	202,604
Net cash inflow (outflow) from operating activities	**677,294**	(204,489)
Net cash (outflow) inflow from investing activities	**(1,258,969)**	132,516
Net cash inflow from financing activities	**553,632**	351,506
Net cash (outflow) inflow from the above activities	**(28,043)**	279,533

7. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes the bank and other borrowings as disclosed in note 37, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, the payment of dividends, as well as raising of bank and other loans and redemption of bank and other loans.

Categories of financial instruments

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and bank balances)	**2,110,815**	1,167,953
Available-for-sale investments	**5,000**	5,000
Held-for-trading investments	**97**	80
	2,115,912	1,173,033
Financial liabilities		
Liabilities measured at amortized cost	**15,675,016**	11,799,959

Financial risk management objectives and policies

The Group's financial instruments include held-for-trading investments, available-for-sale investments, trade and other receivables, amounts due from related parties, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties and bank and other borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other prices.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over each of the reporting period.

(1) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, restricted bank deposits and bank and other borrowings which carry at prevailing deposit interest rates or variable rate based on the interest rates quoted by the People's Bank of China.

The Group's fair value interest rate risk relates primarily to its fixed rate bank and other borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analysis below has been prepared based on the exposure to interest rates on bank balances, restricted bank deposits and variable rate bank and other borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2013: 50 basis points) increase or decrease for variable rate bank and other borrowings and a 27 basis points (2013: 27 basis points) increase or decrease for bank balances and restricted bank deposits are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank and other borrowings, bank balances and restricted bank deposits, respectively.

If interest rates had been increased/decreased by 50 basis points (2013: 50 basis points) in respect of variable rate bank and other borrowings and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2014 (net of interest capitalization effect) would decrease/increase by approximately RMB8,466,000 (2013: RMB8,983,000).

If interest rates had been increased/decreased by 27 basis points (2013: 27 basis points) in respect of bank balances and restricted bank deposits and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2014 would increase/decrease by approximately RMB3,499,000 (2013: RMB1,834,000) respectively.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(2) Price risk

The Group is exposed to equity price risks through its held-for-trading investments and available-for-sale investments. As at December 31, 2014, the Directors consider that the Group's exposure to fluctuation in equity price is minimal. Accordingly, no sensitivity analysis is presented.

(3) Foreign currency risk

The Group collects all of its revenue in RMB and incurs most of its expenditures in RMB.

The Group has certain bank deposits in foreign currencies; hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group has bank balances denominated in foreign currencies as follows, which expose the Group to foreign currency risk.

	At December 31,	
	2014	2013
	RMB'000	RMB'000
HKD	**3,817**	657
USD	**5,063**	2,945
	8,880	3,602

The sensitivity analysis below has been determined based on a 5% (2013: 5%) possible appreciation or depreciation in other currencies against Renminbi. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 5% change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

If the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2014 would increase by RMB444,000 (2013: RMB180,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciates 5% against Renminbi.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(3) Foreign currency risk (continued)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

Credit risk

At the end of each of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position and the amount of contingent liabilities disclosed in Note 46. In order to minimize the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade and other receivables and amounts due from related parties at the end of each of the reporting period. The amounts presented in the consolidated statements of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the reprocessed properties. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee provided by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

For properties that are sold in which consideration not fully received, the management considers the credit risk is limited because the Group is entitled to retain the legal title and take over possession of the underlying properties for re-sale.

The credit risk on amounts due from related parties is limited as related parties are at a good financial position.

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

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

The credit risk on liquid funds is limited because the counterparties are mainly State-owned banks and with high credit ratings in the PRC.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for variable rate financial liabilities is subject to change if change in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

		Undiscounted cash flows					
	Weighted average interest rate	On demand RMB'000	Less than 1 year RMB'000	1-3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2014							
Non-interest bearing	—	479,314	4,181,042	—	—	4,660,356	4,660,356
Amount due to a connected person							
– with imputed interest(note34)	6.00%	200,000	—	—	—	200,000	196,050
Fixed interest rate borrowings	2.09%-12.2%	—	3,311,332	1,246,559	—	4,557,891	4,214,060
Variable interest rate borrowings	6.22%-8.52%	—	1,584,634	3,236,112	3,023,012	7,843,758	6,604,550
		679,314	9,077,008	4,482,671	3,023,012	17,262,005	15,675,016
Financial guarantee contracts	—	2,665,273	—	—	—	2,665,273	—
Non-interest bearing (rental deposits received)	—	—	13,840	64,826	—	78,666	78,666
		3,344,587	9,090,848	4,547,497	3,023,012	20,005,944	15,753,682

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

	Weighted average interest rate	Undiscounted cash flows On demand RMB'000	Less than 1 year RMB'000	1-3 years RMB'000	Over 3 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2013							
Non-interest bearing	—	764,751	2,578,602	—	—	3,343,353	3,343,353
Amount due to a connected person							
– with imputed interest	6.00%	—	1,131,399	—	—	1,131,399	1,120,046
Fixed interest rate borrowings	10.04%-12.00%	—	413,214	2,062,709	—	2,475,923	2,069,060
Variable interest rate borrowings	6.22%-8.00%	—	1,284,823	2,922,636	2,434,876	6,642,335	5,267,500
		764,751	5,408,038	4,985,345	2,434,876	13,593,010	11,799,959
Financial guarantee contracts	—	1,634,119	—	—	—	1,634,119	—
Non-interest bearing (rental deposits received)	—	—	4,209	49,302	—	53,511	53,511
		2,398,870	5,412,247	5,034,647	2,434,876	15,280,640	11,853,470

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

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

7. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

The Group's held-for-trading investments of RMB97,000 (2013: RMB80,000) as at December 31, 2014 is measured subsequent to initial recognition at fair value, are grouped into Level 2 and determined by reference to a discounted cash flows model based on expected interest rates.

8. REVENUE AND SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the Executive Directors of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 Operating Segments are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties. All of the Group's activities are carried out in the PRC.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments. All of the Group's activities are carried out in the PRC.

Property investment: This segment derives rental income from investment properties developed by the Group. Currently the Group's investment property portfolio mainly comprises commercial properties located in the PRC.

Property management and related services: This segment derives income from property management. Currently the Group's activities are carried out in the PRC.

8. REVENUE AND SEGMENT INFORMATION (continued)

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, other expenses, share of result of associates, gain on fair value change of investment properties, finance costs, certain depreciation, auditor's remuneration, directors' remunerations and income tax expenses. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales are priced with reference to prices charged to external parties for similar products and services.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended December 31, 2014					
Revenue from external customers	4,790,244	175,970	267,622	44,710	5,278,546
Inter-segment revenue	—	—	—	18,091	18,091
Segment revenue	4,790,244	175,970	267,622	62,801	5,296,637
Segment profit	1,728,808	1,375	228,021	10,188	1,968,392
Year ended December 31, 2013					
Revenue from external customers	4,519,666	2,023,202	232,041	60,449	6,835,358
Inter-segment revenue	—	—	—	2,841	2,841
Segment revenue	4,519,666	2,023,202	232,041	63,290	6,838,199
Segment profit	1,299,489	1,806,962	184,450	1,307	3,292,208

8. REVENUE AND SEGMENT INFORMATION (continued)

(b) Reconciliations of segment revenues, profit or loss

	Year ended December 31, 2014 RMB'000	Year ended December 31, 2013 RMB'000
Revenue		
Segment revenue	5,296,637	6,838,199
Elimination of inter-segment revenue	(18,091)	(2,841)
Consolidated revenue	5,278,546	6,835,358
Profit		
Segment profit	1,968,392	3,292,208
Other gains and losses	(4,896)	268,672
Other income	12,387	8,426
Other expenses	(39,027)	(38,527)
Share of result of associates	(6,924)	—
Gain on fair value change of investment properties	385,956	911,895
Finance costs	(238,900)	(572,542)
Depreciation	(3,884)	(3,884)
Auditor's remuneration	(3,628)	(150)
Directors' remunerations	(10,467)	(10,314)
Consolidated profit before tax	2,059,009	3,855,784

(c) Other segment information

Amounts included in the measurement of segment profit or loss:

	Property development RMB'000	Primary land construction and development service RMB'000	Property investment RMB'000	Property management and related services RMB'000	Unallocated amount RMB'000	Total RMB'000
Year ended December 31, 2014						
Depreciation and amortization	8,465	—	5,216	4,095	3,884	21,660
Release of prepaid lease payment	—	—	81	26	—	107
Year ended December 31, 2013						
Depreciation and amortization	8,616	—	5,896	5,915	3,884	24,311
Release of prepaid lease payment	—	—	279	172	—	451

8. REVENUE AND SEGMENT INFORMATION (continued)

(d) Revenue from major products and services

The following is an analysis of the Group's revenue from external customers:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Sales of properties	**4,790,244**	4,519,666
Primary land construction and development services (note)	**175,970**	2,023,202
Rental income	**267,622**	232,041
Property management and related services	**44,710**	60,449
	5,278,546	6,835,358

Note: In prior years, the Group carried out primary land construction and development services on a piece of land located in Hademen (the "Hademen Project") and recognized construction revenue based on estimated recoverable costs and expected fee in accordance with relevant rules and regulations issued by the Beijing Municipal People's Government. Upon the completion of the Hademen Project, in January 2013, Beijing Municipal People's Government finalized and approved the total construction fee of RMB2,178,650,000. An amount of RMB1,264,205,000, in relation to the Hademen Project was recognized during the year ended December 31, 2013.

(e) Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (other than financial instruments, and deferred tax assets of the Group) amounting to RMB13,160,701,000 (2013: RMB8,131,955,000) at December 31, 2014 are located in the PRC based on geographical location of the assets or the associates' operation, as appropriate.

(f) Revenue from major customers

During the year ended December 31, 2013, the revenue of primary land construction and development services, amounting to RMB1,291,816,000 arose from services provided to Beijing Municipal People's Government. No other revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the two years ended December 31, 2014 and 2013.

9. OTHER GAINS AND LOSSES

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Other gains and losses comprise:		
(Loss) gain on disposal of land use right (note)	(5,894)	265,739
Net foreign exchange gains	1,009	401
Gains on disposal of property, plant and equipment	51	940
Changes in fair value of held-for-trading investments	17	628
Allowance on doubtful receivables, net	—	(1,200)
Gain on disposal of subsidiaries (note 42)	—	251
Others	(79)	1,913
	(4,896)	268,672

Note: In March 2014, Haikou Hangrui entered into a contract with the local goverment to transfer the land use right of a piece of land (including in the properties held for under development), which resulted net loss amounting to RMB5,894,000.

In May 2013, Shantou Construction Materials entered into a contract with Shantou Municipal People's Government to transfer the land use right of a piece of land (including in the prepaid lease payment) to the latter at a consideration of RMB287,071,000, which resulted net gain amounting to RMB265,739,000 upon completion and the consideration has been received by the Group during the year ended December 31, 2013.

10. OTHER INCOME

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Interest income	4,013	8,426
Compensation received	2,375	—
Others	5,999	—
	12,387	8,426

11. OTHER EXPENSES

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Donations	**4,545**	13,730
Compensation paid	**2,232**	3,949
Listing expense	**30,908**	20,848
Others	**1,342**	—
	39,027	38,527

12. FINANCE COSTS

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Interest on bank loans	**496,839**	368,692
Interest on other loans	**273,767**	148,305
Interest on the amounts due to the related party	**63**	—
Fair value loss on initial recognition of amount due to the Party (note)	**—**	293,927
Other finance cost (note)	**7,404**	46,030
Total interest expense for financial liabilities	**778,073**	856,954
Interest expenses:		
– wholly repayable within five years	**733,480**	823,350
– not wholly repayable within five years	**44,593**	33,604
Less: Amounts capitalized to properties under development	**(539,173)**	(284,412)
	238,900	572,542

Note: In 2009, the Group entered into a sale contract with a connected person as defined under the Listing Rules ("the Party") to sell a residential block ("the Property") located in Beijing and received RMB1,160,911,000 as deposit. On May 5, 2013, the Group entered into another agreement with the Party to cancel the sale contract of the Property (the "Cancellation Agreement"). According to the Cancellation Agreement, the deposit received from sale of the Property amounting to RMB1,160,911,000 and an interest amounting to RMB351,310,000 (the "Settlement Amount") will be paid to the Party by the Group within one year by instalments. Upon signing of the Cancellation Agreement, the Group measured the Settlement Amount at fair value and recognized a loss amounting to RMB293,927,000, being the difference between the sale deposit of RMB1,160,911,000 and the fair value of the Settlement Amount determined using an effective interest rate of 6% per annum. During the year ended December 31, 2014, the Group recognized RMB7,404,000 (2013: RMB46,030,000) as other finance cost based on an effective interest rate of 6% per annum.

Borrowing costs capitalized to properties under development were arising from specific bank and other loans.

13. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Directors' remunerations (Note 14)	**10,467**	10,314
Other staff costs:		
– Salaries and other benefits	**181,007**	132,785
– Retirement benefit contributions	**13,354**	9,978
– Equity-settled share-based payments	**21,978**	—
Total staff costs	**226,806**	153,077
Less: Amounts capitalized to properties under development (note)	**(58,586)**	(29,502)
	168,220	123,575
Cost of properties sold recognized as expense	**2,658,167**	2,847,242
Auditor's remuneration	**3,628**	150
Depreciation of property, plant and equipment	**20,939**	23,732
Amortization of intangible assets (included in administrative expenses)	**721**	579
Release of prepaid lease payments (included in administrative expense)	**107**	451
Allowance on doubtful receivables, net	**—**	1,200
Operating lease rentals	**2,971**	1,069
Rental income from investment properties	**(267,622)**	(232,041)
Less: direct operating expense	**36,061**	47,591
	(231,561)	(184,450)

Note: The amount capitalized mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the Directors are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Performance bonuses RMB'000	Retirement benefit contributions RMB'000	Equity-settled share-based payment RMB'000	Total RMB'000
For the year ended December 31, 2014						
Executive Directors						
Mr. Zhang Zhangsun	—	3,002	400	19	—	3,421
Ms. Ruan Wenjuan	—	1,205	200	40	776	2,221
Ms. Zhang Jin	—	1,229	200	40	776	2,245
Mr. Ge Weiguang	—	1,229	200	40	776	2,245
Independent Non-Executive Directors						
Mr. Luo Zhengbang (note a)	95	—	—	—	—	95
Mr. Lai Siming (note a)	95	—	—	—	—	95
Ms. Chen Jingru (note a)	95	—	—	—	—	95
Ms. Nie Meisheng (note a and b)	50	—	—	—	—	50
	335	6,665	1,000	139	2,328	10,467
For the year ended December 31, 2013						
Executive Directors						
Mr. Zhang Zhangsun	—	3,000	500	3	—	3,503
Mr. Bao Xiaobin (note c)	—	2,026	400	36	—	2,462
Ms. Ruan Wenjuan	—	1,203	200	22	—	1,425
Ms. Zhang Jin	—	1,226	200	36	—	1,462
Mr. Ge Weiguang	—	1,226	200	36	—	1,462
	—	8,681	1,500	133	—	10,314

Notes:

(a) Mr Luo Zhenbang, Mr Lai Siming, Ms Chen Jingru and Ms Nie Meisheng had been appointed as the independent non-executive directors on July 4, 2014.

(b) Ms. Nie Meisheng resigned from the position of independent non-executive director on October 10, 2014.

(c) Mr. Bao Xiaobin resigned from the position of Chief Executive and director of the Company on May 11, 2014. Mr Zhang Zhangsun had been appointed as Chief Executive of the Company since May 12, 2014.

14. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Performances bonuses were determined by the management having regard to the performance of the Directors and the Group's operating results.

No Directors waived any emoluments during the year.

Of the five individuals with the highest emoluments in the Group, four (2013: five) are directors of the Company whose emoluments are included in the disclosures in note 13. The emolument of the remaining one (2013: nil) individual is as follows:

	Year ended December 31,	
	2014 **RMB'000**	2013 RMB'000
Salaries and other benefits	**1,210**	—
Performance bonuses	**200**	—
Retirement benefit contributions	**5**	—
Equity-settled share-based payment	**6,576**	—
	7,991	—

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

15. INCOME TAX EXPENSES

	Year ended December 31,	
	2014 **RMB'000**	2013 RMB'000
Current tax		
PRC enterprise income tax	**401,576**	695,036
Under provision in prior year	**8,117**	—
LAT	**407,078**	157,938
Deferred tax (note 24)	**35,949**	232,621
Income tax expenses	**852,720**	1,085,595

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007 the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

15. INCOME TAX EXPENSES (continued)

Certain subsidiaries of the Group were subject to the PRC enterprise income tax on a verification collection basis at deemed profit which represent 10% of its revenue for the year ended December 31, 2013, in accordance with authorized tax valuation method (核定徵收) approved by local tax bureau pursuant to the applicable PRC tax regulations (the "deemed profit basis").

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

In accordance with PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries since January 2008 amounting to RMB2,537,552,000 (2013: RMB1,914,485,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong during the year.

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

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Profit before tax	**2,059,009**	3,855,784
Tax at PRC enterprise income tax rate of 25 %	**514,752**	963,946
LAT	**407,078**	157,938
Tax effect of LAT	**(101,770)**	(39,485)
Effect on deemed profit basis of enterprise income tax	**—**	1,018
Tax effect of expenses not deductible for tax purpose	**10,644**	19,497
Effect of tax losses not recognized as deferred tax assets	**13,899**	545
Utilization and recognition of tax losses not previously recognized	**—**	(17,864)
Under provision in prior year	**8,117**	—
Tax charge	**852,720**	1,085,595

16. EARNINGS PER SHARE

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to the owners of the Company	**950,654**	2,233,812

	Year ended December 31,	
	2014	2013
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,059,354**	3,750,000
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**7,409**	—
Share awards issued by the Company	**5,840**	—
Over-allotment share option issued by the Company	**24**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,072,627**	3,750,000

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award schemes.

17. DIVIDENDS

Subsequent to the end of the reporting period, final dividend in respect of the year ended December 31, 2014 of HK$6.05 cents per share, totalling HK266,080,000 (equivalent to RMB209,903,000) has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

On April 30, 2013, Garden Group declared dividends amounting to RMB2,350,000,000 to its then equity holder, Jinming Wujin.

18. INVESTMENT PROPERTIES

	RMB'000
Fair value	
At January 1, 2013	6,992,900
Additions	134,080
Disposals (note)	(53,375)
Gain on fair value change of investment properties	911,895
At December 31, 2013	7,985,500
Additions	4,450,994
Gain on fair value change of investment properties	385,956
At December 31, 2014	12,822,450

Note: In February 2013, the Group acquired the land use right of Hademen block of Dongcheng District in Beijing, which was the land use right under the Hademen Project carried out by the Group. According to the bidding agreement, the Group was required to provide resettlement compensation to Beijing Bianyifang Roast Duck Group Co. Ltd, ("Bianyifang"), an independent third party, in the neighbourhood area of Hademen block. After negotiation, the Group settled part of the obligation by transferring the Group's investment properties with total fair value of RMB53,375,000 on the date of transfer.

The investment properties are all situated in the PRC under medium-term lease. The fair values of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties, as at December 31, 2014 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income method-direct capitalization approach by capitalization of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

18. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorized (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. The Group considered multiple valuation techniques to the extent appropriate. In addition to residual method for investment properties under development, both income and direct comparison approaches are considered, the results (i.e. respective indications of fair value) are evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is usually the point within that range that is most representative of fair value in the circumstances.

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Glory City Complex	RMB4,866,300,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.5% to 6% for shopping mall, and 6% to 6.5% for office.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB501/sq.m./month on NFA for shopping mall and RMB208/sq.m./month on GFA for office.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB51,000/sq.m. for shopping mall and RMB36,000/sq.m. for office.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Lotte Mart Shopping Centre	RMB784,000,000	Level 3	Multiple valuation techniques of both income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.5% to 6%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB119/sq.m./month on NFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB38,000/sq.m.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Beijing Fugui Garden Shopping Mall	RMB847,600,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.5% to 6%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB231/sq.m./month on NFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB43,000/sq.m.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Shantou Glory City Phase I	RMB506,800,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 6% to 7%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			(2) Market monthly rent	Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB67.5/sq.m./month on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	A unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB6,800/sq.m.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shenyang Glory City Phase I, Big Box	RMB335,800,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.5% to 6%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			(2) Market monthly rent	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB36/sq.m./month on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB8,300/sq.m.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Siheyuan Beijing Glory City	RMB684,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 2.5% to 3%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB270/sq.m./month on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB98,000/sq.m.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shenyang Glory City Block C and E,	RMB325,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.5% to 6%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB32/sq.m./month on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB6,600/sq.m.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Eudemonia Palace underground car parking spaces	RMB34,950,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 2.5% to 3.0%.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
			(2) Market monthly rent	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB960/sq.m./month on GFA.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB297,500/lot for Donghuashi Phase 3 Zone C underground car parking spaces.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Glory Center	RMB3,840,000,000	Level 3	Multiple valuation techniques: Residual method, income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 6% for retail, and 5.5% for office.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB538/sq.m./month on GFA for retail, RMB304/sq.m./month on GFA for office.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB59,000/sq.m for retail, and RMB66,000 for office.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
			The key input of Residual method is: Total development costs to completion	Estimation of development costs not yet incurred or contracted based on existing development plans	Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statements of financial positions	At December 31, 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Foshan South Levee Bay	RMB598,000,000	Level 3	Multiple valuation techniques: Residual method, income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 7.5% for retail, and 5.5 - 7% for car parking spaces.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB310/sq.m./month on NLA for retail, RMB500/lot./month for car parking spaces.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
			The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB32,600/sq.m for retail, and RMB151,000 for car parking spaces.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
			The key input of Residual method is: Total development costs to completion	Estimation of development costs not yet incurred or contracted based on existing development plans	Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model.

The unrealized gain on property revaluation amounting to RMB385,956,000 (2013: RMB911,895,000) was recognized in profit or loss during the year ended December 31, 2014.

The Group had pledged investment properties of approximately RMB12,131,300,000 (2013: RMB7,355,065,000) at December 31, 2014 to secure bank and other borrowing granted to the Group as set out in Note 44.

19. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Other leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Motor vehicles RMB'000	Electronic equipment & furniture RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At January 1, 2013	132,014	164,239	23,028	38,360	67,877	276	425,794
Additions	3,830	—	3,115	6,319	4,201	—	17,465
Disposals	(35,265)	(11,759)	—	(1,439)	(13,066)	(276)	(61,805)
Disposal of subsidiaries (note 42)	(100,579)	—	—	(1,245)	(46,193)	—	(148,017)
At December 31, 2013	—	152,480	26,143	41,995	12,819	—	233,437
Additions	—	—	8,786	5,794	6,674	—	21,254
Acquisition of a subsidiary (note 43)	—	—	—	1,627	—	—	1,627
Disposals	—	—	—	(1,492)	(614)	—	(2,106)
At December 31, 2014	—	152,480	34,929	47,924	18,879	—	254,212
Accumulated depreciation							
At January 1, 2013	38,161	38,707	21,695	16,173	52,868	—	167,604
Charge for the year	4,644	9,270	87	6,174	3,557	—	23,732
Eliminated on disposals	(1,988)	(2,015)	—	(1,389)	(9,451)	—	(14,843)
Eliminated on disposal of subsidiaries (note 42)	(40,817)	—	—	(852)	(42,518)	—	(84,187)
At December 31, 2013	—	45,962	21,782	20,106	4,456	—	92,306
Charge for the year	—	8,937	2,441	6,467	3,094	—	20,939
Eliminated on disposals	—	—	—	(1,432)	(492)	—	(1,924)
At December 31, 2014	—	54,899	24,223	25,141	7,058	—	111,321
Carrying amount							
At December 31, 2014	—	97,581	10,706	22,783	11,821	—	142,891
At December 31, 2013	—	106,518	4,361	21,889	8,363	—	141,131

As at December 31, 2014, other leasehold land and buildings with carrying amount of approximately RMB85,465,000 (2013: RMB51,587,000) were pledged to banks to secure bank and other borrowings granted to the Group as set out in Note 44.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Hotel properties	20 years
Other leasehold land and buildings	Over the shorter of the term of the lease or 20 years
Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicles	5 years
Electronic equipment & furniture	5 years

20. INTANGIBLE ASSETS

	Software licenses RMB'000
Cost	
At January 1, 2013	4,103
Additions	1,432
Disposal of subsidiaries (note 42)	(48)
At December 31, 2013	5,487
Additions	1,502
At December 31, 2014	6,989
Accumulated amortization	
At January 1, 2013	2,570
Charge for the year	579
Eliminated on disposal of subsidiaries (note 42)	(45)
At December 31, 2013	3,104
Charge for the year	721
At December 31, 2014	3,825
Carrying amounts	
At December 31, 2014	3,164
At December 31, 2013	2,383

The software licenses have finite useful lives and are amortized on a straight-line basis over 6 years.

21. INTEREST IN ASSOCIATES

	At December 31, 2014 RMB'000	At December 31, 2013 RMB'000
Cost of investment, unlisted	**196,000**	—
Share of post-acquisition losses	**(6,924)**	—
	189,076	—

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

Name of entity	Place of registration	Principal place of operation	Proportion of ownership interest by the Group 2014	Proportion of ownership interest by the Group 2013	Principal activity
Bohai Life Ltd. (渤海人壽保險股份有限公司)	PRC	PRC	**20%**	—	Life insurance
Shenzhen Dachaoshan Real Estate Development Ltd. (深圳市大潮汕建設有限公司)	PRC	PRC	**30%**	—	Property development

The English names of the companies which established in the PRC are for reference only and have not been registered.

Summarised financial information of the material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarized financial information below represents amounts shown in the associate's financial statement prepared in accordance with IFRSs.

Bohai Life Ltd.

	At December 31, 2014 RMB'000
Current assets	**754,014**
Non-current assets	**28,780**
Current liabilities	**(8,205)**
Net assets	**774,589**

21. INTEREST IN ASSOCIATES (continued)

Summarised financial information of the material associate (continued)

Bohai Life Ltd. (continued)

	Period from date of incorporation to December 31, 2014 RMB'000
Revenue	215
Loss for the period	(25,411)
Group's share of loss of associate	(5,082)

Reconciliation of the above summarized financial information to the carrying amount of the interest in Bohai Life Ltd. recognized in the consolidated financial statements:

	At December 31, 2014 RMB'000
Net assets of the associate	774,589
Proportion of the Group's ownership interest	20%
Carrying amount of the Group's interest	154,918

Information of associate that is not individually material:

	2014 RMB'000
The Group's share of losses and total comprehensive expenses	(1,842)
Carrying amount of the Group's interests in the associate	34,158

22. AVAILABLE-FOR-SALE INVESTMENTS

	At December 31, 2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost:		
永清吉銀村鎮銀行股份有限公司("Credit Union")	5,000	5,000

Notes:

(a) The Group held 10% equity interest in Credit Union, a private entity established in the PRC which is involved in banking operation.

(b) The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

23. PREPAID LEASE PAYMENTS

	At December 31, 2014 RMB'000	2013 RMB'000
Medium term leases	3,227	3,334
Analysed for reporting purposes as:		
Non-current	3,120	2,941
Current (included in trade and other receivables, deposits and prepayments)	107	393
	3,227	3,334

Prepaid lease payment represents land use rights in the PRC under medium-term leases.

As at December 31, 2014, the Group had pledged the land use rights of approximately RMB2,220,000 (2013: RMB2,269,000) to secure bank and other borrowings granted to the Group as set out in Note 44.

24. DEFERRED TAX

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the reporting period:

	Tax losses	Temporary differences on sale deposits received	LAT	Investment properties	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note)	RMB'000
At January 1, 2013	3,506	90,567	16,357	(1,465,967)	4,065	(1,351,472)
Recognized in profit or loss	16,561	(29,246)	(1,598)	(217,986)	(352)	(232,621)
Disposal of subsidiaries (note 42)	(53)	—	—	—	—	(53)
At December 31, 2013	20,014	61,321	14,759	(1,683,953)	3,713	(1,584,146)
Recognized in profit or loss	9,465	11,465	53,322	(110,437)	236	(35,949)
At December 31, 2014	29,479	72,786	68,081	(1,794,390)	3,949	(1,620,095)

Note: The "others" is mainly relating to temporary differences on allowance of the doubtful debts on trade receivables and exceeding advertising fee.

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

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Deferred tax assets	**100,172**	61,761
Deferred tax liabilities	**(1,720,267)**	(1,645,907)
	(1,620,095)	(1,584,146)

24. DEFERRED TAX (continued)

No deferred taxation asset has been recognized in respect of the following unutilized tax losses due to the unpredictability of future profit streams, estimated at the end of the reporting period. The unrecognized tax losses will expire in the following years:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
To be expired on:		
December 31, 2014	**—**	825
December 31, 2015	**588**	588
December 31, 2016	**58**	58
December 31, 2017	**899**	899
December 31, 2018	**2,179**	2,179
December 31, 2019	**55,594**	—
Total unused tax losses not recognized as deferred tax assets	**59,318**	4,549

25. DEPOSITS PAID FOR LAND ACQUISITION

Balance represented deposits paid for public tenders, auctions or listing-for-bidding of land use rights in the PRC for the purpose of development for sale.

26. PROPERTIES HELD FOR/UNDER DEVELOPMENT

The properties held for/under development are located in the PRC with lease terms ranging from 40 to 70 years.

As at December 31, 2014, certain of the Group's properties under development with a carrying amount of approximately RMB4,042,924,000 (2013: RMB1,767,542,000) was pledged to banks to secure bank and other borrowings granted to the Group as set out in Note 44.

As at December 31, 2014, properties held/for under development with carrying amount of RMB7,738,079,000 (2013: RMB8,102,628,000) are expected to be completed and realized after twelve months from the end of the reporting period.

The Group was in the process of obtaining the certificates of land use rights of approximately RMB1,274,826,000 (2013: RMB125,080,000) from the relevant authorities as at December 31, 2014.

27. JOINT OPERATION

On September 1, 2009, Original Beijing Glory entered into an agreement with an independent third party (the "Project partner") in respect of a jointly development project of Qinian Street Rebuild Primary Land Development Project in the PRC (the "Qinian Street Project").

Pursuant to the agreement, Original Beijing Glory and the Project partner set up an operation committee to jointly control and manage the project together. The two parties contribute the funding, share revenue and bear costs equally.

The amount included in the consolidated financial statements arising from the joint operation is as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Analysis of profit or loss		
Revenue	**175,970**	758,997
Cost of sales and services	**(174,595)**	(216,240)
Profit before tax	**1,375**	542,757

The details of the assets and liabilities arising from the joint operation are set out in Note 30 and Note 37 respectively.

Under the arrangement of the Beijing Municipal People's Government, Original Beijing Glory entered into the agreement with 中華全國新聞工作者協會 on April 17, 2013, and finalized the amount of contract revenue attributable to the Group for sub-project amounting to RMB581,500,000, which has been fully recognized as at December 31, 2013 based on the terms set out in the agreements.

28. PROPERTIES HELD FOR SALE

The Group's properties held for sale are stated at the lower of cost and net realisable value and situated in the PRC. In the opinion of the Directors, properties held for sale of approximately RMB122,434,000 (2013: RMB506,246,000) as at December 31, 2014 are expected to be sold after twelve months from the end of the reporting period.

As at December 31, 2014, properties held for sale of approximately RMB3,321,126,000 (2013: RMB1,110,650,000) were pledged to secure bank and other borrowings granted to the Group as set out in Note 44.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Pursuant to the lease agreements, rental payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Trade receivables, net of allowance	**242,337**	169,074
Advances to contractors and suppliers	**126,855**	107,747
Other receivables from independent third parties (note)	**17,261**	17,510
Other receivables and prepayment, net of allowance	**100,154**	44,665
Prepaid lease payment – current portion	**107**	393
Deposits	**67,042**	50,105
	553,756	389,494

Note: Other receivables from independent parties are of non-trade nature, unsecured, interest free and repayable on demand.

The following is an aged analysis of trade receivables based on the date of recognition of revenue at the end of the reporting period:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
0 to 60 days	**162,825**	129,255
61 to 180 days	**9,123**	28,625
181 to 365 days	**63,245**	1,344
1-2 years	**4,742**	5,114
Over 2 years	**2,402**	4,736
	242,337	169,074

Trade receivables with an amount of approximately RMB19,747,000 (2013: RMB15,883,000) as at December 31, 2014, were overdue receivables but not impaired at the end of each of the reporting period. The Group does not hold any collateral over these balances. The following is an aged analysis of overdue receivables based on due date.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

	At December 31, 2014 RMB'000	2013 RMB'000
Less than 1 year	**12,603**	6,033
1-2 years	**4,742**	5,114
Over 2 years	**2,402**	4,736
	19,747	15,883

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

All the receivables that are neither past due nor impaired are due from customers with good settlement history.

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	At December 31, 2014 RMB'000	2013 RMB'000
Balance at the beginning of the year	**4,110**	4,110
Recognized during the year	**—**	—
Balance at the end of the year	**4,110**	4,110

Included in allowance for doubtful debts are trade receivables individually impaired which are due from debtors under financial difficulties. In addition, the Group assessed impairment on a collective basis. No further allowance for doubtful debts was recognized.

30. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At December 31, 2014 RMB'000	2013 RMB'000
Contract in progress		
Construction costs incurred plus recognized profits	**1,622,586**	1,439,261
Less: payment received	**(550,000)**	(550,000)
	1,072,586	889,261

30. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK (CONTINUED)

Contract in progress represents the Group's interest in the Qinian Street Project, which is recognized through a joint operation. Details are set out in note 27.

In the opinion of the Directors, amounts due from customers for contract work of approximately RMB432,000,000 (2013: RMB457,761,000) as at December 31,2014 was expected to be settled after twelve months from the end of the reporting period.

31. HELD FOR TRADING INVESTMENTS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Funds, at fair value	**97**	80

32. RESTRICTED BANK DEPOSITS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Deposits pledged for banking facilities (note a)	**1,113,528**	1,200
Restricted bank deposits (note b)	**9,513**	35,264
Deposits pledged for mortgage loans granted to customers (note c)	**64,736**	24,491
	1,187,777	60,955
Analysed for reporting purposes as:		
Non-current (note d)	**7,590**	922
Current	**1,180,187**	60,033
	1,187,777	60,955

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as security for certain banking facilities granted to the Group.

Garden Group and Shantou Construction Materials, subsidiaries of the Company, entered into banking facility agreements with the bank on August 11, 2014 and July 24, 2014, for banking facilities of RMB480,000,000 and RMB600,000,000 respectively, which are secured by a pledge over Glory Real Estate (HK)'s offshore deposit amounting to RMB1,113,528,000 placed with the bank at the interest rate of 0.385% per annum.

32. RESTRICTED BANK DEPOSITS (continued)

Notes: (continued)

(b) The amounts include bank deposits, subject to the banks' approval, that are restricted for payments of construction works of the specified development projects as set out in the relevant loan agreements.

(c) The amounts represent bank deposits pledged to banks as security for certain mortgage loans granted by the banks to the Group's customers. The pledged bank deposits will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

(d) Deposits pledged as security for mortgage loans of the Group's customers that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

The bank deposits carry prevailing market interest rates as follows:

	At December 31,	
	2014	2013
Range of interest rate per annum	**0.35%~0.385%**	0.35%~1.15%

33. CASH AND BANK BALANCES

	At December 31,	
	2014 **RMB'000**	2013 RMB'000
Cash and bank balances	**542,557**	844,854

Cash and cash equivalents comprise cash and bank balances held by the Group, and short-term deposits placed at banks that borne interest at prevailing market interest rates. The bank balances carry interest rates as follows:

	At December 31,	
	2014	2013
Range of interest rate per annum	**0.35%~1.1%**	0.01%~1.15%

Cash and bank balances as at December 31, 2014 were denominated in RMB and HKD, and RMB is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

34. TRADE AND OTHER PAYABLES

	At December 31, 2014 RMB'000	2013 RMB'000
Trade payable	**3,732,286**	2,331,703
Deposits received	**387,213**	523,922
Rental received in advance	**47,838**	42,770
Payable for acquisition of subsidiaries (note a)	**464,360**	467,011
Other payables to connected person (note b)	**196,050**	1,120,046
Accrued payroll	**33,572**	21,713
Business and other tax payable	**160,207**	173,960
Other payables and accruals	**87,561**	47,962
	5,109,087	4,729,087
Analyzed for reporting purposes as:		
Non-current (note c)	**64,826**	49,302
Current	**5,044,261**	4,679,785
	5,109,087	4,729,087

Notes:

(a) In May 2014, Hainan Glory acquired the entire equity interest in Hainan Junhe for a consideration of RMB1,014,000,000, with part of the consideration amounting to RMB667,140,000 was paid. The amount is unsecured, interest free and repayable on demand. The details of the acquisition are set out in note 43.

In October 2013, Original Beijing Glory acquired the entire equity interest in Shaanxi Huawei for a consideration of RMB450,000,000. During the year ended December 31, 2014, part of the consideration amounting to RMB212,500,000 (2013: RMB120,000,000) was paid and aggregated amount paid amounted to RMB332,500,000 (2013: RMB120,000,000) as of December 31, 2014. The amount is unsecured, interest free and repayable on demand.

(b) The amount is related to the cancellation of a sale contract, details are set out in Note 12, which is unsecured and repayable within one year by instalments.

(c) Pursuant to the relevant agreements, rental deposits of approximately RMB64,826,000 (2013: RMB49,302,000) as at December 31, 2014, are to be settled after twelve months from the end of the reporting period and is therefore classified as non-current liability.

34. TRADE AND OTHER PAYABLES (continued)

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is approximately 180 days.

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
0 to 60 days	**3,304,748**	1,055,862
61-365 days	**70,803**	1,190,485
1-2 years	**286,152**	72,792
Over 2 years	**70,583**	12,564
	3,732,286	2,331,703

35. DEPOSITS RECEIVED FROM SALE OF PROPERTIES

In the opinion of the Directors, deposits received from sale of properties of approximately RMB7,199,000 (2013: RMB133,043,000) as at December 31, 2014, are expected to be recognized as revenue after twelve months from the end of the reporting period.

36. TAXATION PAYABLE

	At December 31,	
	2014	2013
	RMB'000	RMB'000
LAT payable	**264,292**	51,161
Income tax payable	**856,969**	662,728
	1,121,261	713,889

37. BANK AND OTHER BORROWINGS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Bank loans, secured	**8,376,150**	5,153,300
Other loans, secured	**2,227,460**	2,183,260
Other loans, unsecured	**215,000**	—
	10,818,610	7,336,560
The borrowings are due to be repaid:		
– Within one year	**4,221,260**	1,112,136
– More than one year, but not exceeding two years	**2,252,160**	3,358,364
– More than two years, but not exceeding five years	**3,508,100**	2,146,060
– More than five years	**837,090**	720,000
	10,818,610	7,336,560
Less: Amount due within one year shown under current liabilities	**(4,221,260)**	(1,112,136)
Amount due after one year	**6,597,350**	6,224,424

The Group's bank and other borrowings are all denominated in RMB.

Bank loans

Borrowings include approximately RMB6,604,550,000 (2013: RMB5,267,500,000) variable rate borrowings which carry effective interest ranging from 6.22% to 8.40% (2013: 6.22% to 8.00%) per annum during the year ended December 31, 2014 and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate was 2.085% to 12.2% (2013: 10.04% to 12.00%) per annum during the year ended December 31, 2014, and exposed the Group to fair value interest rate risk.

As at December 31, 2014, bank borrowings amounting to RMB1,360,000,000 (2013: RMB290,000,000) are specific borrowings for the Qinian Street Project as set out in note 27.

Other loans

In December 2012, Shantou Construction Materials borrowed RMB120,000,000 from Sichuan Trust Co., Ltd ("Sichuan Trust"). The loan was secured by Shantou Construction Materials' right of future operating income of Construction Materials and Household Exhibition Centre. The loan carried variable interest rate at 95% of the over 5 year benchmark loan rate quoted by The People's Bank of China plus 0.5% and an upfront fee with the rate of 1.7925% per annum. A repayment of RMB1,450,000 was required for each quarter from March 21, 2013 to September 21, 2018. The Group repaid RMB5,800,000 (2013: RMB5,800,000) during the year ended December 31, 2014. The remaining balance of the loan amounted to RMB108,400,000 (2013: RMB114,200,000) as at December 31, 2014.

37. BANK AND OTHER BORROWINGS (continued)

Other loans (continued)

In December 2013, Garden Group entered a borrowing agreement with Minmetals International Trust Co., Ltd ("Minmetals Trust"). During the year ended December 31, 2014, Garden Group borrowed RMB361,000,000 from Minmetals Trust. The loan is unsecured, carried fixed interest rate at 6%, and to be repayable within one year. During the year ended December 31, 2014, the Group repaid RMB231,000,000 and the remaining balance amounting to RMB130,000,000 will be paid in 2015.

In July 2013, Original Beijing Glory borrowed RMB769,060,000 from Minmetals Trust. The loan is secured by land use rights for properties under development located in Dongcheng District, Beijing, and carried fixed interest at 10.004% per annum. During the year ended December 31, 2014, the Group repaid RMB200,000,000 and the loan amounting to RMB300,000,000 and RMB269,060,000 are required to be repaid in the year of 2015 and 2016 respectively.

In November 2013, Garden Group borrowed RMB800,000,000 from Minmetals Trust. The loan is secured by investment properties located in Beijing City, Dongcheng District, the 100% equity interests of Foshan Guohua and guarantee from Original Beijing Glory. The loan carried fixed interest rate at 12% per annum and is due to be repaid on November 8, 2015.

In December 2013, Original Beijing Glory and Shantou Glory, subsidiaries of the Group, entered into a tri-party agreement with Minmetals Trust, pursuant to this agreement, Minmetals Trust made the cash contribution of RMB98,000,000 to Shantou Glory and holds the 49% equity interest in it. Prior to such transaction, the Group holds 80% effective interest in Shantou Glory through Original Beijing Glory. On the same day, Shantou Glory borrowed RMB402,000,000 from Minmetals Trust (the "Shantou Glory Loan"). The Shantou Glory Loan was interest free and due to be repaid in full after 24 months in December 2015. Pursuant to another tri-party agreement signed on the same date, Original Beijing Glory agreed to repurchase the equity interest after 24 months in 2015, with an early repurchase right after one year, at a consideration equals to RMB98,000,000 plus the additional expense charged on RMB500,000,000 at a rate of 12% per annum, either at early repurchase or maturity date. The Group continues to account for Shantou Glory as a 80% owned subsidiary of the Group through Original Beijing Glory, taking into account that the Group can still exercise control over Shantou Glory, the compulsory repurchase arrangement and Minmetals Trust does not expose to any risks or entitle to any rewards (including profit distribution) as equity holder of Shantou Glory but receives fixed interest income. The arrangement as a whole is accounted for in the consolidated financial statements as a secured borrowing of RMB500,000,000 to the Group with at a rate of 12% per annum to reflect the economic substance of the arrangement. The Group repurchased the equity interest and repaid the Shantou Glory Loan on December 10, 2014 at a consideration of RMB542,000,000 including the principal of RMB500,000,000 and the interest of RMB42,000,000.

In April 2014, Glory Industrial borrowed RMB85,000,000 from Minmetals Trust with unsecured. The loan carried fixed interest rate at 6%, and is due to be repaid within one year.

In July 2014, Shenyang Dadongfang Property Development Co., Ltd 瀋陽大東方置業有限公司 ("Shenyang Dadongfang") borrowed RMB300,000,000 from Minsheng Trust Co., Ltd. The loan is secured by the land use rights and the properties held for/under development. Except the pledge of those properties and land use rights, Original Beijing Glory and New Beijing Glory provided joint guarantee to this loan. The loan carried fixed interest rate at 12.2%, with maturity of 24 months. Early repayment is permitted after one year from the borrowings drawdown.

37. BANK AND OTHER BORROWINGS (continued)

Other loans (continued)

In July 2014, Foshan Glory and Foshan Glory Southern, subsidiaries of the Group, entered into a tri-party agreement with Pingan Trust Co., Ltd 深圳平安大華滙通財務管理有限公司 ("Pingan Trust"), pursuant to this agreement, Pingan Trust made the cash contribution of RMB23,330,000 to Foshan Glory Southern and holds the 70% equity interest in it. Pursuant to another agreement between Foshan Glory and Pingan Trust signed on the same date, Foshan Glory agreed to repurchase the equity interest of Foshan Glory Southern held by Pingan Trust in 2016, at the consideration of RMB23,330,000 plus the additional expense charged at a rate of 11.5% per annum. Prior to such transaction, the Group holds 80% interest in Foshan Glory which holds 100% interest in Foshan Glory Southern. The Group continues to account for Foshan Glory Southern as a 80% effective interest owned subsidiary of the Group through Foshan Glory, taking into account that the Group can still exercise control over Foshan Glory Southern, the compulsory repurchase arrangement and Pingan Trust does not expose to any risks or entitle to any rewards (including profit distribution) as equity holder of Foshan Glory Southern but receives fixed interest income, the transaction as a whole has been considered as a loan granted to the Group in these consolidated financial statements to reflect the economic substance of the arrangement. The repurchase agreement is guaranteed by Original Beijing Glory and New Beijing Glory.

In July 2014, Foshan Glory Southern borrowed RMB426,670,000 from Pingan Trust due for repayment with the equity interest RMB23,330,000 in full after 24 months at a rate of 11.5% per annum.

38. PAID-IN/SHARE CAPITAL AND RESERVES

	Number of shares		Share capital		Equivalent to
	USD1 each	HKD0.001 each	USD	HKD	RMB'000
Ordinary shares of USD1 each/HKD0.001 each					
Authorized:					
At January 1, 2013	50,000	—	50,000	—	
At December 31, 2013	—	10,000,000,000	—	10,000,000	
At December 31, 2014	—	10,000,000,000	—	10,000,000	
Issued and fully paid:					
At January 1, 2013	1	—	1	—	—
Issue of new shares	—	3,750,000,000	—	3,750,000	2,967
Cancellation of shares	(1)	—	(1)	—	—
At December 31, 2013	—	3,750,000,000	—	3,750,000	2,967
Issue of new shares	—	681,634,000	—	681,634	542
At December 31, 2014	—	4,431,634,000	—	4,431,634	3,509

On November 25, 2013, the Company increased its authorized share capital by HKD10,000,000 with 10,000,000,000 shares of HKD0.001 each and issued new 3,750,000,000 shares of HKD0.001 per share at their par value. At the same time, the Company cancelled its original authorized share capital of USD50,000 and its previously issued 1 share of USD1 each.

On July 7, 2014, the Company issued 661,780,000 shares with par value of HKD0.001 each under the global offering at HKD2.38 per share.

On July 25, 2014, the Company issued 19,854,000 shares with par value of HKD0.001 each under the over-allotment option at HKD2.38 per share.

38. PAID-IN/SHARE CAPITAL AND RESERVES (continued)

With the global offering and over allotment option, the Company issued 681,634,000 ordinary shares, the total consideration received amounted to RMB1,290,574,000, and the issue cost amounted to RMB50,788,000. The consideration of RMB1,290,574,000 was presented on share capital and capital reserve of amounting RMB542,000 and RMB1,290,032,000 respectively.

39. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage range from 12% to 20% of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the year ended 31 December 2014 amounted to RMB13,493,000 (2013: 10,111,000), represent contributions paid or payable to the scheme by the Group.

40. SHARE-BASED PAYMENT TRANSACTIONS

i. Share award scheme

Pursuant to the share award scheme adopted by the Company on June 5, 2014 (the "Share Award Scheme"), a total of four employees were awarded in aggregate 33,617,700 shares of the Company on June 16, 2014. The awarded shares will vest in three equal tranches on the first, second and third anniversary of the date on which the Company's shares are listed on the Stock Exchange (the "Listing Date"), respectively. None of the Awarded Shares were vested during the year ended 31 December 2014.

The weighted average fair value of the shares granted under the Share Award Scheme at June 16, 2014 was RMB56,242,000, which was determined using Monte Carlo simulation model. The significant inputs into the model were estimated fair value of these unlisted shares at the grant date, expected dividend pay-out rate, annual risk-free rate and volatility rate. The volatility is measured based on past year's historical price volatility of similar companies.

The Group recognized an expense of RMB14,880,000 for the year ended December 31, 2014 in relation to shares awarded by the Company. The shares awarded by the Company will be settled with the existing shares held by a trust company on behalf of the Company.

ii. Pre-IPO Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the "Pre-IPO Share Option Scheme"), the Company granted to 54 employees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014.

40. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Pre-IPO Share Option Scheme (continued)

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date, respectively. All share options will be expired after 7 years since the grant date.

The vesting period of the share options is as follows:

33.33%: from the date of grant to July 7, 2015
33.33%: from the date of grant to July 7, 2016
33.34%: from the date of grant to July 7, 2017

The fair values of the share options were calculated using the binominal model. The inputs into the model were as follows:

Date of grant	June 16, 2014
Share price at the date of grant	HKD2.380
Exercise price of the options	HKD1.428
Expected volatility	42.10%
Expected life	7 years
Risk-free rate	1.32%
Expected dividend yield	4.88%
Fair value	RMB0.616

Expected volatility was determined by using the historical volatility of the similar companies. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Change in variables and assumptions may result in changes in the fair value of the options.

The Group recognized the total expense of RMB9,426,000 for the year ended December 31, 2014 in relation to share options granted by the Company.

40. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Pre-IPO Share Option Scheme (continued)

The following table discloses movements of the Company's share options held by employees and directors during the year.

	Number of share options
Granted during the year and the outstanding at the end of the year	
– Directors	10,500,000
– Other staff	56,576,800
	67,076,800
Exercisable at the end of the year	—

41. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

In April 2014, Hainan Glory Real Estate Development Co., Ltd ("Hainan Glory") acquired the remaining 45% equity interest in Haikou Hangrui for a consideration of RMB29,916,000 from the non-controlling equity holder. Difference between consideration paid and adjustment to non-controlling interest amounting to RMB13,162,000 is recognized in other reserve. The consideration was fully paid during the year ended December 31, 2014.

42. DISPOSAL OF SUBSIDIARIES

During the year ended December 31, 2013, Garden Group disposed of its 90% equity interest in Chenghai Hotel; Shantou Glory disposed of its 100% equity interest in Shantou Sanjin, Langfang Glory disposed of its 100% equity interest in Langfang Agricultural, all to Jinming Wujin. Original Beijing Glory disposed of its 90% equity interest in Tonghe Leasing to Huitong Investment, a related party controlled by Mr. Zhang Zhangsun. The Company disposed of its 100% equity interest in Glory HK to Mr. Zhang Zhangsun. The gains on disposal of these subsidiaries amounted to RMB73,741,000 were recognized as a deemed contribution from equity holder directly in equity.

During the year ended December 31, 2013, Garden Group disposed of its 100% equity interest in Detong Shunli to Jinming Wujin. Shantou Glory disposed of its 80% equity interest in Shantou Property Management to Shantou Guoxia, a related party controlled by Mr. Zhang Zhangqiao, brother of Mr. Zhang Zhangsun. The losses on disposal of the two subsidiaries amounted to RMB839,000 were recognized as a deemed distribution to equity holder directly in equity.

During the year ended December 31, 2013, Original Beijing Glory disposed of its 60% equity interest in Beijing Feier Site Commerce Services Co., Ltd 北京菲爾斯特商務服务有限公司 ("Feier Site") to an independent third party for a consideration of RMB1,200,000. The gain on disposal of RMB251,000 was recognized in profit or loss.

42. DISPOSAL OF SUBSIDIARIES (continued)

	Year ended December 31, 2013							
	Chenghai Hotel	Shantou Sanjin	Langfang Agricultural	Tonghe Leasing	Glory HK	Detong Shunli	Shantou Property Management	Feier Site
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consideration	54,000	8,000	10,000	180,000	8	2,000	2,400	1,200
Analysis of assets and liabilities over which control were lost:								
Trade and other receivables	1,741	—	12,012	500	35,672	—	24,614	800
Amounts due from the intragroup	119,968	7,450	5,017	199,500	40,000	—	9,600	—
Amounts due from related parties	—	—	—	—	11,252	1,999	—	—
Held-for-trading investments	—	—	—	—	—	—	—	—
Inventories	519	374	15	—	—	—	—	659
Properties held for/under development	—	—	—	—	—	—	—	—
Properties held for sale	—	—	—	—	—	—	—	—
Property, plant and equipment	63,781	—	—	4	—	—	39	6
Investment properties	—	—	—	—	—	—	—	—
Prepaid lease payment	9,150	—	4,145	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	3	—
Deferred tax assets	—	14	—	—	—	—	—	39
Bank balances and cash	629	16	19	410	2	20	8,038	77
Borrowings	(181,250)	—	—	—	—	—	—	—
Trade and other payables	(3,310)	—	—	(500)	(66,047)	—	(36,925)	—
Amounts due to the intragroup	—	—	(11,227)	(65)	—	—	(1,039)	—
Amounts due to related parties	(31,640)	—	—	—	(22,000)	—	—	—
Taxation payable	—	—	—	—	—	—	(49)	—
Net assets (liabilities) disposed of	(20,412)	7,854	9,981	199,849	(1,121)	2,019	4,281	1,581

42. DISPOSAL OF SUBSIDIARIES (continued)

	Year ended December 31, 2013							
	Chenghai Hotel	**Shantou Sanjin**	**Langfang Agricultural**	**Tonghe Leasing**	**Glory HK**	**Detong Shunli**	**Shantou Property Management**	**Feier Site**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gain (loss) on disposal of subsidiaries recognized in equity:								
Cash consideration	—	8,000	10,000	180,000	—	—	2,400	—
Consideration satisfied by offset against amounts due to related parties	54,000	—	—	—	8	2,000	—	—
Net (assets) liabilities disposed of	20,412	(7,854)	(9,981)	(199,849)	1,121	(2,019)	(4,281)	—
Non-controlling interests	(2,041)	—	—	19,985	—	—	856	—
	72,371	146	19	136	1,129	(19)	(1,025)	—
Gain (loss) on disposal of subsidiaries recognized in profit or loss:								
Consideration satisfied by:								
Other receivables (note)	—	—	—	—	—	—	—	1,200
Net assets disposed of	—	—	—	—	—	—	—	(1,581)
Non-controlling interests	—	—	—	—	—	—	—	632
	—	—	—	—	—	—	—	251
Net cash inflow (outflow) arising on disposal:								
Cash consideration	—	8,000	10,000	180,000	—	—	2,400	—
Less: bank balances and cash disposed of	629	16	19	410	2	20	8,038	77
	(629)	7,984	9,981	179,590	(2)	(20)	(5,638)	(77)

Note: During the year ended December 31, 2013, Original Beijing Glory disposed of its 60% equity interest in Feier Site to an independent third party for a consideration of RMB1,200,000, which is unsecured, interest free and repayable on demand.

43. ACQUISITION OF SUBSIDIARIES

In May 2014, Hainan Glory acquired the entire equity interest in Hainan Junhe for a consideration of RMB1,014,000,000 from an independent third party. Hainan Junhe is holding eight pieces of land for property development. This acquisition is accounted for as an acquisition of assets and liabilities.

On October 14, 2013, Original Beijing Glory acquired the entire equity interest in Shaanxi Huawei for a consideration of RMB450,000,000 from an independent third party. Shaanxi Huawei is holding a piece of land for property development. This acquisition is accounted for as an acquisition of asset.

The net assets of subsidiaries at the date of acquisition are as follows:

	Year ended December 31,	
	2014 Hainan Junhe RMB'000	2013 Shaanxi Huawei RMB'000
Assets acquired and liabilities recognized at the date of acquisition:		
Property, plant and equipment	**1,627**	—
Properties under development	**994,766**	407,763
Trade and other receivables	**—**	41,733
Cash and bank balances	**20,500**	504
Trade and other payables	**(2,351)**	—
Taxation payable	**(542)**	—
	1,014,000	450,000
Total consideration	**1,014,000**	450,000
Satisfied by:		
Cash	**667,140**	120,000
Consideration payable	**346,860**	330,000
	1,014,000	450,000
Net cash outflow arising on acquisition:		
Cash consideration	**(667,140)**	(120,000)
Bank balances and cash acquired	**20,500**	504
	(646,640)	(119,496)

44. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other borrowings granted to the Group at the end of each reporting period:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Investment properties	**12,131,300**	7,355,065
Property, plant and equipment	**85,465**	51,587
Prepaid lease payments	**2,220**	2,269
Properties under development	**4,042,924**	1,767,542
Properties held for sale	**3,321,126**	1,110,650
Restricted bank deposits	**1,113,528**	1,200
	20,696,563	10,288,313

As at December 31, 2013 and 2014, right of the income generated from certain investment properties of the Group has been charged as security to the Sichuan Trust.

As at December 31, 2013, 100% equity interest in Shantou Glory have been pledged to Minmetals Trust. As at December 31, 2014, 100% equity interest in Foshan Glory Southern have been pledged to Ping An Trust.

As at December 31, 2014, 51% equity interest in Hainan Junhe was pledged to ICBC Hainan Branch.

45. COMMITMENTS

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of investment properties under development	**936,142**	—

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development of RMB2,599,760,000 (2013: RMB3,500,991,000) as at December 31,2014, which have not provided for in the consolidated financial statements.

46. CONTINGENT LIABILITIES

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Guarantees provided by the Group in respect of loan facilities utilized by property buyers	**2,665,273**	1,634,119

The Group has pledged certain bank deposits (details set out in note 44) and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties and under development properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted. In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Pursuant to the construction contract signed between Hainan Glory and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan HNA to Hai Kou New City, in order to secure its performance obligation under the construction contract. Upon the completion of the construction contract, the pledge shall be released within 10 days.

47. MAJOR NON-CASH TRANSACTIONS

In February 2013, the Group acquired the Hademen block of Dongcheng District in Beijing. According to the bidding agreement, the Group is required to provide resettlement compensation to Bianyifang. After negotiation, the Group transferred properties held for sale amounting to RMB125,638,000 and investment property amounting to RMB53,375,000 (see Note 18) to Bianyifang as the resettlement compensation.

On April 30, 2013, Garden Group declared dividends amounting to RMB2,350,000,000 to its then equity holder, Jinming Wujin. Dividends amounting to RMB845,998,000 were settled by offsetting amount due from Jinming Wujin (included in amounts due from related parties). Dividends amounting to RMB56,000,000 were settled by offsetting amount due from Jinming Wujin arising from the disposal of Chenghai Hotel and Detong Shunli to Jinming Wujin during the year ended December 31, 2013. Dividends amounting to RMB1,307,750,000 were paid during the year ended December 31, 2013. The remaining dividends payable amounting to RMB140,252,000 is included in amounts due to related parties.

In June 2013, the Group entered into an agreement with Beijing Huirui Capital Investment Co., Ltd. 北京滙瑞資本投資有限公司 ("Huirui Capital"), a company controlled by Mr. Zhang Zhangsun and an independent third party, pursuant to which amount due from an independent third party amounting to RMB20,000,000 was transferred to Huirui Capital and became amount due from Huirui Capital (included in amounts due from related parties).

47. MAJOR NON-CASH TRANSACTIONS (continued)

Following a series of shareholding transfers, Glory Management acquired 100% equity interest in Garden Group from Jinming Wujin for a consideration of RMB48,000,000 on June 29, 2013. During the year ended December 31, 2013 RMB6,648,000 was settled by offsetting amount due from Jinming Wujin (included in amounts due from related parties) and the remaining amount of RMB41,352,000 was settled in cash.

In August 2013, the Group entered into an agreement with Beijing Municipal People's Government. According to the agreement, the Group's trade receivable from Beijing Municipal People's Government of RMB1,525,055,000 arising from primary land construction and development services was settled by offsetting a payable to the government arising from the acquisition of the land use right under the Hademen Project.

During the year of 2013, the Group entered into an agreement with several construction service suppliers. According to the agreement, the Group's trade receivable arising from sales of properties to these construction service suppliers of RMB14,626,000 was settled by offsetting a payable to these construction service suppliers arising from the construction services.

48. OPERATING LEASE ARRANGEMENT

(a) The Group as lessor

The properties held by the Group for rental purpose have committed tenants from six months to twenty years in which majority are fixed rental.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
Within one year	**245,789**	208,985
In the second to the fifth year inclusive	**345,223**	385,522
After the fifth year	**301,137**	326,733
	892,149	921,240

48. OPERATING LEASE ARRANGEMENT (continued)

(b) The Group as lessee

The Group leases various office buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At December 31,	
	2014	2013
	RMB'000	RMB'000
No later than 1 year	**7,661**	1,125
In the second to third year inclusive	**12,177**	140
	19,838	1,265

49. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party balances and transactions.

A. During the years ended December 31, 2014 and 2013, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Executive Director and daughter of Mr. Zhang Zhangsun
Ms. Zhang Xiaoqian	Daughter of Mr. Zhang Zhangsun
Beijing Guoyin Investment Fund Management Co., Ltd.* ("Guoyin Investment Fund") (北京國銀投資基金管理有限公司)	Controlled by Mr. Zhang Zhangsun
Chenghai Hotel	Controlled by Jinming Wujin
Beijing Glory Commercial Management Co., Ltd.* ("Glory Commercial Management") (北京國瑞興業商業管理有限公司)	Controlled by Ms. Zhang Jin
Jinming Wujin	Controlled by Mr. Zhang Zhangsun
Longhu Huamu	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun;
Beijing Yidaoxiang Catering Co., Ltd. * ("Yidaoxiang") (北京一道香餐飲有限公司)	Controlled by Ms. Ruan Wenjuan and Ms. Zhang Jin before June 2014
Tonghe Leasing	Controlled by Mr. Zhang Zhangsun

* The English names of the companies which established in the PRC are for reference only and have not been registered.

49. RELATED PARTY TRANSACTIONS (continued)

B. At the end of the reporting period, the Group has amounts receivable from the following related parties and the details are set out below:

Name of related party	At December 31, 2014 RMB'000	At December 31, 2013 RMB'000
Non-trade nature:		
Jinming Wujin	—	4,265

Maximum amount outstanding for non-trade receivables	Year ended December 31, 2014 RMB'000	Year ended December 31, 2013 RMB'000
Jinming Wujin	5,688	919,074
Yidaoxiang	—	65,679
Mr. Zhang Zhangsun	—	7,328
Guoyin Investment Fund	—	2,477
Ms. Zhang Xiaoqian	—	147
Ms. Zhang Jin	—	103
	5,688	994,808

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related party	At December 31, 2014 RMB'000	At December 31, 2013 RMB'000
Trade nature		
Glory Commercial Management	14,784	13,576
Non-trade nature		
Tonghe Leasing	4,170	—
Jinming Wujin	—	183,446
Chenghai Hotel	—	100,718
	4,170	284,164
Total	18,954	297,740

49. RELATED PARTY TRANSACTIONS (continued)

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below: (continued)

Other than the amount due to Glory Commercial Management (aged within one year) other balances are of non-trade nature, unsecured, interest free and repayable on demand.

The Group borrowed RMB4,000,000 at interest rate of 6.33% per annum from Tonghe Leasing on September 30, 2014 and will be due for repayment in September 30, 2015.

D. During the reporting period, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Year ended December 31, 2014 RMB'000	2013 RMB'000
Trade nature			
Glory Commercial Management	Property management services fee	15,388	19,728
Non-trade nature			
Tonghe Leasing	Interest expense	63	—

E. Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At December 31, 2014, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB735,070,000 (2013: RMB114,200,000).

F. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group. The key management personnel compensation is as follows:

	At December 31, 2014 RMB'000	2013 RMB'000
Short-term employee benefits	18,351	18,717
Retirement benefit contributions	464	406
Equity-settled share-based payments	12,903	—
	31,718	19,123

GLORY国瑞

GUORUI PROPERTIES LIMITED

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