Great China Properties Holdings Limited
大中華地產控股有限公司

(Formerly known as Waytung Global Group Limited)
(Incorporated in Hong Kong with limited liability)
Stock Code : 21

Annual Report 2014

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Huang Shih Tsai *(Chairman)*
Ms. Huang Wenxi *(Chief Executive Officer)*

Independent Non-executive Directors

Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

AUDIT COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Huang Shih Tsai
Mr. Leung Kwan, Hermann
Mr. Lum Pak Sum

NOMINATION COMMITTEE

Mr. Huang Shih Tsai *(Chairman)*
Mr. Cheng Hong Kei
Mr. Lum Pak Sum

COMPANY SECRETARY

Ms. So Chit Fun Lydia

AUDITORS

Ernst & Young

SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL COUNSEL

Sidley Austin
Squire Patton Boggs

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Suite 6308, 63/F.
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

WEBSITE

www.greatchinaproperties.com

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTORS

Mr. Huang Shih Tsai, aged 63, has been the Non-executive Director since 29 June 2007 and was re-designated to Executive Director on 5 April 2013. He is the chairman of the Group and the Nomination Committee of the Company and is also a member of the Remuneration Committee of the Company. Mr. Huang is the founder and chairman of the board of Great China International Investment (Groups) Limited ("Great China Groups"), which is currently involved in various businesses in property development, financial consultancy, trust management, trading, department stores, ports and logistics. The businesses of Great China Groups cover major cities nationwide. Mr. Huang is also a director of Waytung Global Fund Limited.

Mr. Huang was honoured as the pioneer for urbanisation of rural areas when he introduced the concept of "Property Acquisition for Resident Right" first in Longzhu Garden project. He developed the concept of "Removing boarder between Shenzhen and Hong Kong" in Hui Zhan Ge project and developed properties along the boarder. He was recognised as the pioneer in "Sales of Properties to non-residents" and hotel style service apartment. Through Great China International Exchange Square, he was known as the pioneer to develop the Central Business District in Shenzhen. Mr. Huang has made significant contributions to the reform and opening-up of Shenzhen.

Mr. Huang was the only Outstanding Chinese Entrepreneur as the representative to participate the 60th Anniversary of United Nation. He is the executive vice-president of the United World Chinese Association (世界華人協會), the executive vice-president of the China Enterprise Directors Association (Shenzhen) (中國企業家協會(深圳)), the vice-president of Guangdong Provincial Association of Culture (廣東省文化學會), the vice-president of Federation of Shenzhen Industries (深圳工業總會), the managing director of Global Foundation of Distinguished Chinese Limited (世界傑出華人基金會), and the president of Yan Huang Chinese Straits Entrepreneurs Association (炎黃海峽兩岸三地企業家交流協會).

Mr. Huang is the father of Ms. Huang Wenxi, the Executive Director and the Chief Executive Officer of the Company.

Ms. Huang Wenxi, aged 30, has been an Executive Director since 29 June 2007, is also the Chief Executive Officer of the Company. Ms. Huang holds a Bachelor's degree in Business Administration from the University of Wisconsin-Madison and a Master of Science Degree in Global Finance from New York University. She is also a director of Waytung Global Fund Limited and an executive director of Great China International Group (China) Company Limited. She was the deputy general manager in the Sheraton Hotel in Futian, Shenzhen, the PRC from 2005 to 2008. She has experience in setting up and operating one of the first 5-star international hotels in the Central Business District in Shenzhen, the PRC. Ms. Huang is the daughter of Mr. Huang Shih Tsai, the Executive Director and Chairman of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei, aged 60, has been an Independent Non-executive Director since 8 June 2006 and is the Chairman of the Audit Committee and Remuneration Committee of the Company, as well as a member of the Nomination Committee of the Company. Mr. Cheng studied accountancy in Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is a fellow member of the Hong Kong Institute of Certified Public Accountants (Practicing), the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is a co-founding director of Cheng & Cheng Limited and had worked as an assessor for the Hong Kong Inland Revenue Department for 12 years. He has over 30 years of experience in accounting and taxation.

Mr. Leung Kwan, Hermann, aged 53, has been an Independent Non-executive Director since 8 June 2006 and is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Leung holds a Bachelor's degree in Social Sciences from the University of Hong Kong. He is a solicitor of the Hong Kong Special Administrative Region and is a partner of D.S. Cheung & Co., Solicitors. He is also a China-Appointed Attesting Officer. Mr. Leung has about 20 years of experience in legal work relating to civil litigation, commercial litigation, copyright and conveyancing.

Mr. Lum Pak Sum, aged 54, has been an Independent Non-executive Director since 21 August 2007 and is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Lum holds a Master's degree in Business Administration from the University of Warwick, UK and a LLB (Honor) degree from the University of Wolverhampton, UK. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, UK. Mr. Lum has over 20 years of experience in financial field, the money market and capital market. Currently, Mr. Lum is also a Non–executive Director of Orient Securities International Holdings Limited and an Independent Non-executive Director of Beautiful China Holdings Company Limited and Shinhint Acoustic Link Holdings Limited; all of which are listed companies in Hong Kong, and an independent director of Asia Green Agriculture Corporation, which was a company trading on the Over-the-Counter Bulletin Board in the United States of America.

COMPANY SECRETARY

Ms. So Chit Fun Lydia, aged 44, was appointed as the company secretary of the Company since 23 December 2013. Ms. So is a fellow member of the Hong Kong Institute of Certified Public Accountants and an associate member of the Chinese Institute of Certified Public Accountants. She obtained a Bachelor Degree of Commerce from the University of Wollongong and a Master Degree of Business Administration from The Open University of Hong Kong. Prior to joining the Company, Ms. So held senior accounting positions in a number of companies listed on The Stock Exchange of Hong Kong Limited and has over 19 years of experience in accounting and financial management.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of Great China Properties Holdings Limited (the "Company" or "Great China Properties"), together with its subsidiaries (the "Group") for the year ended 31 December 2014.

FINANCIAL REVIEW HIGHLIGHTS

For the year ended 31 December 2014, the Group recorded a revenue of approximately HK$26,127,000 (2013:HK$35,720,000), representing a decrease of approximately 26.9% as compared to the previous year. Loss attributable to shareholders for the year was approximately HK$35,194,000 (2013: HK$29,042,000). The Board of Directors did not recommend the payment of any dividend (2013: Nil).

BUSINESS REVIEW

In 2014, the marco economy of China entered into the new normal. There were periodical adjustments in the real estate industry, where the downturn became more apparent in the second and third-tier cities. The Group has profoundly recognised the slump of the industry, amidst such challenging market situation, and started to plan the future operation model of the Group and conducted valuable exploration proactively along the full value chain of the real estate industry.

In 2014, the construction of the Gold Coast Project and Jin Bao Cheng Project of the Group, both located in Shanwei City, Guangdong Province, China, have commenced in full swing envisaging that the Gold Coast Project will be developed into a tourism property project comprising various single-storey villas, five-star hotels and marina club facilities etc. whereas Jin Bao Cheng Project will be a residential property development project. It is expected that the first round of sale for properties in these projects will commence by the end of 2015.

BUSINESS OUTLOOK

Following the relatively large-scale adjustment taken place in China real estate industry during the first half of 2014, both the central and local government adapted a 'market-oriented' approach in the second half of 2014 to boost the effective demand. As a result, the real estate industry started recovering which brought a more promising outlook for the overall businesses of the Group in 2015. The Group will continue to adhere to its principles of prudent financial management and comply with law and regulation to build up high quality and efficient construction and sales teams, and further enhance its competitiveness in supply, sales and inventory management and the cost control while keeping abreast of the changes in the marco economy. Simultaneously, the Group will also seek for other investment opportunities in a proactive and prudent manner and grasp the valuable chances that appear along with the industry cycle. The Group will, basing on prudent financial considerations, seek to raise its profitability by leveraging the low ebb of the real estate industry to acquire quality and promising investment at low cost. We believe that the huge population mobility, urban development and the growth in wealth will continue to drive the rigid demand of the real estate properties. As a result, there is still enormous room for the development of China's real estate industry.

Looking forward, the Group will continue to strive for optimising its overall operation scale and cost-effectiveness through enhancing its control over cost, expediting its solicitation of talents and building up quality brand.

APPRECIATION

I would like to express my sincere appreciation to all Directors and staff members for their contribution to the development of Great China Properties over the year. I would also like to thank our shareholders and investors for their support and trust. Great China Properties will adhere to its vision of “Build a Better Chinese Community in Greater China: Set in Asia to Build in the World for a Better Home”, with a view to establishing itself as China’s leading developer of commercial and residential real estates as well as tourism properties, and thus creating sustainable investment returns for our shareholders and investors with outstanding performance.

Huang Shih Tsai
Chairman

Hong Kong, 31 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2014, the Group recorded a turnover of approximately HK$26,127,000, representing a decrease of approximately 26.9% as compared to the turnover of approximately HK$35,720,000 for last year. The decrease in turnover mainly results from the decrease in property sales and the decrease in rental income from Gold Coast Resort upon the expiry of the tenancy agreement on 31 March 2014.

Loss attributable to the shareholders was approximately HK$35,194,000 for the year ended 31 December 2014, representing an increase of 21.2% as compared to the loss attributable to the shareholders of approximately HK$29,042,000 in the prior year. The increase in loss was mainly attributable to the share of loss of associates of the Group.

BUSINESS REVIEW

Property Development and Investment Business

The Gold Coast Project

The Company, through its indirect wholly-owned PRC subsidiary, owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC (the "Gold Coast Resort").

After the expiry of the tenancy agreement dated 10 October 2008 and two supplemental tenancy agreements dated 29 December 2008 and 9 March 2009 with an independent third party, the Group has entered into an agreement dated 29 March 2012 to extend the leasing period of Gold Coast Resort for a term of two years commencing from 1 April 2012 with a fixed monthly rental income of Renminbi ("RMB") 800,000. The tenancy agreement expired on 31 March 2014.

Gold Coast PRC had entered into a construction contract dated 16 June 2010 and two supplemental agreements dated 10 December 2010 and 13 January 2011, respectively, with an independent third party, 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited*) (the "Sub-contractor"), for the construction and renovation of the Gold Coast Resort at a contract price of RMB55 million (equivalent to approximately HK$70.89 million). As at 31 December 2013, Gold Coast PRC paid approximately RMB30,976,000 (equivalent to approximately HK$39,925,000) to the Sub-contractor as a prepayment of the contract sum.

In March 2014, Gold Coast PRC entered into a release contract with the Sub-contractor, pursuant to which the Sub-contractor agreed to refund the prepayment paid by the Group (after deduction of certain expenses incurred by the Sub-contractor for the construction and renovation of Gold Coast PRC). The prepayment, net of certain expenses incurred by the Sub-contractor, was fully settled.

A grand foundation laying ceremony for Gold Coast Resort was held in April 2014. Gold Coast Resort is expected to be developed into a tourism property project, which will comprise various single-storey villas, five-star hotels and marina club facilities.

* *For identification purposes only*

The Tanghai County Project

The Group has acquired 99.99% of equity interest of 唐山市曹妃甸區中泰信和房地產開發有限公司 (Tangshan Caofeidian Zhongtai Xinhe Real Estate Company Limited*) ("Tangshan Caofeidian") ("Tanghai Acquisition"), the major asset of which consists of the right of use of 唐海縣七農場通港水庫內側2號及3號島 (Nos. 2 and 3 Island inside Tonggang Reservoir of the Seventh Farm in Tanghai Province*).

The Group has paid a total sum of approximately RMB92,490,000 (equivalent to approximately HK$116,250,000) as consideration of the Tanghai Acquisition. The vendors of Tangshan Caofeidian are subject to pay the PRC individual income tax derived from the transfer of the equity interest of Tangshan Caofeidian. As at the date of completion of the Tanghai Acquisition, such PRC individual income tax had not been settled. It was agreed by the vendors that they will not require the Company to pay the remaining portion of the consideration of RMB12,000,000 (equivalent to approximately HK$15,083,000) until the outstanding PRC individual income tax is settled by them.

The Group has appointed several external firms to conduct reconnaissance and began designing work. As at the date of this report, the Group is at the preliminary stage to plan and design the ecological leisure living area or resort area.

The Daya Bay Project

The Company, through its indirect wholly-owned PRC subsidiary, owns 東方新天地大廈 (Eastern New World Square*), which is a comprehensive property development project with a total gross floor area of approximately 69,171.7 sq.m. located at No.1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC.

The selling of the residential portion of Eastern New World Square has commenced in May 2013 and the revenue generated has contributed to the turnover of the Group for the year ended 31 December 2014, amounted to approximately HK$20,409,000.

The Shanwei Projects

On 16 October 2013, the Group completed the acquisition of Jin Bao Cheng Project and Hong Hai Bay Project through a wholly-owned subsidiary of the Company from Mr. Huang Shih Tsai, the chairman and executive director of the Company. The details of Jin Bao Cheng Project and Hong Hai Bay Project are set out as below:

(1) Jin Bao Cheng Project

Jin Bao Cheng Project contains two parcels of land located on 中國廣東省汕尾市區汕尾大道 (Shanwei Main Road, Shanwei City, Guangdong Province, the PRC*), with a total site area of approximately 50,656 sq.m. and three 12-storey close to completion residential blocks erected thereon, among which, (a) one parcel of land is located on at the vicinity of 汕尾大道香洲頭地段西側與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Xiangzhoutou Section and Honghai Main Road*), and (b) one parcel of land is located on at the vicinity of 汕尾大道荷包嶺段西側實力汽車修配廠後面與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Hebaoling Section, behind the Shili Car Repair Factory and Honghai Main Road*).

Construction of Jin Bao Cheng Project has commenced and development of the remaining portion of Jin Bao Cheng Project is expected to be completed by the third quarter of 2015.

* *For identification purposes only*

(2) Hong Hai Bay Project

Hong Hai Bay Project contains four parcels of land located at the vicinity of the junction of No. S241 Province Road and No. X141 County Road Shanwei City, Guangdong Province, the PRC with a total site area of approximately 273,534.2 sq.m., among which, (a) one parcel of land is located on 遮浪南澳旅遊區「湖仔山」東側 (the east of Wuzishan, Zhelang Nanao Tourist Area*), (b) one parcel of land is located on 遮浪街道宮前南澳路東 (Gongqian Nanao Road East, Zhelangjiedao*); and (c) two parcels of land are located on 遮浪街道南澳旅遊區灣灘坑 (Wantankeng, Zhelangjiedao Nanao Tourist Area*).

It is the Board's current intention to develop Hong Hai Bay Project into a tourist and entertainment complex with residential development with a total gross floor area of approximately 720,000 sq.m.. Development of Hong Hai Bay Project is expected to be completed by the second quarter of 2019 by stage.

The Heqing Project

On 16 December 2013, the Company and its wholly owned subsidiary, Great China Properties (Shanghai) Limited, entered into a cooperation agreement with Greenland Hong Kong Holdings Limited ("Greenland HK") and its subsidiaries, pursuant to which the parties to the cooperation agreement conditionally agree to jointly develop the two parcels of land located in Shanghai, the PRC (the "Land"), among which one parcel of land with boundaries East to land with Lot No. 13-02, West to Qingli Road, South to land with Lot No.13-02, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC* (上海浦東新區合慶鎮，四至範圍東至 13-02 地塊，西至上海市慶利路，南至13-02地塊，北至上海市環慶南路); and (b) one parcel of land with boundaries East to land with Lot No. 14-03, West to Lingyang Road, South to land with Lot No. 14-03, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC* (上海浦東新區合慶鎮，四至範圍東至14-03地塊，西至上海市淩楊路，南至14-03地塊，北至上海市環慶南路). The Land is intended to be used for commercial and office purposes.

On 10 January 2014, all the conditions precedent under the cooperation agreement had been satisfied and completion took place on the same date. Upon completion, each of the Company and Greenland HK holds a 50% stake in the project. The investment has been accounted for as interest in an associate using the equity method from the date of completion. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014.

For the year ended 31 December 2014, share of loss in associates of approximately HK$6,756,000 was recognised in the Group's consolidated profit or loss. As at 31 December 2014, the Group's interest in associates amounted to approximately HK$150,558,000.

BUSINESS OUTLOOK

With the moderate recovery of the macro economy, increasing urbanization and growing per capita wealth of Chinese citizens, demand on mid- to high-end commercial and tourism property development is likely to be driven up. The Group's business and future strategy will continue to be focusing on mid- to high-end commercial and tourism property development and investment. Riding on its solid foundation of existing projects, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as to gradually diversify its income source.

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, cash and bank balances of the Group amounted to approximately HK$6,549,000 (31 December 2013: HK$15,604,000). The Group's total current assets as at 31 December 2014 amounted to approximately HK$534,311,000, which comprised properties held for sales, trade receivables, prepayments, deposits and other receivables, equity investments, bank balances and cash. The Group's total current liabilities as at 31 December 2014 amounted to approximately HK$411,270,000, which comprised trade payables, other payables and accruals, amounts due to related companies and amount due to a substantial shareholder.

As at 31 December 2014, the Group's borrowings included RMB borrowings equivalent to HK$46,731,000, which are repayable after one year. The outstanding borrowings take the form of interest-bearing loans, with fixed interest rates.

The Group's gearing ratio, defined as total interest-bearing borrowings divided by total equity, at 31 December 2014 was approximately 4.24%.

CAPITAL COMMITMENT

As at 31 December 2014, the Group had a total capital commitment of approximately HK$387,521,000, contracted for but not provided for in the financial statements, which comprised (i) approximately HK$146,288,000 in respect of the construction and development of investment properties and (ii) approximately HK$241,233,000 in respect of the investment in associates.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group has given guarantees of approximately HK$3,873,000 to banks for housing loans extended by the banks to purchasers of the Group's properties for a period from the date of loans being granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

CHARGES ON ASSETS

As at 31 December 2014, the Group charged two pieces of land of Jin Bao Cheng Project as security for an entrusted loan (2013: Nil).

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives.

The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

As at 31 December 2014, the Group employed 111 employees (excluding directors) (31 December 2013: 99 employees) and the related staff costs amounted to approximately HK$13,170,000 (31 December 2013: approximately HK$11,411,000). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Great China Properties Holdings Limited (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period for the year ended 31 December 2014.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiries of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

THE BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. It also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' value. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board is also responsible for performing the corporate governance duties of the Company. The duties of the Board on corporate governance functions includes developing and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and reviewing the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board currently comprises two Executive Directors, namely Mr. Huang Shih Tsai and Ms. Huang Wenxi; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. The Company will continue in seeking right candidates for board members so as to achieve a balanced and diversified composition of the Board which can effectively exercise independent judgement.

Each director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the directors of the Company are set out on page 3 to 4 of this annual report. The Company has received, from each of the Independent Non-executive Director, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

Candidates to be nominated as directors are experienced, high calibre individuals. Under the Articles of Association of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting after his appointment and shall then be subject to re-election by the shareholders. Apart from this, every director, including the non-executive director, is subject to retirement by rotation at least once every three years.

During the financial year ended 31 December 2014, inclusive of the quarterly regular meetings according to the CG Code, the Board held a total of ten board meetings. The attendance of each director is set out on page 15.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 23 August 2007, Ms. Huang Wenxi was designated as the Chief Executive Officer of the Company whereas Mr. Huang Shih Tsai was appointed as the Chairman of the Company on 29 June 2007. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. From 23 August 2007 onwards, the role of the Chairman and the Chief Executive Officer are segregated, with a clear division of responsibilities. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these board committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 December 2014 are set out below:

Remuneration Committee

The Remuneration Committee currently comprises one Executive Director, namely Mr. Huang Shih Tsai; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (chairman of the Remuneration Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. It reviews and determines the policy for the remuneration of directors and senior management of the Company.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Company's directors;

(iv) determining remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive directors and certain senior management.

During the financial year ended 31 December 2014, 2 remuneration committee meetings were held to review and approve the remuneration of the directors of the Company and discretionary bonus of the senior management of the Company. The attendance of each committee member is set out on page 15.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on its accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharge its duty to have an effective internal control system; and

(v) reviewing the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

For the financial year ended 31 December 2014, 4 audit committee meetings were held to review the financial results and the accounting principles and practices adopted by the Group for the year; the issues in relation to the change of external auditors of the Company; and also the reviewed report on reviewing the financial system and internal control procedures of the Group issued by an independent professional firm.

Nomination Committee

The Nomination Committee was established on 6 March 2012 and comprises one Executive Director, namely Mr. Huang Shih Tsai (chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Cheng Hong Kei and Mr. Lum Pak Sum. The primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive directors having regard to relevant guidelines or requirements of the Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive directors on an annual basis having regard to relevant guidelines or requirements of the Listing Rules in place from time to time.

1 meeting was held by the Nomination Committee during the year ended 31 December 2014 to make recommendation to the board on the re-appointment of directors.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at general meetings and meetings of the Board and Committees during the year ended 31 December 2014:

	General Meeting	Board Meeting	Meeting of Audit Committee	Meeting of Remuneration Committee	Meeting of Nomination Committee
Executive Directors					
Huang Shih Tsai	1/1	4/4	N/A	2/2	1/1
Huang Wenxi	1/1	4/4	N/A	N/A	N/A
Independent Non-executive Directors					
Cheng Hong Kei	1/1	4/4	4/4	2/2	1/1
Leung Kwan, Hermann	1/1	4/4	4/4	2/2	N/A
Lum Pak Sum	1/1	4/4	4/4	2/2	1/1

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staffs that are responsible for different aspects of the operations of the Group.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

TRAINING AND SUPPORT FOR DIRECTORS

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. The Company will also arrange and provide finance for suitable training, placing an appropriate emphasis on the roles, functions and duties of its Directors.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged suitable trainings for Directors in the form of seminar and provision of training materials. A summary of training received by Directors during the year ended 31 December 2014 according to the records provided by the Directors is as follows:

Name of Directors	Training on corporate governance, insider information and other relevant topics
Executive Directors	
Mr. Huang Shih Tsai	✓
Ms. Huang Wenxi	✓
Independent Non-executive Directors	
Mr. Cheng Hong Kei	✓
Mr. Leung Kwan, Hermann	✓
Mr. Lum Pak Sum	✓

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinances that are relevant to its operations.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group’s ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Independent Auditors’ Report attached to the Company’s financial statements for the year ended 31 December 2014.

The Board has conducted a review of the effectiveness of the Group’s internal control system with an aim to safeguard the shareholders’ investment and the Company’s assets in compliance with the provision of the CG Code. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group’s business objectives.

AUDITORS' REMUNERATION

Remuneration paid and payable to the auditors of the Company in respect of their services for the year ended 31 December 2014 are as follows:

Services rendered	HK$'000
Audit related services	1,550
Non-audit related services	69

The non-audit related services mainly consist of provision of professional services for reviewing the continuing connected transaction of the Company during the year.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by Ernst & Young, who were appointed as the Company's auditors on 18 November 2014 to fill the casual vacancy arising from the resignation of HLB Hodgson Impey Cheng Limited on 15 October 2014.

The consolidated financial statements of the Group for the year ended 31 December 2011, 2012 and 2013 were audited by HLB Hodgson Impey Cheng Limited, who were appointed as the Company's auditors on 20 January 2012 to fill the casual vacancy arising from the resignation of Grant Thornton Jingdu Tianhua on 17 January 2012.

Save as disclosed above, there has been no other change of auditors for the preceding three years.

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate. The Company has established written policies and procedures to ensure the effectiveness of internal controls. The Company also has a process for identifying, evaluating, and managing the significant risks to the achievement of its operational objective. The Company carries out reviews on the effectiveness of the internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system. No major issue has been identified during the course of review.

COMPANY SECRETARY

Ms. So Chit Fun, Lydia has been appointed as the secretary of the Company on 23 December 2013. Ms. So confirmed that she had attained no less than 15 hours of relevant professional training during the year ended 31 December 2014. Her biography details are set out in section headed "Directors and Senior Management Profiles" in this annual report.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 December 2014 is set out below:

	Number of persons
Nil to HK$1,000,000	2
HK$1,000,000 to HK$1,500,000	1

Further particulars regarding Directors' remuneration and five highest paid employees are set out in notes 8 and 9 to the financial statement.

SHAREHOLDERS' RIGHTS

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

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board of the Company by mail at Suite 6308, 63/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting on the date not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Suite 6308, 63/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

INVESTOR RELATIONS

Constitutional Documents

During the year ended 31 December 2014, no change has been made in the Company's constitutional documents.

Communication with Shareholders

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (www.greatchinaproperties.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Board Committee will attend the annual general meeting to answer questions.

Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company.

DIRECTORS' REPORT

The Board is pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 17 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss and the state of affairs for the year ended 31 December 2014 are set out in the financial statements on pages 30 to 103.

The Board did not recommend the payment of any dividend in respect of the year.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the five years ended 31 December 2010, 2011, 2012, 2013 and 2014, as extracted from the published audited financial statements, is set out on page 104. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 105.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 31 and 33, respectively, to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

The amount previously included in the Company's share premium account and transferred to issued capital during the year, in the amount of HK$872,549,000, may be distributed in the form of fully paid bonus shares.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors

Huang Shih Tsai
Huang Wenxi

Independent Non-executive Directors

Cheng Hong Kei
Leung Kwan, Hermann
Lum Pak Sum

In accordance with clause 103(A) of the Company's Articles of Association, Mr. Huang Shih Tsai, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum will retire by rotation and will offer themselves for re-election at the forthcoming annual general meeting.

Save as prescribed in the Listing Rules and the respective service contracts, the term of office of each Independent Non-executive Director is for a period from the date of appointment up to the next annual general meeting and subjected to rotation pursuant to the Company's Articles of Association.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 3 to 4 of this annual report.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director of the Company had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Company to which the Company, its subsidiaries, or any of its holding companies or fellow subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company

Name of Directors	Capacity in which interests are held	Number of shares/underlying shares interested				Approximate percentage of the issued share capital of the Company *(Note 1)*
		Personal interests	Corporate interests	Underlying interests	Total	
Mr. Huang Shih Tsai *(Note 2)*	Beneficial Owner	1,824,672,476	–	24,490,000	1,849,162,476	55.82
Ms. Huang Wenxi *(Note 3)*	Beneficial Owner	353,667,996	282,133,413	1,000,000	636,801,409	19.22
Mr. Cheng Hong Kei *(Note 4)*	Beneficial Owner	–	–	1,000,000	1,000,000	0.03
Mr. Leung Kwan, Hermann *(Note 4)*	Beneficial Owner	–	–	1,000,000	1,000,000	0.03
Mr. Lum Pak Sum *(Note 4)*	Beneficial Owner	–	–	1,000,000	1,000,000	0.03

Notes:

1. The percentage shareholding in the Company is calculated on the basis of 3,312,698,406 shares in issue as at 31 December 2014.

2. The interest disclosed represents (i) Mr. Huang's personal interest in 1,824,672,476 shares; (ii) underlying interests in the remaining 23,490,000 underlying shares pursuant to an option deed dated 31 August 2009 entered into between Mr. Huang and CCB International Asset Management Limited; and (iii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.

3. The interest disclosed represents (i) Ms. Huang's personal interest in 353,667,996 shares; (ii) 282,133,413 shares held by Brilliant China Group Limited which is 100% owned by Ms. Huang; and (iii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.

4. The relevant interests are unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.

Save as disclosed above, as at 31 December 2014, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or its subsidiaries or jointly controlled entity, a party to any arrangements that enabled any director of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or of any other body corporate.

None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2014, so far as is known to any Director or chief executive of the Company, the following person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the shares of the Company

Name of Shareholders	Type of interests	Total number of shares held	Approximate percentage holding of total issued shares %
Brilliant China Group Limited	Corporate	282,133,413	8.52

Brilliant China Group Limited ("Brilliant China") is a company 100% owned by Ms. Huang Wenxi. By virtue of the SFO, Ms. Huang is deemed to be interested in 282,133,413 shares held by Brilliant China. Ms. Huang is the sole director of Brilliant China.

Save as disclosed above, as at 31 December 2014, the Company has not been notified of any other person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of its independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has also assessed the independence of the independent non-executive directors and was satisfied that they were independent. Thus, the Company considers all of the independent non-executive directors are independent.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had the following continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Further details of the transactions are included in note 40 to the financial statements.

Property Leasing Agreement

On 31 January 2013, 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*) ("Waytung China"), a wholly-owned subsidiary of the Company, entered into a property leasing agreement with 大中華國際集團(中國)有限公司 (Great China International Group (China) Limited*) ("GCI") in relation to the leasing of an office from GCI for a term of two years commencing from 1 February 2013. Waytung China shall pay a monthly rental of Renminbi ("RMB") 180,000 and a monthly management fee, air-conditioning and maintenance fees of RMB36,480. The rent free period commenced from 1 February 2013 for 3 months to 30 April 2013. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, a substantial shareholder, the Chairman and the Executive Director of the Company. Mr. Huang is also a director of GCI. As such, GCI is a connected person of the Company. Accordingly, the transaction constitutes a continuing connected transaction of the Company.

* *For identification purposes only*

The above continuing connected transactions did not exceed the relevant annual cap amounts. The Independent Non-executive Directors have reviewed the continuing connected transactions of the Company and confirmed that they were:

i. entered into in the ordinary and normal course of business of the Group;

ii. on normal commercial terms; and

iii. entered into in accordance with the relevant agreements regulating these transactions and on terms that are reasonable and fair and are in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were 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. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2014, the interest of Directors and their respective associates in businesses which compete or are likely to compete, either directly or indirectly, with business of the Group:

Name of Director	Name of entity whose businesses were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which were considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Huang Shih Tsai	GCI#	Property development and investment	Ultimate beneficial owner and director

Such businesses may be carried out through its subsidiaries or associates of the entity concerned or by way of other forms of investments. As the Board is independent from the board of the abovementioned company and no director of the Company can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

As at 31 December 2014, save as disclosed above, none of the Directors or their respective associates was interested in any business which competes or is likely to compete either directly or indirectly, with business of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of listed companies (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014. Details of the Corporate Governance Report of the Company are set out in pages 11 to 18.

SHARE OPTION SCHEME

The Company adopts a share option scheme on 23 May 2011 (the "2011 Share Option Scheme"). Particulars of share options outstanding under the 2011 Share Option Scheme at the beginning and at the end of the year ended 31 December 2014 and share options granted, exercised, lapsed or cancelled under the 2011 Share Option Scheme during such period are as follows:

Participants	Date of grant	Exercise period of share option	Exercise price of share options HK$	Number of share options held as at 1 January 2014	Granted during the year ended 31 December 2014	Exercised during the year ended 31 December 2014	Lapsed/ cancelled during the year ended 31 December 2014	Number of share options held as at 31 December 2014
Directors								
Mr. Huang Shih Tsai	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Ms. Huang Wenxi	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Mr. Cheng Hong Kei	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Mr. Leung Kwan, Hermann	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Mr. Lum Pak Sum	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	–	1,000,000
Sub-total				5,000,000	–	–	–	5,000,000
Employees	23/1/2013	23/1/2015 to 22/1/2023	0.440	3,000,000	–	–	(1,500,000)	1,500,000
Others	23/1/2013	23/1/2015 to 22/1/2023	0.440	1,000,000	–	–	(1,000,000)	–
Total				**9,000,000**	**-**	**-**	**-**	**6,500,000**

As at 31 December 2014, the Company had 6,500,000 share options outstanding under the 2011 Share Option Scheme.

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives.

The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the directors' emoluments for the year ended 31 December 2014 is set out in note 8 to the financial statements.

As at 31 December 2014, the Group employed 111 employees (excluding directors) (31 December 2013: 99 employees) and the related staff costs amounted to approximately HK$13,170,000 (31 December 2013: approximately HK$11,411,000). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the year ended 31 December 2014 is set out on page 53 under subtitle of "Other employee benefits".

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, revenue of approximately HK$3,087,000 (2013: HK$12,153,000) arose from the Group's largest customer.

The Group has no major suppliers as defined under the Listing Rules.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's major customer.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Group's final result for the year ended 31 December 2014 has been reviewed by the Audit Committee.

AUDITORS

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by Ernst & Young, who were appointed as the Company's auditors on 18 November 2014 to fill the casual vacancy arising from the resignation of HLB Hodgson Impey Cheng Limited on 15 October 2014.

The consolidated financial statements of the Group for the year ended 31 December 2011, 2012 and 2013 were audited by HLB Hodgson Impey Cheng Limited, who were appointed as the Company's auditors on 20 January 2012 to fill the casual vacancy arising from the resignation of Grant Thornton Jingdu Tianhua on 17 January 2012.

Save as disclosed above, there has been no other change of auditors for the preceding three years.

On behalf of the Board

Huang Shih Tsai
Chairman

Hong Kong, 31 March 2015

INDEPENDENT AUDITORS' REPORT

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1 Tim Mei Avenue
Central, Hong Kong

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To the shareholders of Great China Properties Holdings Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Great China Properties Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 30 to 103, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the 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 financial statements.

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

INDEPENDENT AUDITORS' REPORT

OPINION

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

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2.1 to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK$35,194,000, and a net cash outflow from operating activities of HK$70,632,000 during the year ended 31 December 2014; and had cash and bank balance of HK$6,549,000 at 31 December 2014. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As explained in note 2.1 to the consolidated financial statements, these financial statements have been prepared on a going concern basis, the validity of which depends upon the future sales of properties, the availability of additional debt facilities, and that financial support from its substantial shareholder is forthcoming to meet the Group's financial obligations as and when they fall due in the foreseeable future.

Ernst & Young
Certified Public Accountants

Hong Kong
31 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
REVENUE	5	**26,127**	35,720
Cost of sales		**(20,729)**	(23,851)
Gross profit		**5,398**	11,869
Other income and gains	5	**8,346**	269
Fair value gains on investment properties	14	**4,561**	6,229
Selling and distribution expenses		**(2,914)**	(2,359)
Administrative and operating expenses		**(31,212)**	(36,187)
Other operating expenses		**(12,058)**	(10,380)
Finance costs	6	**–**	–
Share of loss of an associate		**(6,756)**	–
LOSS BEFORE TAX	7	**(34,635)**	(30,559)
Income tax credit/(expense)	10	**(559)**	1,517
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(35,194)**	(29,042)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(23,474)**	15,411
Share of other comprehensive income of an associate		**17**	–
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(23,457)**	15,411
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(58,651)**	(13,631)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		**HK1.06 cents**	HK1.45 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**10,565**	3,352
Investment properties	*14*	**244,863**	244,729
Prepaid property development costs	*15*	**–**	39,925
Goodwill	*16*	**227,382**	209,877
Investments in associates	*18*	**150,558**	–
Properties under development	*19*	**584,476**	598,313
Prepayments	*22*	**301**	36
Total non-current assets		**1,218,145**	1,096,232
CURRENT ASSETS			
Properties held for sale	*20*	**502,726**	464,508
Trade receivables	*21*	**382**	3,393
Prepayments, deposits and other receivables	*22*	**24,198**	15,247
Tax recoverable		**409**	–
Equity investments at fair value through profit or loss	*23*	**47**	183
Cash and bank balances	*24*	**6,549**	15,604
Total current assets		**534,311**	498,935
CURRENT LIABILITIES			
Trade payables	*25*	**24,425**	32,002
Other payables and accruals	*26*	**40,534**	50,982
Amounts due to related companies	*27*	**122,732**	126,199
Amounts due to a substantial shareholder	*28*	**223,100**	50,362
Tax payable		**479**	–
Total current liabilities		**411,270**	259,545
NET CURRENT ASSETS		**123,041**	239,390
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,341,186**	1,335,622
NON-CURRENT LIABILITIES			
Interest-bearing borrowing	*29*	**46,731**	–
Deferred tax liabilities	*30*	**192,606**	175,729
Total non-current liabilities		**239,337**	175,729
Net assets		**1,101,849**	1,159,893
EQUITY			
Equity attributable to owners of the Company			
Share capital	*31*	**905,676**	33,127
Other statutory capital reserves	*32*	**–**	872,549
Share capital and other statutory capital reserves		**905,676**	905,676
Other reserves	*32*	**196,160**	254,204
		1,101,836	1,159,880
Non-controlling interests		**13**	13
Total equity		**1,101,849**	1,159,893

Huang Shih Tsai
Director

Huang Wenxi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Notes	Share capital HK$'000	Share premium account# HK$'000	Capital reduction reserve HK$'000	Share-based payment reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013		15,628	108,857	265,505	–	18,822	(17,727)	391,085	(1)	391,084
Loss for the year		–	–	–	–	–	(29,042)	(29,042)	–	(29,042)
Other comprehensive income for the year:										
Exchange difference arising on translation of foreign operations		–	–	–	–	15,411	–	15,411	–	15,411
Total comprehensive loss for the year		–	–	–	–	15,411	(29,042)	(13,631)	–	(13,631)
Equity-settled share option arrangements	*33*	–	–	–	1,235	–	–	1,235	–	1,235
Non-controlling interests arising on the acquisition of assets through acquisition of a subsidiary	*34*	–	–	–	–	–	–	–	13	13
Release upon dissolution of a subsidiary		–	–	–	–	–	–	–	1	1
Issue of shares	*31*	2,032	59,951	–	–	–	–	61,983	–	61,983
Issue of shares in respect of acquisition of subsidiaries	*31, 35*	15,467	703,750	–	–	–	–	719,217	–	719,217
Share issue expense		–	(9)	–	–	–	–	(9)	–	(9)
At 31 December 2013 and 1 January 2014		33,127	872,549	265,505*	1,235*	34,233*	(46,769)*	1,159,880	13	1,159,893
Loss for the year		–	–	–	–	–	(35,194)	(35,194)	–	(35,194)
Other comprehensive loss for the year:										
Share of other comprehensive income of an associate		–	–	–	–	17	–	17	–	17
Exchange difference arising on translation of foreign operations		–	–	–	–	(23,474)	–	(23,474)	–	(23,474)
Total comprehensive loss for the year		–	–	–	–	(23,457)	(35,194)	(58,651)	–	(58,651)
Equity-settled share option arrangements	*33*	–	–	–	607	–	–	607	–	607
Transition to no-par value regime	*31*	872,549	(872,549)	–	–	–	–	–	–	–
At 31 December 2014		905,676	–	265,505*	1,842*	10,776*	(81,963)*	1,101,836	13	1,101,849

* These reserve accounts comprise the consolidated other reserves of HK$196,160,000 (2013: HK$254,204,000) in the consolidated statement of financial position.

\# Included in other statutory capital reserves in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(34,635)**	(30,559)
Adjustments for:			
Bank interest income	5	**(94)**	(24)
Interest income from other receivables	5	**(1,590)**	–
Share of loss of an associate		**6,756**	–
Fair value loss/(gain) on equity investments at fair value through profit or loss	5	**36**	(6)
Fair value gain on investment properties	7	**(4,561)**	(6,229)
Reversal of land use tax provision	7	**(5,483)**	–
Impairment loss on other receivables	7	**1,607**	2,915
Impairment loss on properties held for sale	7	**8,000**	7,465
Impairment of prepaid property development costs	7,15	**2,451**	–
Investment properties written off	7	**285**	–
Net loss/(gain) on disposal of equity investments	5	**(234)**	39
Loss on disposal of property, plant and equipment	7	**94**	14
Depreciation	7	**2,663**	1,059
Equity-settled share option expense	7	**607**	1,235
		(24,098)	(24,091)
Decrease/(increase) in properties held for sale		**(26,691)**	3,392
Decrease/(increase) in trade receivables		**2,964**	(1,384)
Decrease/(increase) in deposits, prepayments and other receivables		**(9,830)**	4,419
Decrease in trade payables		**(6,934)**	(2,079)
Increase/(decrease) in amounts due to related companies		**(930)**	423
Decrease in other payables and accruals		**(4,214)**	(36,713)
Cash used from operations		**(69,733)**	(56,033)
Hong Kong profits tax paid		**(200)**	(145)
Overseas tax paid		**(699)**	(247)
Net cash flows used in operating activities		**(70,632)**	(56,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank interest received		**94**	24
Proceeds on disposal of equity investment at fair value through profit or loss		**333**	552
Proceeds on disposal of items of property, plant and equipment		**16**	–
Purchases of items of property, plant and equipment	13	**(10,031)**	(339)
Addition of properties under development		**(23,620)**	(6,380)
Addition of investment properties	14	**(809)**	(493)
Prepayment of purchase of plant and equipment		**–**	(3,974)
Acquisition of subsidiaries		**–**	(8,960)
Investment in an associate	18	**(1)**	–
Advance of loans to an associate		**(157,296)**	–
Refund of prepayment of property development costs		**36,645**	–
Decrease/(increase) in pledged and restricted bank balances	24	**44**	(4,780)
Net cash flows used in investing activities		**(154,625)**	(24,350)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue expenses		**–**	(9)
Interest paid		**(3,697)**	–
Advance from a substantial shareholder		**173,483**	56,638
New interest-bearing borrowings		**46,731**	–
Net cash flows from financing activities		**216,517**	56,629
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(8,740)**	(24,146)
Cash and cash equivalents at beginning of year		**10,824**	22,955
Effect of foreign exchange rate changes, net		**(271)**	12,015
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,813**	10,824
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	**1,813**	10,824

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	–	1
Investments in subsidiaries	17	1,397,156	1,229,327
Total non-current assets		1,397,156	1,229,328
CURRENT ASSETS			
Prepayments, deposits and other receivables	22	446	448
Equity investments at fair value through profit or loss	23	47	183
Cash and bank balances	24	813	1,835
Total current assets		1,306	2,466
CURRENT LIABILITIES			
Other payables and accruals	26	1,289	2,170
Amount due to a subsidiary	17	9,542	9,566
Amount due to a substantial shareholder	28	229,376	56,644
Total current liabilities		240,207	68,380
NET CURRENT LIABILITIES		(238,901)	(65,914)
Net assets		1,158,255	1,163,414
EQUITY			
Share capital	31	905,676	33,127
Other statutory capital reserves		–	872,549
Share capital and other statutory capital reserves		905,676	905,676
Other reserves	32	252,579	257,738
Total equity		1,158,155	1,163,414

Huang Shih Tsai
Director

Huang Wenxi
Director

1. CORPORATE INFORMATION

Great China Properties Holdings Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at Suite 6308, 63 Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was principally engaged in property development and investment and investment holding.

2.1 BASIS OF PREPARATION

The Group recorded a consolidated net loss of HK$35,194,000 (2013: HK$29,042,000) and net cash outflows from operating activities of HK$70,632,000 (2013: HK$56,425,000) for the year and had cash and bank balances of HK$6,549,000 at 31 December 2014.

The directors consider the going concern basis of preparation of the financial statements appropriate after taking into consideration the following:

(a) The Group is able to generate operating profits and cash inflows from future sales of properties;

(b) The Group had properties including investment properties, properties under development and properties held for sale as at 31 December 2014 that are available for the Group as security for further borrowings; and

(c) The substantial shareholder has confirmed that he will provide financial support to the Group to meet its financial obligations as they fall due, if required, including not to demand repayment of the amounts due to him and due to companies controlled by him until the Group is in a position to do so.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise. The effect to these adjustments has not been reflected in the consolidated financial statements.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosure for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) – Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC) – Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) – Int 21.

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

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

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

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phrases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates are included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investment in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its completed investment properties and equity investments at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Plant and machinery	10%
Furniture and fixtures	20%
Computer equipment	33.33%
Motor vehicles	20% to 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Property under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment properties under construction will be measured at cost until such time as fair value can be determined or construction is completed. The Group has concluded that the fair value of certain investment properties under construction cannot be measured reliably at the end of the reporting period, therefore, certain of the Group's investment properties under construction continue to be measured at cost.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the land costs, construction costs, capitalised borrowing costs and other costs directly attributed to such properties during the period of construction.

Properties under development are initially classified as non-current assets and transferred to current assets under the category of properties held for sale when the construction of the relevant properties commences and the construction period of the relevant property development project is expected to complete within normal operating cycle.

Properties held for sale

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated profit or loss in the period in which the reversal occurs.

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and eqeuipment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

The amount of any impairment loss identified is measured as the difference between the asset's amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related companies, amount due to a director, interest-bearing borrowing and certain accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provision

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

(b) rental income, on a time proportion basis over the lease terms;

(c) property management income, on an accrual basis, in the period in which services are rendered; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2012 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes Option Pricing model, further details of which are given in note 33 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or a property held for sale, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Properties held for sale are properties held by the Group with intention for sale in the Group's ordinary course of business.

Judgement is made on an individual property basis to determine whether leased out properties are classified as properties held for sale or investment properties.

Investment properties under development

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. The directors have concluded that the fair value of certain investment properties under construction cannot be measured reliably and, therefore, certain investment properties under construction continue to be measured at cost until construction is substantially completed and the remaining construction cost can be accurately estimated.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties located in Mainland China were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in Mainland China, the directors of the Company have determined the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2014 was HK$227,382,000 (2013: HK$209,877,000). Further details are given in note 16.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of net realisable value of properties under development and properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties under development and properties held for sale of the Group are set out in notes 19 and 20, respectively, to the financial statements.

Estimation of total budgeted costs and costs to completion for properties held for sale under development and properties under development

Total budgeted costs for properties held for sale under development and properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2014 was HK$244,863,000 (2013: HK$244,729,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2014 was HK$77,928,000 (2013: HK$56,836,000) and HK$59,108,000 (2013: HK$38,813,000), for the Group and the Company, respectively. Further details are contained in note 30 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of LAT in the period in which such determination is made.

Impairment of trade and other receivables

The Group conducts impairment reviews of financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 December 2014, provisions for impairment of other receivables of HK$1,607,000 (2013: HK$2,956,000) were made and the carrying amount of other receivables was HK$20,095,000 (2013: HK$9,716,000).

4. OPERATING SEGMENT INFORMATION

The Group has a single reportable segment based on the location of the operations, which is the property development and investment located in the People's Republic of China (the "PRC"). Information reported to the Group's management for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about a major customer

Revenue of approximately HK$3,087,000 (2013: HK$12,153,000) was derived from rental income from the Group's largest customer.

5. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the income from the sale of properties, gross rental income and property management income during the year.

An analysis of revenue, other income and gains/(losses) is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Revenue:		
Sales of properties	**20,409**	22,097
Gross rental income	**5,018**	13,125
Property management income	**700**	498
	26,127	35,720
Other income and gains/(losses):		
Bank interest income	**94**	24
Interest income from other receivables	**1,590**	–
Fair value gain/(loss) of equity investments at fair value through profit or loss	**(36)**	6
Gain/(loss) on disposal of equity investments at fair value through profit or loss	**234**	(39)
Reversal of land use tax previously provided	**5,483**	–
Others	**981**	278
	8,346	269

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Interest on an entrusted loan wholly repayable within five years	**4,367**	–
Less: Interest capitalised under property held for sale under development	**(4,367)**	–
	–	–

7. LOSS BEFORE TAX

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

	Group 2014 HK$'000	2013 HK$'000
Cost of properties sold	**20,061**	23,414
Depreciation (note 13)	**2,663**	1,059
Minimum lease payments under operating leases on land and buildings	**5,895**	4,395
Auditors' remuneration	**1,424**	753
Staff costs (including directors' remuneration – note 8):		
Salaries and wages	**13,902**	12,003
Equity-settled share option expense	**607**	1,235
Pension scheme contributions	**1,460**	1,052
	15,969	14,290
Rental income on investment properties less direct operating expenses of HK$340,000 (2013: HK$2,011,000)	**(4,678)**	(11,144)
Loss on disposal of items of property, plant and equipment	**94**	14
Fair value gains on investment properties	**(4,561)**	(6,229)
Impairment loss of other receivables* (note 22)	**1,607**	2,915
Impairment loss on completed properties held for sale* (note 20)	**8,000**	7,465
Impairment of prepaid property development costs* (note 15)	**2,451**	–
Reversal of land use tax provision	**(5,483)**	–
Investment properties written off	**285**	–
Foreign exchange loss/(gain)	**(1,965)**	978

* Included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group 2014 HK$'000	2013 HK$'000
Fees	**750**	750
Other emoulments:		
Salaries, allowances and benefits in kind	**1,302**	1,291
Equity-settled share option expense	**730**	686
Pension scheme contributions	**17**	15
	2,049	1,992
	2,799	2,742

8. DIRECTORS' REMUNERATION (Continued)

In the prior year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 33 to the financial statements. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The remuneration paid/payable to independent non-executive directors during the year were as follows:

	Fee HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2014			
Mr. Cheng Hong Kei	**150**	**146**	**296**
Mr. Leung Kwan, Hermann	**150**	**146**	**296**
Mr. Lum Pak Sum	**150**	**146**	**296**
	450	**438**	**888**

	Fee HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2013			
Mr. Cheng Hong Kei	150	137	287
Mr. Leung Kwan, Hermann	150	137	287
Mr. Lum Pak Sum	150	137	287
	450	411	861

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors, a non-executive director and the chief executive officer

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014					
Executive directors:					
Ms. Huang Wenxi (Chief Executive Officer)	150	1,302	146	17	1,615
Mr. Huang Shih Tsai (Chairman)	150	–	146	–	296
	300	1,302	292	17	1,911
2013					
Executive directors:					
Ms. Huang Wenxi (Chief Executive Officer)	150	1,291	138	15	1,594
Mr. Huang Shih Tsai (Chairman) (re-designated from Non-executive director on 5 April 2013)	111	–	102	–	213
	261	1,291	240	15	1,807
Non-executive director:					
Mr. Huang Shih Tsai (Chairman)	39	–	35	–	74
	300	1,291	275	15	1,881

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2013: one) director, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2013: four) highest paid employees who are not directors of the Company are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,388**	3,040
Equity-settled share option expense	**(64)**	343
Pension scheme contributions	**97**	58
	3,421	3,441

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2014	2013
Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	–
	4	4

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year. In the prior year, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdiction in which the Group operates.

LAT was provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2014	2013
	HK$'000	HK$'000
		(Restated)
Group:		
Current – Hong Kong		
Charge for the year	**–**	623
Overprovision in prior years	**(10)**	(10)
Deferred (note 30)	**(192)**	(2,472)
LAT in Mainland China	**761**	342
Total tax charge/(credit) for the year	**559**	(1,517)

10. INCOME TAX (Continued)

A reconciliation of the tax charge/credit applicable to loss before tax at the statutory rates for the countries/jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

Group

	2014 HK$'000	2014 %	2013 HK$'000	2013 %
Loss before tax	**(34,635)**		(30,559)	
Tax at the statutory tax rate	**(7,125)**	**(20.6)**	(4,984)	(16.3)
Adjustments in respect of current tax of previous periods	**(10)**	**–**	(10)	–
Income not subject to tax	**(1,608)**	**(4.6)**	(1,303)	(4.3)
Expenses not deductible for tax	**4,141**	**12.0**	1,828	6.0
Losses attributable to associates	**1,114**	**3.2**	–	–
Tax effect of temporary differences	**(192)**	**(0.5)**	(2,472)	(8.1)
Tax losses utilised from previous year	**(694)**	**(2.0)**	–	–
Tax losses not recognised	**4,172**	**12.0**	5,082	16.6
LAT	**761**	**2.1**	342	1.1
Tax charge/(credit) at the Group's effective rate	**559**	**1.6**	(1,517)	(5.0)

11. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2014 includes a loss of HK$5,766,000 (2013: HK$8,077,000), which has been dealt with in the financial statements of the Company (note 32(b)).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$35,194,000 (2013: HK$29,042,000) and the weighted average number of ordinary shares in issue of 3,312,698,000 (2013: 2,003,201,000) during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$35,194,000 (2013: HK$29,042,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvement HK$'000	Machinery HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
2014						
At 31 December 2013 and at 1 January 2014:						
Cost	1,711	662	1,690	1,713	2,259	8,035
Accumulated depreciation	(678)	(376)	(1,090)	(1,201)	(1,338)	(4,683)
Net carrying amount	1,033	286	600	512	921	3,352
At 1 January 2014, net of accumulated depreciation and impairment	1,033	286	600	512	921	3,352
Additions	7,587	1	1,549	894	–	10,031
Transfer in/(out)	–	–	(338)	338	–	–
Depreciation	(1,481)	(70)	(291)	(512)	(309)	(2,663)
Disposals	(45)	(29)	(24)	(12)	–	(110)
Exchange realignment	(8)	(5)	(9)	(6)	(17)	(45)
At 31 December 2014, net of accumulated depreciation	7,086	183	1,487	1,214	595	10,565
At 31 December 2014:						
Cost	9,071	555	2,373	3,101	2,221	17,321
Accumulated depreciation	(1,985)	(372)	(886)	(1,887)	(1,626)	(6,756)
Net carrying amount	7,086	183	1,487	1,214	595	10,565

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group (Continued)

	Leasehold improvement HK$'000	Machinery HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
2013						
At 1 January 2013:						
Cost	950	628	1,420	1,655	2,215	6,868
Accumulated depreciation	(477)	(290)	(890)	(894)	(1,012)	(3,563)
Net carrying amount	473	338	530	761	1,203	3,305
At 1 January 2013, net of accumulated depreciation	473	338	530	761	1,203	3,305
Additions	89	13	207	30	–	339
Acquisition of subsidiaries (notes 34, 35)	–	–	36	–	–	36
Disposals	(7)	–	(7)	–	–	(14)
Transfer from prepayment for acquisition of plant and equipment	662	–	–	–	–	662
Depreciation	(201)	(73)	(180)	(295)	(310)	(1,059)
Exchange realignment	17	8	14	16	28	83
At 31 December 2013, net of accumulated depreciation	1,033	286	600	512	921	3,352
At 31 December 2013:						
Cost	1,711	662	1,690	1,713	2,259	8,035
Accumulated depreciation	(678)	(376)	(1,090)	(1,201)	(1,338)	(4,683)
Net carrying amount	1,033	286	600	512	921	3,352

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Furniture and fixtures HK$'000	Computer equipment HK$'000	Total HK$'000
2014			
At 31 December 2013 and at 1 January 2014:			
Cost	**107**	**50**	**157**
Accumulated depreciation	**(106)**	**(50)**	**(156)**
Net carrying amount	**1**	**–**	**1**
At 1 January 2014, net of accumulated depreciation	**1**	**–**	**1**
Depreciation provided during the year	**(1)**	**–**	**(1)**
At 31 December 2014, net of accumulated depreciation	**–**	**–**	**–**
At 31 December 2014:			
Cost	**107**	**50**	**157**
Accumulated depreciation	**(107)**	**(50)**	**(157)**
Net carrying amount	**–**	**–**	**–**
2013			
At 1 January 2013:			
Cost	113	61	174
Accumulated depreciation	(109)	(60)	(169)
Net carrying amount	4	1	5
At 1 January 2013, net of accumulated depreciation	4	1	5
Depreciation provided during the year	(3)	(1)	(4)
At 31 December 2013, net of accumulated depreciation	1	–	1
At 31 December 2013:			
Cost	107	50	157
Accumulated depreciation	(106)	(50)	(156)
Net carrying amount	1	–	1

14. INVESTMENT PROPERTIES

Group

	2014 Completed investment properties at fair value HK$'000	Investment properties under construction at cost HK$'000	Total HK$'000
Carrying amount at 1 January	**228,006**	**16,723**	**244,729**
Additions	**809**	**–**	**809**
Written off	**(285)**	**–**	**(285)**
Changes in fair values	**4,561**	**–**	**4,561**
Exchange realignment	**(4,615)**	**(336)**	**(4,951)**
Carrying amount at 31 December	**228,476**	**16,387**	**244,863**

	2013 Completed investment properties at fair value HK$'000	Investment properties under construction at cost HK$'000	Total HK$'000
Carrying amount at 1 January	216,015	15,807	231,822
Additions	–	493	493
Change in fair value	6,229	–	6,229
Exchange realignment	5,762	423	6,185
Carrying amount at 31 December	228,006	16,723	244,729

The Group's investment properties are situated in PRC and are held under medium term leases.

The directors of the Company have determined that the investment properties are commercial, based on the nature, characteristic and risk of the properties. The Group's completed investment properties were valued as at the end of the reporting period by Roma Appraisals Limited, independent professionally qualified valuers, at HK$228,476,000 (2013: HK$228,006,000). Each year, the executive director decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

14. INVESTMENT PROPERTIES (Continued)

Investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. The Group has concluded that the fair value of these investment properties under construction cannot be measured reliably and were therefore measured at cost in the consolidated statement of financial position.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 37(a) to the financial statements.

Further particulars of the Group's investment properties are included on page 105.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active market (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**228,476**	**228,476**

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active market (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	228,006	228,006

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The fair value is estimated using a direct comparison approach. Under the direct comparison approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the unit market price. The fair value measurement is based on the above properties' highest and best use, which does not differ from the actual use.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (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 categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There has been no change from the valuation technique used in the prior year.

	Fair value at 31 December		Fair value hierarchy	Valuation technique(s) and significant unobservable inputs	Relationship of unobservable inputs to fair value
	2013 HK$'000	**2014** **HK$'000**			
Investment properties in Huizhou	139,459	**140,698**	Level 3	Direct comparison method – based on price per square meter, using market observable comparable prices of similar properties ranging from HK$12,375/ sq.m. to HK$13,893/ sq.m. (2013: HK$12,373/sq.m. to HK$15,080/sq.m.), and adjusted taking into account of locations and other individual factors such as size of property and conditions of prices.	The higher the price, the higher the fair value.
Investment properties in Haifeng County	88,547	**87,778**	Level 3	Direct comparison method – based on price per square meter, using market observable comparable prices of similar properties ranging from HK$16,774/sq.m. to HK$19,500/ sq.m., (2013: from HK$14,493/ sq.m. to HK$17,798/sq.m.), and adjusted taking into account of locations and other individual factors such as road frontage, size of property and conditions of prices.	The higher the price, the higher the fair value.

The key input is the unit market price. A significant increase/decrease in the market price will result in a significant increase/decrease in the fair value of the investment properties.

15. PREPAID PROPERTY DEVELOPMENT COSTS

The balance in the prior year represented the prepaid construction and renovation costs made by a subsidiary of the Company to a sub-contractor for an investment property pursuant to a construction contract.

During the year, the contract was terminated and the sub-contractor refunded the prepayment to the Group after deduction of expenses of approximately Renminbi ("RMB") 1,928,000 (equivalent to approximately HK$2,451,000) already incurred which was charged to profit or loss during the year.

16. GOODWILL

Group

	HK$'000
At 1 January 2013:	
Cost	14,225
Accumulated impairment	(14,225)
Net carrying amount	–
Cost at 1 January 2013, net of accumulated impairment	–
Addition *(note 35)*	209,877
At 31 December 2013	209,877
At 31 December 2013	
Cost	224,342
Accumulated impairment	(14,465)
Net carrying amount	209,877
Cost at 1 January 2014, net of accumulated impairment	209,877
Provisional adjustment *(note 35)*	20,734
Exchange realignment	(3,229)
Net carrying amount at 31 December 2014	227,382
At 31 December 2014:	
Cost	241,847
Accumulated impairment	(14,465)
Net carrying amount	227,382

16. GOODWILL (Continued)

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the cash-generating unit of the property development and investment involving 汕尾大中華國際實業有限公司.

The recoverable amount of the property development and investment cash-generating unit involving 汕尾大中華國際實業有限公司 has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 29.26% (2013: 28.27%) per annum. The growth rate is assumed to be at zero. Senior management believes that any reasonably possible change in any of these assumptions on which recoverable amount is based would not cause the aggregate carrying amount of the cash-generating unit of sales of properties to exceed the aggregate recoverable amount of the cash-generating unit of property development and investment.

Assumptions used in the cash flow projections to undertake impairment testing of the goodwill are as follows:

Budgeted gross margin – The budgeted gross margins of 28% based on the average gross margins achieved in prior year's performance.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**68,446**	68,446
Due from subsidiaries	**1,328,789**	1,160,960
	1,397,235	1,229,406
Provision for impairment#	**(79)**	(79)
	1,397,156	1,229,327

An impairment was recognised for certain amounts due from subsidiaries with a carrying amount of HK$79,000 (2013: HK$79,000) because these subsidiaries have been loss-making for some time.

17. INVESTMENTS IN SUBSIDIARIES (Continued)

At 31 December 2014, the amounts due from subsidiaries of HK$1,328,789,000 (2013: HK$1,160,960,000) are unsecured, interest-free and are not repayable within one year from 31 December 2014. In the opinion of the directors, these amounts due from subsidiaries are considered as part of the Company's investments in its subsidiaries.

The Company's amount due to a subsidiary of HK$9,542,000 (2013: HK$9,566,000) is unsecured, non-interest bearing and repayable on demand.

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid capital/ registered capital	Proportion of nominal value of issued share capital/paid-in/ registered capital held by the Company Direct %	Indirect %	Principal activities
Mega Top Capital Resources Limited	Hong Kong	HK$1	100	–	Property investment
China Waytung Group Limited	Hong Kong	HK$1	100	–	Investment holding
Gold Coast Tourism Development Limited	Hong Kong	HK$10,000	–	100	Investment holding
海豐金麗灣度假村有限公司# *(Note (i))*	The PRC	US$10,549,929	–	100	Operation of resort business, property development
滙通天下控股(中國)有限公司# *(Note (i))*	The PRC	RMB50,000,000	100	–	Investment holding
Asiatic Talent Limited#	British Virgin Islands ("BVI")	US$1	100	–	Investment holding
Guo Rong Limited#	BVI	US$1	–	100	Investment holding
Great China Property Group Limited	Hong Kong	HK$1	–	100	Investment holding

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid capital/ registered capital	Proportion of nominal value of issued share capital/paid-in/ registered capital held by the Company Direct %	Indirect %	Principal activities
大中華實業(惠州)有限公司#	The PRC	RMB45,000,000	–	100	Property development
Great China Properties (Shanghai) Limited	Hong Kong	HK$1	100	–	Investment holding
Stand Gold Limited#	BVI	US$1	100	–	Investment holding
Prime Rosy Limited#	BVI	US$1	–	100	Investment holding
Great China International Holding Group Limited	Hong Kong	HK$30,000,000	–	100	Investment holding
汕尾大中華國際實業有限公司# *(Note (i))*	The PRC	RMB50,000,000	–	100	Property development
汕尾市大中華實業有限公司# *(Note (ii))*	The PRC	RMB10,000,000	–	100	Investment holding
唐山市曹妃甸區中泰信和房地產開發有限公司*(Note (ii))*#	The PRC	RMB10,000,000	–	99.99	Property development
惠州喜悦生活物業管理有限公司 *(Note (i))*#	The PRC	RMB500,000	–	100	Provision of management service to and operation of properties

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Notes:

(i) Registered under the laws of the PRC as wholly-owned foreign enterprise.

(ii) Registered under the laws of the PRC as domestic enterprise

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. INVESTMENTS IN ASSOCIATES

	Group 2014 HK$'000	2013 HK$'000
Share of net liabilities	**(6,739)**	–
Loans to an associate	**157,297**	–
	150,558	–

In the opinion of the directors, the above loans to an associate are considered as part of the Group's net investment in the associates.

Particulars of the associates are as follows:

Name	Place of incorporation/ registration and business	Issued and fully paid capital/ registered capital	Percentage of ownership interest attributable to the Group	Principal activities
Success Yield Group Limited ("Success Yield")#	BVI	US$200	50	Investment holding
Champion Delight Holdings Limited ("Champion Delight")#^	Hong Kong	HK$1	50	Investment holding
上海合茂房地產發展有限公司("上海合茂")#^	The PRC	RMB630,000,000	50	Property development

Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.
^ Being a wholly-owned subsidiary of Success Yield.

18. INVESTMENTS IN ASSOCIATES (Continued)

According to the cooperation agreement dated 16 December 2013 entered into between the Group and Greenland Hong Kong Holdings Limited ("Greenland") (the "Agreement"), the Group and Greenland are each to provide shareholders' loans to Champion Delight, the wholly-owned subsidiary of Success Yield, for the joint development of a real estate project by 上海合茂 which is wholly-owned by Champion Delight. Success Yield is owned 50% each by the Group and Greenland.

Pursuant to the loan contribution schedule in the Agreement, the Group was to make aggregate shareholder's loans of RMB243,920,000 (equivalent to HK$308,071,000) to Champion Delight by April 2014. However, due to a disagreement over the execution and operation of the real estate project, the Group claimed that Greenland was in breach of the Agreement so has only made aggregate loans of HK$157,297,000 as at 31 December 2014; while Greenland also alleged that the Group has breached the Agreement by not making the loans according to the schedule stipulated in the Agreement.

At the end of the reporting period, Greenland had unilaterally made additional loans of RMB191,000,000 (equivalent to HK$241,233,000) originally payable by the Group to Champion Delight and alleged its right under the Agreement to dilute the Group's shareholding in Success Yield according to the contributed loan balances. However, up to the date of this report, Greenland has not taken any steps to dilute the shareholding of the Group in Success Yield.

In the opinion of the directors and based on the opinion of the Group's legal advisors, pending the resolution of the aforesaid disagreement, the Group is not obligated to make further loans to Champion Delight according to the Agreement. Accordingly, the amount of outstanding loan commitment of RMB191,000,000 (equivalent to HK$241,233,000) is disclosed as a commitment of the Group (note 38) and the Group's interest in 50% equity of Success Yield is accounted for by the Group as investments in associates.

18. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the summarised financial information of Success Yield and its subsidiaries (collectively known as "Success Yield Group") adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements:

	2014 HK$'000	2013 HK$'000
Current assets	815,573	–
Non-current assets	55	–
Current liabilities	(829,105)	–
Net liabilities	(13,477)	–

	2014 HK$'000	2013 HK$'000
Net liabilities	(13,477)	–
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	50%	–
Group's share of net liabilities of the associate	6,739	–
Revenue	–	–
Loss for the year	(13,512)	–
Other comprehensive income	33	–
Total comprehensive loss for the year	(13,479)	–

19. PROPERTIES UNDER DEVELOPMENT

The properties under development are located in the PRC and held under medium term lease. Further particulars of the Group's properties under development are included in "Particulars of Major Properties" on page 106.

20. PROPERTIES HELD FOR SALE

	Group	
	2014	2013
	HK$'000	HK$'000
Completed properties held for sale	**155,402**	180,794
Properties held for sale under development	**347,324**	283,714
	502,726	464,508
Properties held for sale under development		
– expected to be recovered:		
After one year	**347,324**	283,714

Certain of the Group's properties held for sale with an aggregate carrying value of HK$309,666,000 (2013: Nil) at the end of the reporting period were pledged to secure the entrusted loan granted to the Group as detailed in note 29 to the financial statement.

For the year ended 31 December 2014, HK$8,000,000 (2013: HK$7,465,000) of completed properties held for sale was impaired to reflect the decrease in net realisable value of certain completed properties.

21. TRADE RECEIVABLES

Trade receivables represent sale proceeds in respect of sold properties and rental receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a certain number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured. The carrying amounts of the trade receivables approximate to their fair values.

21. TRADE RECEIVABLES (Continued)

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

	Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**92**	1,082
31 to 60 days	**33**	51
61 to 90 days	**19**	–
Over 90 days	**238**	2,260
	382	3,393

The amount of trade receivables that were past due but not impaired is the same as the above amount shown in the ageing of trade receivables.

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**961**	4,759	**406**	–
Deposits paid	**3,443**	808	**39**	–
Other receivables	**21,702**	12,672	**1**	448
	26,106	18,239	**446**	448
Less: Provisions for impairment of other receivables	**(1,607)**	(2,956)	**–**	–
	24,499	15,283	**446**	448
Less: Non-current portion	**(301)**	(36)	**–**	–
	24,198	15,247	**446**	448

Prepayments, deposits and other receivables are non-interest-bearing and unsecured, except for a balance of HK$18,113,000 included in other receivables is interest-bearing at an annual rate of 20% and repayable within one year.

The movements in the provision for impairment of other receivables are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
At beginning of year	**2,956**	–
Impairment losses recognised *(note 7)*	**1,607**	2,915
Amount written off as uncollectible	**(2,956)**	41
At end of year	**1,607**	2,956

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivable of HK$1,607,000 (2013: HK$2,956,000) with an aggregate carrying amount of HK$20,095,000 (2013: HK$9,716,000). The individually impaired other receivables relate to a third party with outstanding balances which are not expected to be recovered.

23. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company	
	2014	2013
	HK$'000	HK$'000
Listed equity investments in Hong Kong, at market value	**47**	183

The above equity investments at 31 December 2013 and 2014 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

24. CASH AND BANK BALANCES

		Group		Company	
	Notes	**2014**	2013	**2014**	2013
		HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances		**6,549**	15,604	**813**	1,835
Less: Pledged bank balances	(i)	**(1,827)**	(2,200)	**–**	–
Restricted bank balances	(ii)	**(2,909)**	(2,580)	**–**	–
		1,813	10,824	**813**	1,835

Note:

(i) At 31 December 2014, certain bank balances were pledged for housing loans extended by the banks to the purchases of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

(ii) Restricted bank balances mainly comprise guaranteed funds to construction projects to meet local authorities' requirements.

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi amounted to HK$5,449,000 (2013: HK$5,627,000). Renminbi is not freely convertible into other currencies, however, under mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

An aged analysis of the trade creditors as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within 30 days	**1,924**	285
31 to 60 days	**7**	–
61 to 90 days	**7**	64
Over 90 days	**22,487**	31,653
	24,425	32,002

The trade creditors are non-interest-bearing and normally settled within 30 days.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits received	**1,446**	1,224	**–**	–
Receipts in advance	**4,941**	10,802	**–**	–
Other payables and accruals	**34,147**	38,956	**1,289**	2,170
	40,534	50,982	**1,289**	2,170

Other payables are non-interest-bearing and have an average term of three months.

27. AMOUNTS DUE TO RELATED COMPANIES

The Group's amounts due to related companies of HK$122,732,000 (2013: HK$126,199,000) are unsecured, non-interest bearing, and repayable on demand. Related companies represent companies in which Mr. Huang Shih Tsai has equity interests and/or directorships and over which Mr. Huang Shih Tsai is able to exercise control. The amount represents advances to the Group for its working capital requirements.

28. AMOUNT DUE TO A SUBSTANTIAL SHAREHOLDER

The Group's and the Company's amount due to a substantial shareholder is unsecured, non-interest bearing and repayable on demand. The amount represents advance to the Group for its working capital requirements.

29. INTEREST-BEARING BORROWING

	Group					
	2014			2013		
	Effective annual interest rate (%)	Maturity	HK$'000	Effective annual interest rate (%)	Maturity	HK$'000
Non-current						
Entrusted loan						
– secured	11.5	2016	46,731	–	–	–

	Group	
	2014 HK$'000	2013 HK$'000
Entrusted loan repayable, in the second year	46,731	–

At 31 December 2014, the Group's entrusted loan facility amounted to HK$189,450,000, of which HK$46,731,000 had been utilised as at the end of the reporting period. The loan is interest bearing at 11.5% per annum, not repayable within one year and is secured by certain of the Group's properties held for sale with aggregate carrying values at the end of the reporting period of approximately HK$309,666,000 (note 20). In addition, the Company's related company,大中華國際集團(中國)有限公司 (the "GCI"), has guaranteed the Group's entrusted loan up to approximately HK$189,450,000 as at the end of the reporting period. All borrowings of the Group are in Renminbi.

30. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

Deferred tax liabilities

	Group			
	Investment properties HK$'000	Completed properties held for sale HK$'000	Properties under development HK$'000	Total HK$'000
At 1 January 2013	36,499	19,785	–	56,284
Acquisition of subsidiaries	–	43,960	75,858	119,818
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	1,557	(4,029)	–	(2,472)
Exchange realignment	980	704	415	2,099
At 31 December 2013 and 1 January 2014	39,036	60,420	76,273	175,729
Adjustment* *(note 35)*	–	20,734	–	20,734
Deferred tax charged/(credited) to profit or loss during the year *(note 10)*	1,140	(1,332)	–	(192)
Exchange realignment	(792)	(1,340)	(1,533)	(3,665)
At 31 December 2014	**39,384**	**78,482**	**74,740**	**192,606**

* The adjustment resulted in an increase in goodwill of HK$20,734,000 to the provisional amount previously recorded as a result of additional information obtained in relation to the deferred tax liabilities existed as of the acquisition date.

At the end of the reporting period, the Group had unrecognised tax losses of HK$77,928,000 (2013: HK$56,836,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Included in these tax losses, are balances of subsidiaries in Mainland China which have an utilisation period of five years as pre-determined by the tax legislation of Mainland China. The Company had unrecognised tax losses of HK$59,108,000 at the end of the reporting period (2013: HK$38,813,000). Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

30. DEFERRED TAX LIABILITIES (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2014, there were no unremitted earnings of the Group's subsidiaries established in Mainland China (2013: Nil).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. SHARE CAPITAL

Shares

	2014 HK$'000	2013 HK$'000
Authorised: *(note (i))*		
Nil (2013: 20,000,000,000 ordinary shares of HK$0.01 each) *(note (ii))*	–	200,000
Issued and fully paid:		
3,312,698,406 (2013: 3,312,698,406) ordinary shares	**905,676**	33,127

Notes:

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

31. SHARE CAPITAL (Continued)

Shares (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue '000	Share capital HK$'000	Share premium account HK$'000	Capital reduction reserve HK$'000	Total HK$'000
At 1 January 2013	1,562,770	15,628	108,857	265,505	389,990
Issue of shares in relation to Shareholders' loan settlement *(note (i))*	203,225	2,032	59,951	–	61,983
Issue of shares in relation to acquisition of subsidiaries *(note (ii))*	1,546,703	15,467	703,750	–	719,217
Share issue expense	–	–	(9)	–	(9)
At 31 December 2013 and 1 January 2014	3,312,698	33,127	872,549	265,505	1,171,181
Transition to no-par value regime on 3 March 2014	–	872,549	(872,549)	–	–
At 31 December 2014	3,312,698	905,676	–	265,505	1,171,181

Notes:

(i) On 10 June 2013, 203,225,000 shares were issued and allotted at HK$0.305 each for full and final satisfaction of the Company's payment obligations in respect of part of the shareholder's loan in the amount of HK$61,983,625. The Settlement Shares rank pari passu in all respects with the existing shares of the Company. Details of the arrangement were set out in the circular of the Company dated 31 May 2013.

(ii) On 16 October 2013, being the completion date of the acquisition, 1,546,702,702 new shares were issued at an issue price of HK$0.37 per share in full for the settlement of the acquisition of the entire equity interest in Prime Rosy Limited. Details of the acquisition are set out in note 35.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 33 to the financial statements.

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

32. RESERVES (Continued)

(b) Company

	Share premium account HK$'000	Capital reduction reserve HK$'000	Share-based payment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	108,857	265,505	–	(925)	373,437
Equity-settled share option arrangements	–	–	1,235	–	1,235
Issue of shares	59,951	–	–	–	59,951
Issue of share in relation to acquisition of subsidiaries	703,750	–	–	–	703,750
Share issue expense	(9)	–	–	–	(9)
Loss for the year	–	–	–	(8,077)	(8,077)
At 31 December 2013 and 1 January 2014	872,549	265,505	1,235	(9,002)	1,130,287
Equity-settled share option arrangements	–	–	607	–	607
Transition to no-par value regime on 3 March 2014	872,549	–	–	–	(872,549)
Loss for the year	–	–	–	(5,766)	(5,766)
At 31 December 2014	**–**	**265,505**	**1,842**	**(14,768)**	**252,579**

33. SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 May 2011 (the "2011 Share Option Scheme").

The purpose of the 2011 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole. The board of directors of the Company may, at its sole discretion, invite directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group to take up options to subscribe for shares in the Company. The participants need to remit HK$1 as consideration for the grant of an option.

The 2011 Share Option Scheme is adopted for a period of 10 years commencing on 23 May 2011. The option period shall not exceed 10 years from the date of grant of option.

33. SHARE OPTION SCHEME (Continued)

The maximum number of shares which may be granted under the 2011 Share Option Scheme must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the 2011 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the board of directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

Details of the share options granted by the Company under the 2011 Share Option Scheme are as follows:

Date of grant	Exercisable period	Number of share options granted	Exercise price HK$	Fair value at grant date HK$
23 January 2013	23 January 2015 to 22 January 2023	10,000,000	0.44	0.292

The fair value of the share options granted was HK$0.292 per option and the Group recognised a share-based payment expense of approximately HK$607,000 for the year ended 31 December 2014 (2013: HK$1,235,000).

The fair value of the share options granted at the date of grant was calculated using the Black-Scholes Option Pricing Model. The inputs into the model were as follows:

Expected volatility	:	58.690%
Risk-free rate	:	0.975%
Expected life of option	:	8 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporate into measurement of the fair value.

33. SHARE OPTION SCHEME (Continued)

Details of the movement of the Company's share options are as follows:

Name or Category of participant	Date of grant	Exercise price per share HK$	Exercisable period	Number of shares in respect of options: Outstanding at 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2014
2014								
Directors:								
Huang Shih Tsai	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	–	1,000,000
Huang Wenxi	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	–	1,000,000
Cheng Hong Kei	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	–	1,000,000
Leung Kwan, Hermann	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	–	1,000,000
Lum Pak Sum	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	–	1,000,000
			Subtotal	5,000,000	–	–	–	5,000,000
Employees:								
In aggregate	23/1/2013	0.44	23/1/2015 - 22/1/2023	3,000,000	–	–	(1,500,000)	1,500,000
Consultant:								
In aggregate	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	(1,000,000)	–
			Total	9,000,000	–	–	(2,500,000)	6,500,000

33. SHARE OPTION SCHEME (Continued)

Name or Category of participant	Date of grant	Exercise price per share HK$	Exercisable period	Number of shares in respect of options: Outstanding at 1 January 2013	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2013
2013								
Directors:								
Huang Shih Tsai	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	–	1,000,000
Huang Wenxi	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	–	1,000,000
Cheng Hong Kei	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	–	1,000,000
Leung Kwan, Hermann	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	–	1,000,000
Lum Pak Sum	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	–	1,000,000
			Subtotal	5,000,000	–	–	–	5,000,000
Employees:								
In aggregate	23/1/2013	0.44	23/1/2015 - 22/1/2023	4,000,000	–	–	(1,000,000)	3,000,000
Consultant:								
In aggregate	23/1/2013	0.44	23/1/2015 - 22/1/2023	1,000,000	–	–	–	1,000,000
			Total	10,000,000	–	–	(1,000,000)	9,000,000

34. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 25 January 2013, the Group completed the acquisition of the 99.99% equity interest of Tangshan Caofeidain through a wholly-owned subsidiary at a consideration of approximately RMB104,490,000 (equivalent to approximately HK$131,333,000). This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

Attributable value of assets and liabilities recognised at the date of acquisition:

	HK$'000
Net assets acquired:	
Properties under development	147,015
Property, plant and equipment	8
Cash and bank balances	1
Other receivables	11
Other payables and accruals	(1,291)
Amount due to a related company	(14,398)
Net assets	131,346
Non-controlling interest	(13)
Consideration	131,333
Satisfied by:	
Transfer from prepayment for acquisition of a subsidiary	106,837
Consideration payable	15,083
Cash	9,413
	131,333
Net cash outflow arising on acquisition:	
Cash consideration paid	9,413
Less: Cash and bank balances acquired	(1)
	9,412

35. BUSINESS COMBINATION

On 16 October 2013, the Group completed its acquisition of 100% equity interest in Prime Rosy Limited ("Prime Rosy") and its wholly-owned subsidiaries (the "Prime Rosy Group") from Mr. Huang Shih Tsai, the Chairman and substantial shareholder of the Company for a purchase consideration being satisfied in full by the issuance of 1,546,702,702 shares in the Company. Details of the acquisition were set out in the Company's announcement dated 3 July 2013 and circular dated 26 July 2013.

The fair value of shares issued of HK$719,217,000 was the fair value of the 1,546,702,702 ordinary shares issued by the Company for the acquisition as determined using the open market price of the Company's shares on 16 October 2013 at HK$0.465 per share.

The Board considered that the acquisition of the Prime Rosy Group was in line with the Group's business strategy. The Board also considered that the acquisition represented an excellent opportunity for the Group to leverage the existing workforce, market knowledge and experience in the property market in Shanwei City, and allowed the Group to further participate and strengthen its existing property development businesses in Shanwei City where there would be synergistic effect in terms of operation effectiveness and branding.

Acquisition-related costs amounting to approximately HK$1,325,000 had been excluded from the consideration and had been recognised as expenses in the year they were incurred.

This transaction had been accounted for as a business combination under which the Group was required to recognise the underlying identifiable assets acquired, liabilities assumed and contingent liabilities of the Prime Rosy Group which satisfied the recognition criteria at their fair values at the acquisition date on 16 October 2013. The initial accounting for the acquisition of the Prime Rosy Group was completed on 30 September 2014. An increase in goodwill of HK$20,734,000 to the provisional amount previously recorded was made during the year as a result of additional information obtained in relation to the deferred tax liabilities existed as of the acquisition date.

Details of net assets acquired and goodwill in respect of acquisition of the Prime Rosy Group at the acquisition date were as follows:

	Notes	HK$'000
Purchase consideration settled by shares of the Company		719,217
Less: Estimated fair value of net assets acquired as at 16 October 2013		(509,340)
Provisional amount of goodwill on acquisition	*16*	209,877
Adjustment to goodwill upon completion of the measurement	*16*	20,734
Exchange realignment		(3,229)
Goodwill		227,382

35. BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of Prime Rosy Group as at the date of acquisition upon completion of the measurement were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	*13*	28
Properties under development		361,496
Properties held for sale		282,018
Other receivables		242
Cash and bank balances		452
Trade payables		(1,327)
Other payables and accruals		(13,751)
Deferred tax liabilities	*30*	(140,552)
Total identifiable net assets at fair value		488,606

	HK$'000
Fair value of net assets upon completion of measurement	488,606
Estimated fair value of net assets acquired as at 16 October 2013	(509,340)
	(20,734)

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transaction

(a) In the prior year, the Group acquired 100% equity interest in Prime Rosy Group. The consideration for such acquisition was satisfied by issuing and allotting 1,546,702,702 ordinary shares. The Group did not pay or receive cash in respect of the acquisition, except for the cash and bank balances acquired.

(b) In the prior year, the Group entered into a settlement agreement to allot and issue 203,225,000 shares at an issue price of HK$0.305 each to Mr. Huang Shih Tsai for full and final settlement of the Company's payment obligation in respect of the loan in the amount of HK$61,983,625. The Group did not receive cash in relation to this arrangement.

37. OPERATING LEASE ARRANGEMENTS

Group

(a) As lessor

The Group leases its investment properties (note 14) to the financial statements under operating lease arrangements, with leases negotiated for terms ranging from 1 to 8 years. The terms of the leases also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**2,616**	4,973
In the second to fifth years, inclusive	**1,244**	9,434
After five years	**6,834**	5,686
	10,694	20,093

(b) As lessee

The Group leases certain of its offices, apartments and car parks under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 50 years.

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	**2,058**	4,371
In the second to fifth years, inclusive	**8,123**	4,130
After five years	**5,307**	7,026
	15,488	15,527

38. COMMITMENTS

In addition to the operating lease commitments detailed in note 37(b) above, the Group and the Company had the following capital commitments at the end of the reporting period:

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted, but not provided for:		
Acquisition of plant and equipment	**–**	3,151
Construction and development of investment properties	**146,288**	448,150
Loan contributions payable to an associate	**241,233**	394,391
	387,521	845,692

39. CONTINGENT LIABILITIES

As at December 2014, the Group has given guarantees of approximately HK$3,873,000 (2013: HK$3,952,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements for the years ended 31 December 2014 and 2013 for the guarantees.

40. RELATED PARTY TRANSACTIONS

(a) Material transactions with related parties:

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

		Group	
		2014	2013
	Notes	**HK$'000**	HK$'000
Rental of office	*(i)*	**2,746**	1,470
Rental of car park space	*(ii)*	**20**	20

Note:

(i) During the year, the Group leased an office property from 大中華國際集團（中國）有限公司 ("GCI") for a term of two years commencing from 1 February 2013 at a monthly rent of RMB180,000 (HK$227,340). GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, the Chairman and a substantial shareholder of the Company. Mr. Huang is also a director of GCI. The related party transactions above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(ii) During the year, the Group leased a car park space from GCI at a monthly rental payment of RMB1,300 (approximately HK$1,700).

(b) Amount due to related parties:

Details of the Group's balances with related companies as at the end of the reporting period are included in note 27 of the financial statements.

(c) Amount due to a substantial shareholder

Details of the outstanding balances with a substantial shareholder are set out in note 28.

(i) During the year, Mr. Huang Shih Tsai, the Chairman and a substantial shareholder of the Company, has provided interest-free and unsecured loans to the Company in the totally amount of approximately HK$173,483,000 for funding the subsidiaries, working capital requirements and investments in associates (2013: HK$56,637,000).

(ii) On 22 April 2013, the Company and Mr. Huang Shih Tsai entered into a settlement agreement (the "Settlement Agreement"), pursuant to which the Company has conditionally agreed to allot and issue 203,225,000 shares (the "Settlement Shares") at an issue price of HK$0.305 per Settlement Share to Mr. Huang Shih Tsai for full and final satisfaction of the Company's payment obligation in relation to the loan from Mr. Huang Shih Tsai in the amount of HK$61,983,625 on the terms and conditions set out in the Settlement Agreement. The Settlement Shares rank pari passu in all respects with the existing shares of the Company. The transaction was a connected transaction as defined under Chapter 14A of the Listing Rules.

The Settlement Agreement was approved by independent shareholders at the extraordinary general meeting held by the Company on 5 June 2013. All conditions precedent under the Settlement Agreement had been satisfied and the completion took place on 10 June 2013.

40. RELATED PARTY TRANSACTIONS (Continued)

(d) Compensation of key management personnel of the Group:

	2014 HK$'000	2013 HK$'000
Salaries and allowances	1,602	1,591
Equity-settled share option expense	292	275
Pension scheme contributions	17	15
Total compensation paid to key management personnel	1,911	1,881

Further details of directors' emoluments are included in note 8 to the financial statements.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Group		
	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
2014			
Financial assets			
Trade receivables	–	382	382
Financial assets included in prepayments, deposits and other receivables *(note 22)*	–	23,538	23,538
Equity investments at fair value through profit or loss	47	–	47
Cash and bank balances	–	6,549	6,549
	47	30,469	30,516

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Group		
	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
2013			
Financial assets			
Trade receivables	–	3,393	3,393
Financial assets included in prepayments, deposits and other receivables *(note 22)*	–	10,524	10,524
Equity investments at fair value through profit or loss	183	–	183
Cash and bank balances	–	15,604	15,604
	183	29,521	29,704

	Group **Financial liabilities at amortised cost**	
	2014 **HK$'000**	2013 HK$'000
Financial liabilities		
Trade payables	**24,425**	32,002
Financial liabilities included in other payables and accruals	**36,072**	40,180
Interest-bearing borrowing	**46,731**	–
Amounts due to related companies	**122,732**	126,199
Amount due to a substantial shareholder	**223,100**	50,362
	453,060	248,743

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Company		
	Financial assets at fair value through profit or loss HK$'000	**Loans and receivables HK$'000**	**Total HK$'000**
2014			
Financial assets			
Financial assets included in prepayments, deposits and other receivables *(note 22)*	**–**	**40**	**40**
Equity investments at fair value through profit or loss	**47**	**–**	**47**
Cash and bank balances	**–**	**813**	**813**
	47	**853**	**900**

	Company		
	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
2013			
Financial assets			
Financial assets included in prepayments, deposits and other receivables *(note 22)*	–	32	32
Equity investments at fair value through profit or loss	183	–	183
Amounts due from subsidiaries	–	1,160,881	1,160,881
Cash and bank balances	–	1,835	1,835
	183	1,162,748	1,162,931

41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Company Financial liabilities at amortised cost 2014 HK$'000	 2013 HK$'000
Financial liabilities		
Financial liabilities included in other payables and accruals	1,289	2,170
Amount due to a subsidiary	9,542	9,566
Amount due to a substantial shareholder	229,376	56,644
	240,207	68,380

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Group and Company

	Carrying amounts		Fair values	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Financial assets				
Equity investments at fair value through profit or loss	47	183	47	183

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, trade payables, the amounts due to related companies and a substantial shareholder, other payables and accruals and interest-bearing borrowing approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's and the Company's financial instruments:

Assets measured at fair value:

Group and Company

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
As at 31 December 2014				
Equity investments at fair value through profit or loss	**47**	**–**	**–**	**47**
As at 31 December 2013				
Equity investments at fair value through profit or loss	183	–	–	183

The Group and the Company did not have any financial liabilities measured at fair value as at 31 December 2014 and 2013.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2013: Nil).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of interest-bearing borrowing, amounts due to related companies and a substantial shareholder and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of entrusted loan. The Group's policy is to minimise borrowings. The Group had credit facilities from the entrusted loan facility of HK$189,450,000 and approximately HK$46,731,000 was utilised as at 31 December 2014.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2014 On demand HK$'000	Within 1 year HK$'000	Within 2 to 5 years HK$'000	Total HK$'000
Trade payables	–	24,425	–	24,425
Other payables and accruals	–	36,072	–	36,072
Amounts due to related companies	122,732	–	–	122,732
Amount due to a substantial shareholder	223,100	–	–	223,100
Interest-bearing borrowings	–	–	52,105	52,105
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	3,873	–	–	3,873
	349,705	60,497	52,105	462,307

Group

	2013 On demand HK$'000	Within 1 year HK$'000	Total HK$'000
Trade payables	–	32,002	32,002
Other payables and accruals	–	40,180	40,180
Amounts due to related companies	126,199	–	126,199
Amount due to a substantial shareholder	50,362	–	50,362
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	3,952	–	3,952
	180,513	72,182	252,695

Company

	2014 On demand HK$'000	Within 1 year HK$'000	Total HK$'000
Financial liabilities included in other payables and accruals	–	1,289	1,289
Amount due to a subsidiary	9,542	–	9,542
Amount due to a substantial shareholder	229,376	–	229,376
	238,918	1,289	240,207

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Company (Continued)

		2013	
	On demand HK$'000	Within 1 year HK$'000	Total HK$'000
Financial liabilities included in other payables and accruals	–	2,170	2,170
Amount due to a subsidiary	9,566	–	9,566
Amount due to a substantial shareholder	56,644	–	56,644
	66,210	2,170	68,380

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio calculated on the basis of interest-bearing borrowing over total equity. The Group targets to maintain a gearing ratio of 70% or below.

The gearing ratio is regularly reviewed by senior management. The gearing ratios as at the end of the reporting periods are as follows:

Group

	2014 HK$'000	2013 HK$'000
Interest-bearing borrowing	**46,731**	–
Total equity	**1,101,849**	1,159,893
Gearing ratio	**4.24%**	N/A*

* As at 31 December 2013, the Group had no interest-bearing borrowing and other borrowings.

44. COMPARATIVE AMOUNTS

Certain amounts in the consolidated financial statements for the year ended 31 December 2013 have been reclassified to be consistent with the current year presentation. These reclassifications have no effect on the previously reported loss for the prior year.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2015.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
TURNOVER	**26,127**	35,720	13,008	15,671	15,524
LOSS FOR THE YEAR	**(35,194)**	(29,042)	(10,065)	(23,191)	(5,182)

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**1,752,456**	1,595,167	710,906	320,890	183,828
TOTAL LIABILITIES	**(650,607)**	(435,274)	(319,822)	(35,845)	(37,847)
NET ASSETS	**1,101,849**	1,159,893	391,084	285,045	145,981

PARTICULARS OF MAJOR PROPERTIES

INVESTMENT PROPERTIES

Location	Intended Use	Category of lease term	Group's interest (%)
Jinliwan Resort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, The PRC	Commercial use	Medium	100%
Great China Eastern New World Square located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, The PRC	Commercial use	Medium	100%

PROPERTIES HELD FOR SALE

Location	Intended Use	Category of lease term	Group's interest (%)
Residential units of Block 1 and Block 2 Great China Eastern New World Square located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, The PRC	Residential use	Medium	100%
Three completed residential blocks and various residential blocks under construction located at Honghai Main road, Shanwei City, Guangdong Province, the PRC	Residential use	Long	100%
Five residentail blocks under construction located in Baian Peninsular, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC	Residential use	Long	100%

PARTICULARS OF MAJOR PROPERTIES

PROPERTIES UNDER DEVELOPMENT

Location	Gross Floor Area (square meter)	Stage of Completion	Lease Expiry	Group Interest	Anticipated completion
Two land parcels beside the Jinliwan Resort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC	87,444	Developing Stage	2052 for commercial use 2082 for residential use	100%	2018
No. 2 Island & No.3 Island inside Tonggang Reservoir of the Seventh Farm, Tanghai County, Tangshan City, Hebei Province, the PRC	189,661	Pending for development	2048 for commercial uses	99.99%	
A parcels of land located on the eastern side of Wuzishan, Zhelang Nanao Tourist Area; a parcel of land located on Gongqian Nanao Road East, Zhelangjiedao and two parcels of land located in Wantankeng, Zhelangjiedao Nanao Tourist Area, Shanwei City, Guangdong Province, the PRC	273,534	Developing stage	2054	100%	2019