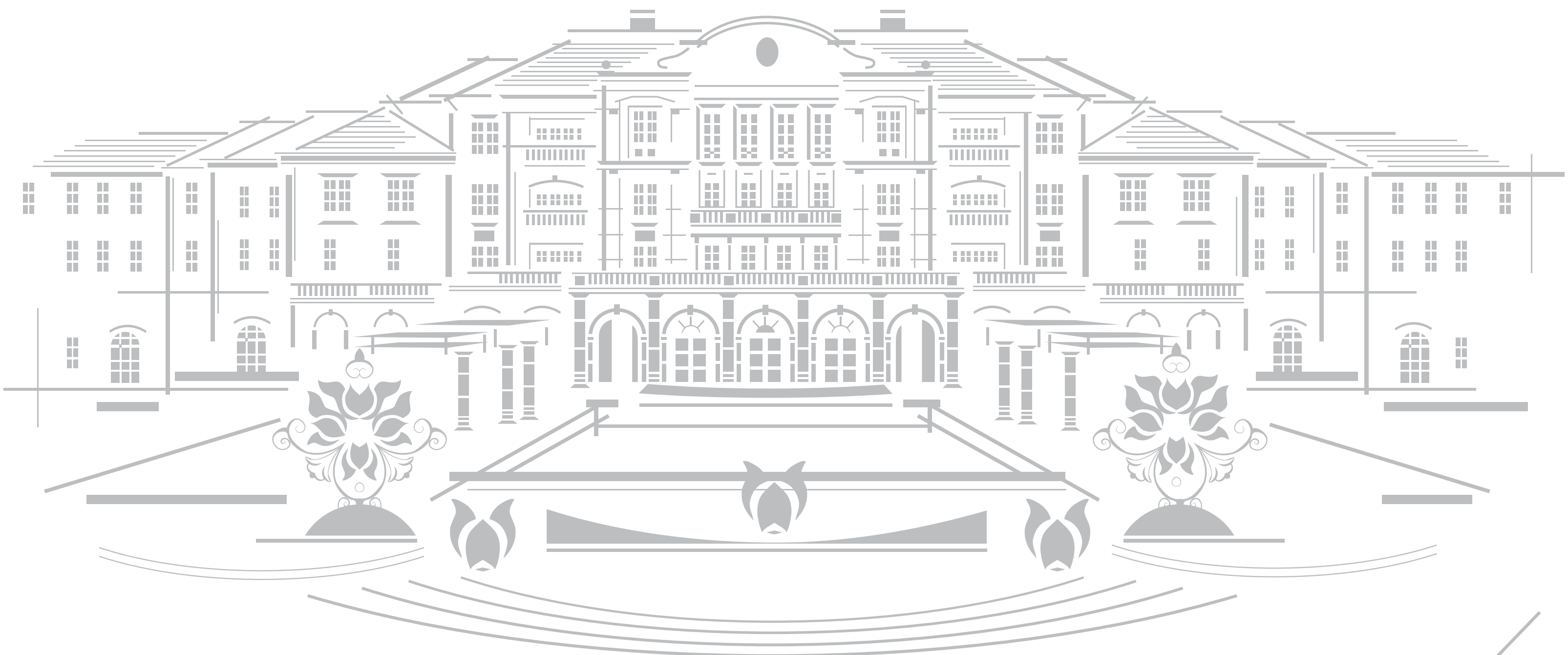
Annual Report 2014



绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 03900)

Welcome to your home of Greentown.
Walk into a world of luxury and style. Transform your dreams into reality here.

From the minute you set foot on the majestic doorway that leads into the elegant hallway, you will be embraced by the luxury and grace of a bygone era.

Traditional style combined with contemporary detailing gives the place a personal touch with a flair of splendour. Each unit is tastefully designed for home lovers who have an eye for quality and beauty. Nestled in breath-taking landscaped gardens, these homes allow you to experience the magical powers of nature in your own private setting. Join the Greentown family and live the dream of many others today. Find your home with Greentown and enjoy the luxury of life with peace of mind.

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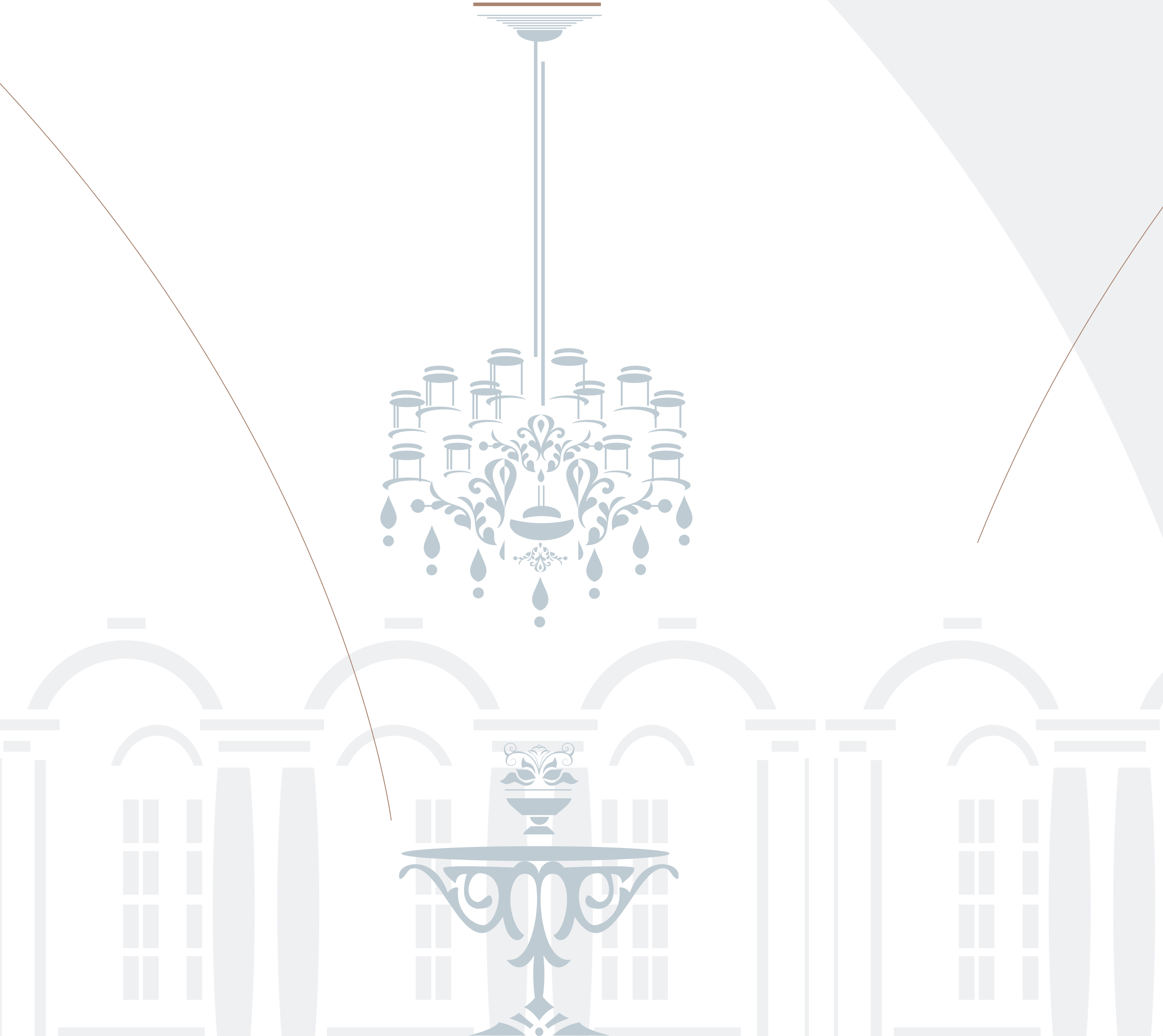
Corporate Profile



GREENTOWN CHINA HOLDINGS LIMITED IS ONE OF THE LEADING PROPERTY DEVELOPERS IN CHINA. IT COMMANDS A LEADING POSITION IN THE INDUSTRY BY LEVERAGING ON ITS QUALITY PROPERTIES. WE HAVE BEEN RANKED FOR TEN CONSECUTIVE YEARS AS ONE OF "THE TOP 100 CHINA REAL ESTATE COMPANIES: TOP 10 CHINA REAL ESTATE COMPANIES IN TERMS OF COMPREHENSIVE STRENGTH" JOINTLY BY THREE AUTHORITATIVE INSTITUTIONS, NAMELY DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, TSINGHUA UNIVERSITY REAL ESTATE RESEARCH CENTER AND CHINA INDEX INSTITUTE, AND WAS AGAIN NAMED "THE TOP 100 CHINA REAL ESTATE COMPANIES: TOP 10 CHINA REAL ESTATE COMPANIES IN TERMS OF CORPORATE SIZE". WITH THE EFFORTS ON SAFEGUARDING THE BUILDING OF PROPERTIES AND CHARITY SERVICES, GREENTOWN WAS AWARDED "CHINA REAL ESTATE ENTERPRISES WITH SENSE OF SOCIAL RESPONSIBILITY".

In March 2014, Greentown China Holdings Limited was named the "2014 Top 10 China Real Estate Companies", "2014 Top 10 China Real Estate Companies in terms of Comprehensive Strength". "2014 Top 10 China Real Estate Companies in terms of Comprehensive Development" and "2014 Top 10 China Real Estate Companies in terms of City Coverage". Greentown received these honors at the press conference of the Top 500 China Real Estate Companies Survey jointly organized by the China Real Estate Research Association, the China Real Estate Association and the China Real Estate Appraisal.

Since its establishment 20 years ago, the Group has been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities in Zhejiang Province such as Hangzhou, Ningbo, Wenzhou, Taizhou, Shaoxing and other cities amongst the Top 100 national most competitive county-level cities in Zhejiang Province, the Group has a sizable operation scale and enjoys a wide recognition. The Group has successfully set foot in other major cities located in Yangtze River Delta, including Shanghai, Nanjing, Suzhou, Wuxi and major cities in Bohai Rim Economic Belt, including Beijing, Tianjin, Qingdao, Jinan, Dalian and other provincial cities, such as Hefei in Anhui Province, Zhengzhou in Henan Province, Changsha in Hunan Province, and Urumqi in Xinjiang, which enabled the operating results to grow continuously and established an excellent brand image in various cities.

Being one of the leading large-scale property developers in the PRC and well known for its brand image of "building high-end positioned properties", Greentown successfully offers a wide range of high quality properties including villa, multistory apartment and high-rise apartment. On the basis of high-end housing, Greentown also develops large community and urban complex projects such as integrated residences, hotels, shopping malls, office buildings, schools and public buildings and other commercial properties. Greentown focuses on urban development and is committed to building a quality lifestyle for more people.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment from Wharf amounted to approximately HK$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of convertible securities (which has been redeemed in full in February 2014). As of 31 December 2014, Wharf (through its wholly-owned subsidiary) was interested in 24.29% of the total issued share capital of the Company.

On 23 December 2014, CCCG entered into a share purchase agreement with Mr SONG Weiping and other related shareholders pursuant to which CCCG agreed to acquire an aggregate of 524,851,793 shares of the Company at HK$11.46 per share in cash (representing a total consideration of approximately HK$6.015 billion). The transaction was completed on 27 March 2015. As at the date of this Report, CCCG is interested in 24.29% of the total issued share capital of the Company and it, along with Wharf, become co-largest shareholders of the Company.

On 31 December 2014, the total land bank of Greentown Group in China comprised a total GFA of over 34.89 million sqm, ensuring Greentown Group's sustainable and steady development in the coming future. Leveraging on its quality human resources and highly-effective corporate management structure, Greentown has established a strong presence in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities have provided a strong momentum for its further expansion.

Corporate Information

As at 31 December 2014:

Board of Directors

Executive Directors
Mr SONG Weiping *(Chairman)*
Mr SHOU Bainian
(Executive Vice Chairman)
Mr LUO Zhaoming *(Vice Chairman)*
Mr GUO Jiafeng
Mr CAO Zhounan

Non-Executive Directors
Mr NG Tin Hoi, Stephen
Mr TSUI Yiu Cheung

Independent Non-Executive Directors
Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Audit Committee

Mr SZE Tsai Ping, Michael *(Chairman)*
Mr TSUI Yiu Cheung
Mr JIA Shenghua
Mr HUI Wan Fai

Nomination Committee

Mr SZE Tsai Ping, Michael *(Chairman)*
Mr SHOU Bainian
Mr TSUI Yiu Cheung
Mr HUI Wan Fai

Remuneration Committee

Mr JIA Shenghua *(Chairman)*
Mr SHOU Bainian
Mr NG Tin Hoi, Stephen
Mr SZE Tsai Ping, Michael

Notes:

The following changes have been effected during the year ended 31 December 2014:

(i) The resignation of Mr JIANG Wei as an independent non-executive Director, and a member of the audit committee with effect from 8 August 2014.

(ii) The retirement of Mr TANG Shiding by rotation as an independent non-executive Director and ceased to be a member of the audit committee and the nomination committee on 27 June 2014.

The following changes have been effected from 27 March 2015:

(i) The appointment of Mr ZHU Bixin as an executive Director, co-chairman of the Board and a member of the nomination committee;

(ii) The appointment of Mr SUN Guoqiang as an executive Director, a member of the investment committee in place of Mr SHOU Bainian and a member of the remuneration committee;

(iii) The appointment of Mr Andrew CHOW as a non-executive Director, a vice chairman of the Board and a member of the remuneration committee and the investment committee in place of Mr NG Tin Hoi, Stephen;

(iv) The re-designation of Mr SONG Weiping from the chairman of the Board to a co-chairman of the Board;

(v) The resignation of Mr LUO Zhaoming as an executive Director and vice chairman of the Board;

(vi) The resignation of each of Mr GUO Jiafeng and Mr CAO Zhounan as an executive Director;

(vii) The resignation of Mr NG Tin Hoi, Stephen as a non-executive Director and a member of the remuneration committee and the investment committee; and

(viii) The resignation of Mr SHOU Bainian as an executive vice chairman of the Board and a member of the investment committee.

Registered Office

Maples Corporate Services Limited
PO Box 309, Ugland House
South Church Street
George Town, Grand Cayman
KY1-1104, Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town Grand Cayman
KY1-1110 Cayman Islands

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

as to Hong Kong law:
Ashurst Hong Kong

as to PRC law:
Zhejiang T&C Law Firm

as to Cayman Islands law and British Virgin Islands law:
Maples and Calder

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr SHOU Bainian
Mr FUNG Ching, Simon

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Everbright Bank Corporation Limited
Guangdong Development Bank Co., Ltd.
The Bank of East Asia, Limited
Standard Chartered Bank (Hong Kong) Limited

Hangzhou Headquarters

10/F, Block A, Century Plaza
No.1 Hangda Road
Hangzhou, Zhejiang
PRC
(Postal code: 310007)

Principal Place of Business in Hong Kong

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Fax: (852) 2576 1990

Stock Code

HKEx: 03900

Websites

www.chinagreentown.com
www.greentownchina.com

Financial Highlights

Five Years Financial Summary

Consolidated Results

	For the Year Ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**32,048,979**	28,990,570	35,392,506	21,963,747	11,161,260
Cost of sales	**(23,916,319)**	(20,215,201)	(24,678,810)	(14,555,354)	(7,759,927)
Gross profit	**8,132,660**	8,775,369	10,713,696	7,408,393	3,401,333
Other income	**1,209,064**	1,647,817	1,744,672	1,000,840	1,232,230
Expenses	**(3,821,011)**	(2,847,160)	(2,714,643)	(2,541,686)	(2,198,221)
Share of results of joint ventures and associates	**407,752**	1,570,036	513,475	833,167	564,971
Profit before taxation	**5,928,465**	9,146,062	10,257,200	6,700,714	3,000,313
Taxation	**(2,718,644)**	(3,155,857)	(4,204,149)	(2,582,772)	(1,084,766)
Profit for the year	**3,209,821**	5,990,205	6,053,051	4,117,942	1,915,547
Profit attributable to:					
Owners of the Company	**2,071,722**	4,885,514	4,851,123	2,574,637	1,531,774
Non-controlling interests	**1,138,099**	1,104,691	1,201,928	1,543,305	383,773
	3,209,821	5,990,205	6,053,051	4,117,942	1,915,547

Consolidated Assets and Liabilities

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**127,143,878**	122,335,702	107,707,296	127,976,528	125,358,954
Total liabilities	**92,298,570**	90,324,730	80,219,221	110,333,214	110,906,263
Total equity	**34,845,308**	32,010,972	27,488,075	17,643,314	14,452,691

Chairman's Statement

In 2015, with gradual adjustment of macroeconomic policy and increasing clarity on deregulation of the property market, the market conditions in term of policy regulation faced by property enterprises will be improved. However, after intensified adjustment of the property market, it is unlikely to return to a booming market in a short period of time. As the transition period, the year of 2015 will remain challenging. How long will the transition period last? Will it last for three or five years? In facing the challenges, we can only be perseverance, not pessimistic.

Make Every Effort to Do Right Things and Uphold the Corporate Values of Greentown

A good and healthy enterprise should be supported by a sound and comprehensive positive value system. There is no exception in modern or ancient times, in China or elsewhere. Greentown always adheres to its principles of "Sincere, Goodwill, Exquisite and Perfection". These are the cornerstones of Greentown's development over the past two decades and our driver at work and in persevering difficulties. They are the most precious market value of Greentown.

In 2014, we gained support and recognition from a vast majority of customers. All we have today were given by our customers. Greentown would not have existed without their support. Such feeling is particularly strong after a year of ups and downs. This is the result of upholding Greentown's basic value of "People-oriented and Customer-oriented" and the goodwill of Greentown for the past 20 years.

Let More People Have a Better Home

Everyone is entitled to enjoy a better life. The driving force of social development is to give people a better life with dignity.

We never consider that Greentown only builds houses for the rich. We are simply committed to providing better houses and services to more people. We build houses for young people and for the elderly. In particular, after the drastic changes in the real estate market, Greentown is now committed to building a better life for more people.

In the Internet era, we need to change our thinking and tools. From the development strategy of the Company to the product positioning of every project, we have to follow the trend of the society and the market and shift from "building houses" to "creating life". We will diversify our product range, further improve the elderly care services and develop suitable products for elder customers. We strive to creating a beautiful community and life for the elderly, youngsters and children.

Greentown as a Role Model of Shareholder Diversity in the PRC

The year of 2015 presents a historical development opportunity for Greentown with the introduction of CCCG.

CCCG is one of the most influential construction companies in the PRC and overseas with strong market recognition. Its strength in resources at home and abroad will complement the future development direction of Greentown. The brand influence and product creation capability of Greentown are fully compatible with the development needs of CCCG. The effective integration of both parties will have a profoundly positive impact on the future of Greentown. Greentown will make the endeavor towards a more vigorous, solid and healthy destination.

Combining the strength and national mission of the state-owned enterprise, Greentown's brand influence and persistence in its corporate values, together with the sound and highly efficient operation of Wharf as a Hong Kong-based enterprise, Greentown's future is promising. Greentown is also expected to become a role model of shareholder diversity in the PRC.

SONG Weiping
Co-chairman of the Board

27 March 2015

Zhejiang Anji Taohuayuan

Property Portfolio

Jinan National Games Project

Property Portfolio

Greentown in CHINA

14% Hangzhou
28% Zhejiang (excluding Hangzhou)
15% The Yangtze River Delta Area
28% The Bohai Rim River Delta Area
15% Other

Total GFA Exceeds
34.89 Million sqm

Zhejiang (excluding Hangzhou)
28.4%
Proportion to total land bank (%)
9,887,967
Total GFA (sqm)

Shandong
14.3%
Proportion to total land bank (%)
4,982,462
Total GFA (sqm)

Hangzhou
13.8%
Proportion to total land bank (%)
4,786,918
Total GFA (sqm)

Jiangsu
8.5%
Proportion to total land bank (%)
2,971,559
Total GFA (sqm)

Liaoning
6.7%
Proportion to total land bank (%)
2,343,482
Total GFA (sqm)

Shanghai
6.3%
Proportion to total land bank (%)
2,209,543
Total GFA (sqm)

Hainan
4.8%
Proportion to total land bank (%)
1,686,672
Total GFA (sqm)

Hebei
3.0%
Proportion to total land bank (%)
1,063,640
Total GFA (sqm)

Xinjiang
3.0%
Proportion to total land bank (%)
1,041,246
Total GFA (sqm)

Anhui
2.4%
Proportion to total land bank (%)
829,038
Total GFA (sqm)

Tianjin
2.3%
Proportion to total land bank (%)
813,606
Total GFA (sqm)

Hubei
2.2%
Proportion to total land bank (%)
760,792
Total GFA (sqm)

Beijing
1.7%
Proportion to total land bank (%)
606,555
Total GFA (sqm)

Hunan
0.9%
Proportion to total land bank (%)
307,546
Total GFA (sqm)

Henan
0.7%
Proportion to total land bank (%)
240,286
Total GFA (sqm)

Heilongjiang
0.5%
Proportion to total land bank (%)
187,669
Total GFA (sqm)

Inner Mongolia
0.5%
Proportion to total land bank (%)
170,520
Total GFA (sqm)

Province	No. of Projects	Site Area (sqm)	Total GFA (sqm)	% of Total
Hangzhou	19	2,001,435	4,786,918	13.8%
Zhejiang (excluding Hangzhou)	30	5,879,978	9,887,967	28.4%
Jiangsu	7	1,132,258	2,971,559	8.5%
Shanghai	12	623,645	2,209,543	6.3%
Shandong	10	2,167,980	4,982,462	14.3%
Hainan	1	1,692,886	1,686,672	4.8%
Beijing	3	294,295	606,555	1.7%
Other Cities	16	3,866,446	7,757,825	22.2%
Total	98	17,658,923	34,889,501	100%

Note: The figures for total GFA and saleable area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.

Yangtze River Delta Region

HANGZHOU

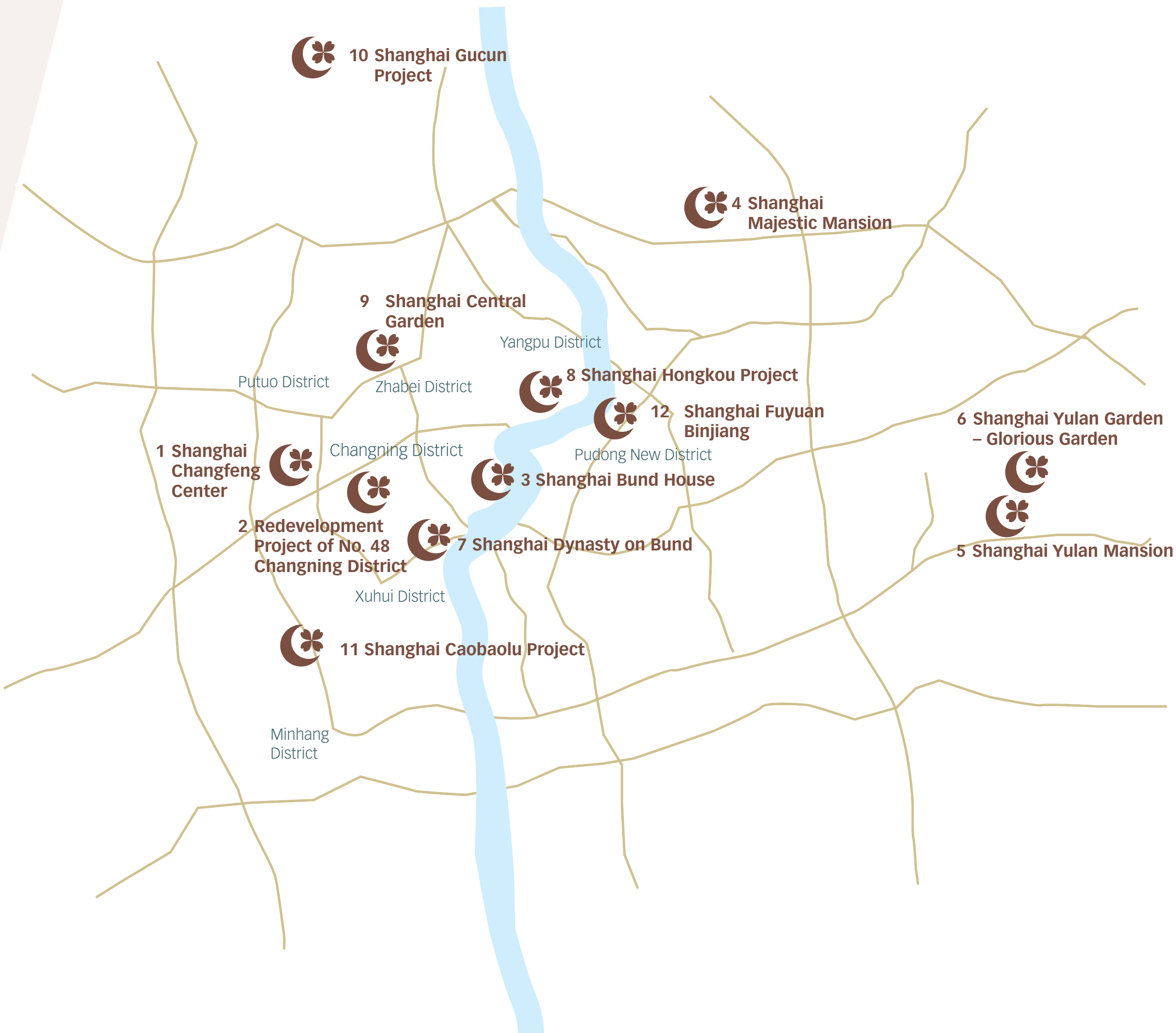
	Projects	Type of Properties	Equity Interest	Site Area	GFA
1	Hangzhou Orchid Residence	High-Rise Apartment, Serviced Apartment	85%	14,636	63,472
2	Hangzhou Idyllic Garden Luyunyuan	High-Rise Apartment, Villa	33%	116,208	294,667
3	Hangzhou Wulin No. 1	High-Rise Apartment	50%	104,442	461,607
4	Hangzhou Blue Patio	High-Rise Apartment, Villa	85%	104,653	208,704
5	Hangzhou Jade Garden	High-Rise Apartment	100%	5,629	77,748
6	Hangzhou Yunqi Rose Garden	Villa	51%	85,256	27,955
7	Hangzhou Sincere Garden Zhichengyuan	High-Rise Apartment	40%	50,013	161,030
8	Hangzhou Yuanfu Lane	Commercial	56%	10,558	27,238
9	Hangzhou Wangjiang Office	Office	56%	6,749	45,048
10	Hangzhou Hope Town	Integrated Community	45%	365,205	728,340
11	Hangzhou Taohuayuan	Villa, Hotel	64%	148,293	75,075
12	Hangzhou Xizi International	Urban Complex	30%	27,908	276,339
13	Hangzhou Center	Urban Complex	45%	22,566	248,260
14	Hangzhou Qiantang Mingyue	High-Rise Apartment	50%	70,227	187,574
15	Hangzhou Zhijiang No.1	Low-Rise Apartment, High-Rise Apartment	25%	85,496	270,679
16	Hangzhou Xinhua Garden	High-Rise Apartment	30%	37,360	141,719
17	Hangzhou Qibao Project	Urban Complex	51%	293,354	539,982
18	Hangzhou Arcadia Town	Integrated Community	50%	431,582	898,281
19	Project in Chengbei Village, Beigan Road, Xiaoshan District, Hangzhou	High-Rise Apartment	50%	21,300	53,200
	Total			2,001,435	4,786,918

ZHEJIANG


Huzhou
Deqing
Tongxiang
Haining
Lin'an
Zhoushan
Shaoxing
Fuyang
Yuyao
Ningbo
Zhuji
Xinchang
Jiande
Yiwu
Lishui
Taizhou
Wenzhou

	Projects	Type of Properties	Equity Interest	Site Area	GFA
1	Lin'an Mantuo Garden	Villa	15%	88,726	62,130
2	Lin'an Qingshan Lake Hongfengyuan	Villa	100%	102,657	46,533
3	Lin'an Qingshan Lake Rose Garden	Villa	50%	1,024,553	388,426
4	Jiande Chunjiang Mingyue	High-Rise Apartment	100%	15,611	174,780
5	Jiande Complex Project	Urban Complex	100%	79,321	161,130
6	Fuyang Harmony Garden	High-Rise Apartment, Villa	40%	25,001	88,017
7	Ningbo Center	Urban Complex	49.34%	58,016	669,880
8	Fenghua Rose Garden	High-Rise Apartment, Villa	31%	199,791	288,889
9	Yuyao Greentown Mingyuan	Low-Rise Apartment, High-Rise Apartment	47%	186,471	372,932
10	Zhuji Greentown Plaza	Urban Complex	90%	67,058	353,612
11	Xinchang Rose Garden	Villa	80%	66,806	20,764
12	Xinchang Orchid Residence	High-Rise Apartment	80%	69,618	174,045
13	Haining Lily New Town	High-Rise Apartment	50%	52,347	202,440
14	Wuzhen Graceland	Low-Rise Apartment, High-Rise Apartment, Villa	50%	296,884	545,942
15	Zhoushan Changzhidao	Integrated Community	96.875%	695,966	1,337,990
16	Zhoushan Daishan Sky Blue Apartment	High-Rise Apartment, Office	60%	68,488	154,833
17	Zhoushan Zhujiajian Dongsha Resort North Area	Villa, Serviced Apartment	90%	66,974	93,380
18	Zhoushan West Rose Garden	Low-Rise Apartment, High-Rise Apartment, Villa	51%	207,117	331,444
19	Huzhou Majestic Mansion	Villa	70%	47,038	54,938
20	Deqing Yingxi Arcadia	Low-Rise Apartment, High-Rise Apartment, Villa, Hotel	100%	179,902	279,671
21	Deqing Moganshan Project	Low-Rise Apartment, Villa	50%	609,358	354,180
22	Anji Taohuayuan	Villa, Hotel	15%	280,297	154,626
23	Taizhou Rose Garden	High-Rise Apartment, Villa	55.2%	91,377	152,549
24	Taizhou Yulan Plaza	Urban Complex	49%	81,574	319,085
25	Taizhou Ningjiang Mingyue	Integrated Community	51%	691,141	1,854,779
26	Tiantaishan Lianhua Resort Project	Villa, Hotel	100%	88,499	44,957
27	Linhai Rose Garden	Villa	51%	138,446	198,378
28	Lishui Beautiful Spring River	High-Rise Apartment, Villa	37.5%	86,961	213,586
29	Wenzhou Lucheng Plaza	Office, Hotel	90%	14,596	199,126
		Commercial	80%	59,682	172,589
30	Yiwu Rose Garden	High-Rise Apartment, Villa	35%	139,702	422,336
	Total			5,879,978	9,887,967

SHANGHAI


10 Shanghai Gucun Project
4 Shanghai Majestic Mansion
9 Shanghai Central Garden
Yangpu District
Putuo District
Zhabei District
8 Shanghai Hongkou Project
12 Shanghai Fuyuan Binjiang
6 Shanghai Yulan Garden – Glorious Garden
1 Shanghai Changfeng Center
Changning District
Pudong New District
3 Shanghai Bund House
2 Redevelopment Project of No. 48 Changning District
7 Shanghai Dynasty on Bund
5 Shanghai Yulan Mansion
Xuhui District
11 Shanghai Caobaolu Project
Minhang District

	Projects	Type of Properties	Equity Interest	Site Area	GFA
1	Shanghai Changfeng Center	Serviced Apartment, Office, Commercial	37.5%	90,270	360,239
2	Redevelopment Project of No. 48 Changning District, Shanghai	Office	20.4%	6,760	34,336
3	Shanghai Bund House	High-Rise Apartment	25.5%	50,017	266,422
4	Shanghai Majestic Mansion	Low-Rise Apartment, High-Rise Apartment	24.5%	75,091	167,384
5	Shanghai Yulan Mansion	Low-Rise Apartment, High-Rise Apartment	25%	60,206	118,731
6	Shanghai Yulan Garden – Glorious Garden	Low-Rise Apartment, High-Rise Apartment	24.5%	21,162	47,355
7	Shanghai Dynasty on Bund	Low-Rise Apartment, High-Rise Apartment, Serviced Apartment, Office	50%	72,449	453,039
8	Shanghai Hongkou Project	Serviced Apartment, Commercial	25.5%	10,239	57,866
9	Shanghai Central Garden	High-Rise Apartment, Serviced Apartment, Office, Commercial	50%	88,583	254,678
10	Shanghai Gucun Project	High-Rise Apartment	25.5%	66,170	170,403
11	Shanghai Caobaolu Project	High-Rise Apartment	25%	45,710	165,400
12	Shanghai Fuyuan Binjiang	High-Rise Apartment, Serviced Apartment, Commercial	11.515%	36,988	113,690
	Total			623,645	2,209,543

JIANGSU

	Projects	Type of Properties	Equity Interest	Site Area	GFA
1	Suzhou Taohuayuan	Villa	28.335%	213,852	263,090
2	Wuxi Yulan Garden	High-Rise Apartment	42.5%	38,831	121,240
3	Wuxi Yulan West Garden	High-Rise Apartment	19.5%	161,754	518,157
4	Changzhou Yulan Square	High-Rise Apartment	48.5%	356,537	1,207,835
5	Wuxi Lihu Camphora Garden	High-Rise Apartment,Villa	49%	116,268	436,012
6	Xuzhou Lagerstroemia Mansion	Low-Rise Apartment, High-Rise Apartment, Villa	60%	140,615	241,663
7	Suzhou Shishan Project	Low-Rise Apartment	50%	104,401	183,562
	Total			1,132,258	2,971,559

BOHAI RIM REGION

	Projects	Type of Properties	Equity Interest	Site Area	GFA
1	Beijing Majestic Mansion	Low-Rise Apartment	55%	241,247	229,445
2	Beijing Jinghang Plaza	Urban Complex	49%	39,455	280,821
3	Beijing Xiaoyunlu Project	Office	100%	13,593	96,289
4	Qingdao Ideal City	Integrated Community	80%	829,527	1,555,321
5	Qingdao Jiaozhou Lagerstroemia Square	Low-Rise Apartment, High-Rise Apartment	100%	158,904	424,153
6	Qingdao Deep Blue Square	Urban Complex	40%	34,924	357,110
7	Jinan National Games Project	Integrated Community	45%	324,922	695,982
8	Jinan Lily Garden	High-Rise Apartment	49%	121,803	393,820
9	Jinan Center	Serviced Apartment, Office	39%	16,830	150,770
10	Shandong Xueye Lake Taohuayuan	Integrated Community	49%	193,329	126,006
11	Xintai Yulan Garden	Low-Rise Apartment, High-Rise Apartment	70%	125,872	307,875
12	Qufu Greentown Sincere Garden	Low-Rise Apartment, High-Rise Apartment	100%	53,753	86,005
13	Zibo Lily Garden	Low-Rise Apartment, High-Rise Apartment, Villa	100%	308,116	885,420
14	Shenyang National Games Project	Integrated Community	50%	867,481	1,958,057
15	Dalian Deep Blue International	Office	90%	7,250	63,665
16	Dalian Taoyuan Lane	High-Rise Apartment	40%	85,700	321,760
17	Tianjin Azure Coast	Urban Complex	40%	9,238	106,487
18	Tianjin National Games Project	Integrated Community	50%	321,418	707,119
19	Tangshan South Lake Project	High-Rise Apartment	40%	345,173	1,063,640
	Total			4,098,535	9,809,745

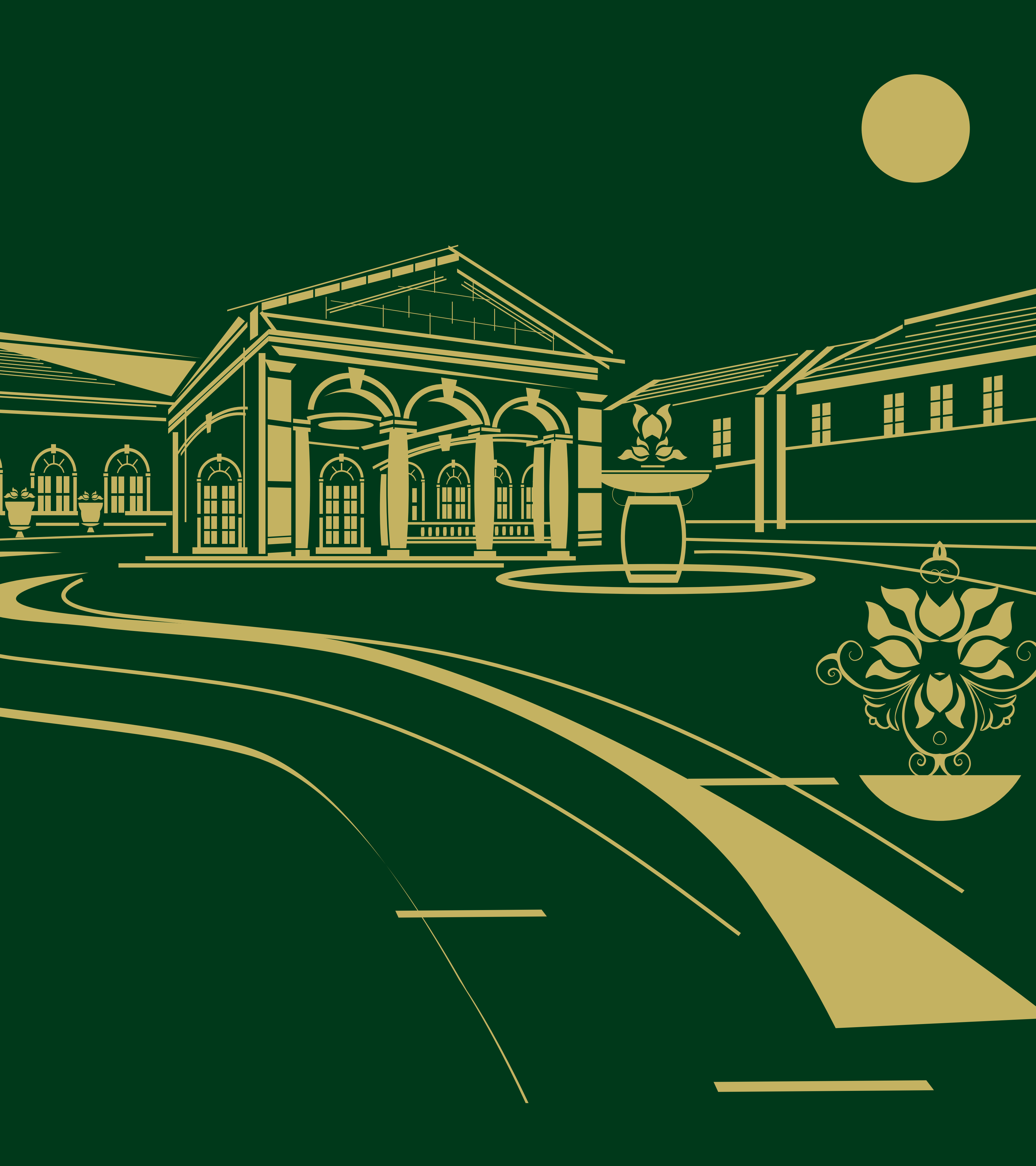
OTHERS

	Projects	Type of Properties	Equity Interest	Site Area	GFA
1	Hefei Jade Lake Rose Garden	High-Rise Apartment, Villa	100%	119,053	401,266
2	Xinjiang Jade Garden	High-Rise Apartment, Office	60%	53,188	129,265
3	Xinjiang Lily Apartment	High-Rise Apartment, Office, Commercial	50%	144,937	911,981
4	Changsha Bamboo Garden	Villa	49.47%	904,828	307,546
5	Zhengzhou Yanming Lake Rose Garden	Vila, Hotel	100%	125,391	58,588
6	Henan Xinyang Lily City	Low-Rise Apartment, High-Rise Apartment	20%	77,662	181,698
7	Hainan Greentown Blue Town	Integrated Community	51%	1,692,886	1,686,672
8	Hubei Huangshi Yulan Garden	High-Rise Apartment, Villa	30%	307,465	760,792
9	Daqing Majestic Mansion	Low-Rise Apartment, High-Rise Apartment, Villa	51%	100,872	187,669
10	Ordos Sincere Garden	High-Rise Apartment	10.5%	44,155	170,520
11	Anhui Ma'anshan Taibai Lake Rose Garden	Low-Rise Apartment, High-Rise Apartment, Villa	70%	352,635	427,772
	Total			3,923,072	5,223,769

Hangzhou Jade Garden

Management Discussion and Analysis

Zhejiang Yiwu Rose Garden



Operational and Management Review

In 2014, since the change in the PRC's policies regarding the real estate market (including the market differentiation regulations, reciprocal regulations and customised policy for different cities), the real estate market experienced a "new norm" in terms of development – there has been gradual slowdown in the growth rate of investment, increased level of inventory and more apparent market differentiation. The aggregate sales area of commodity housing in the PRC was 1,206.49 million sqm last year, representing a decrease of 7.6% compared to 2013. The aggregate sales revenue of commodity housing was RMB7,629.2 billion, representing a year-on-year decrease of 6.3% while an increase of 26.3% was recorded in 2013.

2014 is also a year of change for Greentown – after the events arising from the sale of equity interests and change of management, Greentown finally introduced CCCG as a strategic shareholder. Being a key state-owned enterprise supervised by State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") and one of the Global Top 500 Enterprises, CCCG is an iconic company in the PRC construction industry and is also one of the 21 state-owned enterprises permitted by the SASAC to engage in property development as its principal business. Greentown will be able to benefit from various aspects with the strategic support from CCCG, such as enhancing business expansion and growth and exploring new financial channels.

Zhejiang Deqing YingXi Arcadia

In view of the volatile market conditions and development opportunities arising from the "change" – the Company adjusted its strategies in a timely manner, promptly responded to risks in the real estate market, effectively seized the opportunities arising from the less tightened real estate policies rolled out by the government with respect to mortgage and purchase restrictions, actively promoted the optimization of quality projects and quality work, increased sales, continuously improved the level of customer satisfaction, lowered the cost of financing as well as prudently increased good-quality land reserve – these all opened a new chapter for the development of the Company.

Results Overview

In 2014, the Group recognized revenue of RMB32,049 million, representing an increase of 10.5%, from RMB28,991 million in 2013; gross profit was RMB8,133 million, representing a decrease of 7.3% from RMB8,775 million in 2013, of which gross profit from property sales amounted to RMB7,074 million, gross profit margin from property sales was 23.5%, representing a decrease from 28.4% in 2013. The decrease was mainly due to the relatively high land costs (as the majority of the lands of the projects with the revenue recognized during the Year were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry over the past few years).

The net profit for the Year was RMB3,210 million, representing a decrease of 46.4% from RMB5,990 million recorded in 2013. After deduction of post-tax effect of net gains from acquisitions, impairment losses or reversal of impairment loss on some assets, and changes in fair value of financial derivatives and gain from changes in fair value of investment properties, the core net profit for the Year was RMB3,379 million, representing a decrease of 36.0% compared to RMB5,279 million recorded in 2013. In addition to the decline of gross profit margin contributed by subsidiaries from the sales of properties, the decrease was also mainly due to the significant decrease of share of results of joint ventures and associates. During the Year, the share of results of joint ventures and associates decreased 74.0% to RMB408 million from RMB1,570 million in 2013. The decrease was mainly due to the impairment losses recognized by some joint ventures and associates, and the generally low gross profit margin of properties delivered during the Year. In 2014, the profit attributable to owners of the Company reached RMB2,072 million, representing a decrease of 57.6% as compared to RMB4,886 million recorded in 2013.

Pre-sales in the Year

In 2014, with the gradual relaxation or lifting of house purchase restrictions in numerous cities in the PRC, the policy aspect of the real estate market improved steadily. Leveraging on these opportunities and without compromising the high quality of products and by refining customer experience continuously, the Company adopted various means including flexible sales strategies, an incentive sales appraisal policy and appropriate and timely promotion to boost the overall sales of the Company.

Hangzhou Orchid Residence

For the year ended 31 December 2014, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) sold properties with an aggregate area of approximately 3.91 million sqm. Total contracted sales were approximately RMB79.4 billion, of which approximately RMB39.9 billion was attributable to the Group. As at 31 December 2014, in addition to contracted sales, Greentown Group recorded subscription sales of RMB3.0 billion, of which approximately RMB1.5 billion was attributable to the Group. Greentown Group has exceeded the annual sales target of RMB65.0 billion set at the beginning of the Year. In 2014, the overall average selling price was RMB20,264 per sqm, representing a slight increase as compared with RMB20,115 per sqm in 2013.

Ranking First in Residents' Overall Satisfaction for the Fourth Time

In 2014, Greentown came first in residents' overall satisfaction and customer loyalty in 12 cities and 9 cities respectively. Greentown has achieved remarkable results in the "China's Urban Resident Satisfaction Survey" for four consecutive years and this represents the market's unanimous acknowledgement of Greentown's unrelenting pursuit of high quality products and services. Greentown received this honor at a press conference held by the "China Real Estate Top 10 Research Team", formed jointly by the Development Research Center of the State Council, the Institute of Real Estate Studies at Tsinghua University and the China Index Academy in September 2014.

We hope to gradually transform our customers' level of product satisfaction into loyalty to the "Greentown" brand through our own efforts. Accordingly, over the course of this Year, through various channels, including customers' feedback and suggestions seminars, quality steering committee of property owners, supervisory committee of customer service quality etc., we have gathered customers' opinions and advice in order to improve the quality of our products and services and maintain our customers' loyalty. Through the comprehensive review of Greentown property owners' major concerns, we listened to their thoughts and planned to meet the different requirements of our property owners.

Greentown Group also ranked second in the "2014 China Real Estate Enterprises Top 10 Brand Value (Mixed Category)" with a brand valuation of RMB19.883 billion. Greentown Group has been named for the 11th consecutive year as one of the "China Real Estate Enterprises Top 10 Brand Value" since 2004.

Introduction of Strategic Shareholder

On 23 December 2014, CCCG entered into a sale and purchase agreement in relation to the sale and purchase of shares in the Company with, among others, Mr SONG Weiping, Ms XIA Yibo (the spouse of Mr SONG) and Mr SHOU Bainian, pursuant to which CCCG agreed to acquire an aggregate of 524,851,793 shares from the respective companies wholly-owned by Mr SONG, Ms XIA and Mr SHOU at HK$11.46 per share in cash (representing a total consideration of HK$6,014,801,547.78). Such transfer of Shares represented 24.29% of the total share capital of the Company as at the date of announcement. The transaction was completed on 27 March 2015. Please refer to the section headed "Events After the Balance Sheet Date" for details.

Offshore Financing

In January 2014, we successfully issued the subordinated perpetual capital securities in the aggregate principal amount of USD500 million with interest rate of 9% per annum. The proceeds from this financing were mainly utilised for early redemption of the perpetual subordinated capital securities issued to Wharf in 2012 with an aggregate principal amount of HK$2,550 million (equivalent to approximately USD410 million). This not only increased the amount of financing for the Company but also reduced the interest cost.

In addition, on 10 February 2015, the Company further issued USD200 million senior notes due in 2019 with an interest rate of 8.0% per annum. The proceeds from the issuance have been or will be used for refinancing certain existing short term debts and for general corporate purposes.

Land Bank

In 2014, Greentown Group acquired 11 new land sites, with a GFA of approximately 4.34 million sqm of which approximately 2.58 million sqm was attributable to the Group. The newly-added land sites' total land premium amounted to approximately RMB20.3 billion. The majority of the land premium was paid by business partners, while only approximately RMB3.0 billion was required to be paid by the Group in cash. As at 31 December 2014, Greentown Group had a total land bank of 98 projects (including projects under construction and projects held for construction) and a total GFA of 34.89 million sqm, of which 19.06 million sqm was attributable to the Group. Total saleable area amounted to 25.55 million sqm, of which 13.68 million sqm was attributable to the Group, while average land cost was RMB3,518 per sqm.

Outlook

The real estate market index in China has been declining since 2014. Property investments experienced a significant slowdown, thus gross floor area sold and sales volume both dropped on a year-on-year basis. The declining trend of housing prices spread to 70 large and medium cities. As adjustments to the property market continued to deepen, local governments began to remove restrictions on real estate purchases from June 2014 and continue to loosen regulatory control. Ultimately, the Central Bank also loosened mortgage rules for first-time home buyers and implemented measures to stimulate demand.

In 2015, under the government's policy guidance of "Adhering to differentiation guidance, policy implementation by land, implementation of local government's subject responsibility, support for owner-occupied and improvement-oriented housings demands to facilitate the stable and healthy development of the real estate market", the domestic real estate market is expected to continue its upward trend. The regulatory policy on the industry may be further relaxed and a variety of policies, such as lowering the interest rate and relaxation of purchase restriction, may be rolled out.

The entire profit model of the real estate industry has undergone fundamental changes with the gradual erosion of the land premium. Being able to cope with the trend of separation in investment and development, enhance the capability on professional development and living service, and realise added-value in both property development and services will be essential for the continuous survival and growth of enterprises.

From a long-term perspective, the PRC will undergo a steady urbanization process. Huge demand for home purchase driven by this trend will continue to fuel expansion of this industry. In 2015, the Company will focus on improving its finance, sales, product, service and manpower with the objective of "One Low, Five High", representing low debt ratio, high turnover, high reputation, high value for money, high added-value and high growth rate. With the initiative to develop strategic policies, we are well positioned for long term development.

Strategic Alliance for Development

In 2014, the Company successfully introduced CCCG, another strategic investor which has, along with Wharf, become co-largest shareholders of the Company. Being one of the Global Top 500 Enterprises and the market leader in the building segment, CCCG has strong advantage in resources. Its strengths will complement with the brand value, management experience and customer recognition of Greentown. Currently being the sole property platform of CCCG in the overseas listing arena, Greentown will benefit from the background of CCCG as a state-owned enterprise in terms of land acquisition, development and financing while CCCG will be able to expand its overall real estate segment rapidly with Greentown's assistance. On the other hand, Wharf, as a renowned Hong Kong blue-chip company with over one hundred years of history, has a wealth of practical experience in dealing with industry risk and market changes, which in turn will safeguard the rapid and healthy growth of Greentown. Greentown and Wharf together with CCCG represent a strong alliance in the market and will complement with each other to create strategic values.

Realise Product Diversity and Pursue Asset Light and Service Shift with Excellent Quality

After 20 years of development, the key strengths of Greentown have been gradually consolidated and optimized. In 2015, the Company will increase the proportion of investments in first-tier and key cities, expand the coverage in regions and further grow the production lines from high-end product to medium and high-end products, continuously enhance the cost effectiveness of the products, realise the diversity of product, expand the customer base and intensify the development of product which target at white collar customers in cities. Furthermore, the Company will restructure its assets actively to improve the liquidity and increase the proportion of asset-light businesses such as project management services. By leveraging on our brand and management expertise, we will fully utilize our commercial value in our capability regarding professional development.

Customer and community support is a valuable asset and driver of the Company. Continuous improvement of service quality is one of our long-term development strategies. In 2015, the Company will make a material change to its service strategy – we will increase investments in projects with a high level of return attributable by services, transform its service model from a traditional property management developer to a comprehensive and ideal living services provider, and explore and implement both a service model and a commerce model of the living services industry in China. We aim to integrate the online service channels such as the internet, Wechat, cloud computing and big data with the offline servicing mechanism to upgrade the Greentown Living Services System. By combining the wisdom living concepts together, we can provide more and better soft services to cover a comprehensive range of areas including education, healthcare, culture, health maintenance and retirement needs. These will improve both the value-added and value for money of Greentown's products, as well as customer recognition and satisfaction.

Jinan National Games Project

Quality is vital to Greentown. The Company will still adhere to the principle of "fine and excellence product" to ensure that high quality products are delivered even in volatile market conditions. The Company will focus on building the "Greentown" brand, increasing the brand impact and profitability and upgrading the brand positioning in order to strengthen market confidence and enhance our customer loyalty.

Refine Sales Strategies and Unwavering Efforts to Reduce Inventory

The Company's top priority in 2015 is to increase sales, expand sales channels and increase the inventory turnover. The Company will continue to maintain a clear strategy and effective management, learn from the good sales experience of our peers, and implement flexible sales and pricing strategies after taking into account some refined market research. In order to effectively reduce inventory, the Company will implement specific and effective measures to address the characteristics of different regions, cities and projects and to speed up the delivery of new housing projects and the sales of existing projects – with respect to regions with higher inventory and longer turnover period, we will refine sales strategies and adopt flexible pricing strategies, and increase turnover rates to ensure a steady capital flow for the Company's future development of new products more competitively. Meanwhile, we will continue to improve the quality of our products, enhance our product value, products' competitiveness and customer satisfaction to expedite the sales of our products.

Refine Financial Management and Reduce Finance Cost

Wharf, being a renowned property developer in Hong Kong with over a hundred years of history, has facilitated us in broadening our financing channels and improving our internal financial and risk management since it has become one of our largest shareholders. We believe that with CCCG becoming another largest shareholder of the Company, by leveraging on the strength of CCCG in global resources as a global Top 500 enterprise and a leading state-owned enterprise, CCCG will bring in further onshore and offshore financing opportunities to us, facilitate us in diversifying financing channels, improve our debt structure and reduce our finance costs.

By refining financial management and controls, we set to balance between quality and profit by conducting product research at the stage of land acquisition and planning. We will optimize the cost control mechanism, the bidding and tender mechanism and procedure supervision system in order to improve the cost controls for the whole production process.

Optimize Staff Structure and Enhance Team Competency

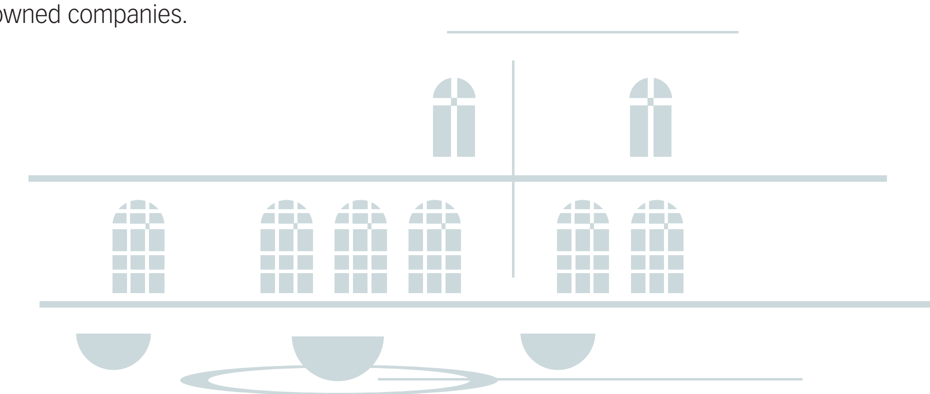
Being people-oriented is our development motto. The Company values staff advancement and development as a driver of the Group's long-term growth. In 2015, the Company will optimize the staff structure in five aspects to enhance the Company's overall competency. First, we will elucidate our manpower measure, strengthen supervision on the core values of our manpower, and employ talents with aspiration, sense of responsibilities and competency. Second, we will improve training for internal staff, build up a team of young operational managing staff, and increase our efforts on the nomination and recruitment of a team of young and middle-aged management talent in order to maintain the vitality of our senior management. Third, we will optimize our structure on talent recruitment, senior appointment and team composition to expedite the development of our versatile management talent with specific emphasis on operational management. Fourth, we will build a sound and stable scientific remuneration incentive system which links to the management and operational results of the Company. Fifth, we will pursue and facilitate the brain flow and transfer mechanism between Greentown and the renowned companies.

Looking ahead, Greentown has a long way to go. Faced with the policies and challenges of the market, we have to work closely with our strategic partners, fully commit ourselves to further mutual development, and continuously improve our products, services, sales, financial and manpower in order to enhance the Company's core competitiveness and sustainability and set a landmark on the real estate market in the PRC.

FINANCIAL ANALYSIS

Revenue

The revenue of the Group mainly derives from the sales of property, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During the Year, the revenue from property sales amounted to RMB30,111 million, accounting for 94.0% of the total revenue, and representing an increase of RMB2,651 million or 9.7% from RMB27,460 million in 2013. Such increase was mainly due to the increase in sales area. The sales area of properties delivered in 2014 was 1,936,916 sqm, representing an increase of 17.1% from 1,653,830 sqm in 2013.



Properties with the revenue recognized by subsidiaries during 2014 were as follows:

Projects	**Type of Properties**	**Area Sold** (sqm) (Note)	**Sales Revenue** (RMB million)	**% of Total**	**Average Selling Price** (RMB/sqm)
Hangzhou Orchid Residence	High-Rise Apartment, Serviced Apartment	93,149	3,744	12.4%	40,194
Shaoxing Lily Garden	High-Rise Apartment, Villa, Office	259,299	3,683	12.2%	14,204
Shanghai Rose Garden	Villa	51,374	2,522	8.4%	49,091
Taizhou Rose Garden	High-Rise Apartment, Villa	105,231	1,515	5.0%	14,397
Hainan Greentown Blue Town	High-Rise Apartment, Low-Rise Apartment, Villa	78,010	1,436	4.8%	18,408
Xinjiang Jade Garden	High-Rise Apartment	137,719	1,292	4.3%	9,381
Hangzhou Jade Garden	High-Rise Apartment	66,586	1,254	4.2%	18,833
Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment, Low-Rise Apartment	154,662	1,191	4.0%	7,701
Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment	101,868	1,076	3.6%	10,563
Zhuji Greentown Plaza	High-Rise Apartment, Villa	69,621	1,054	3.5%	15,139
Nantong Qidong Rose Garden	High-Rise Apartment, Low-Rise Apartment	96,599	928	3.1%	9,607
Others		722,798	10,416	34.5%	14,411
Total		**1,936,916**	**30,111**	**100%**	**15,546**

Note: Area sold includes above ground and underground areas.

Ningbo Yanfayuan

Hangzhou Taohuayuan

During the Year, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB9,446 million, accounting for 31.4% of the property sales, ranking first among all regions. Projects in Hangzhou area achieved sales revenue of RMB8,587 million, accounting for 28.5%, ranking second. Projects in Shandong area achieved sales revenue of RMB2,858 million, accounting for 9.5%, ranking third.

During the Year, sales revenue of high-rise apartment, low-rise apartment and serviced apartment reached RMB21,697 million, accounting for 72.1% of the property sales; sales revenue of villa reached RMB8,066 million, accounting for 26.8%; sales revenue of office reached RMB348 million, accounting for 1.1%.

During the Year, the Group achieved design and decoration revenue of RMB749 million, representing an increase of 28.7% from RMB582 million achieved in 2013. Such increase was mainly due to the gradual expansion of design and decoration business scale year by year.

The Group's revenue from project management in 2014 amounted to RMB461 million, representing an increase of 31.7% from RMB350 million in 2013, mainly consisting of project management revenue of Bluetown Property Construction Management Group Co., Ltd., a subsidiary of the Company. The momentum for the growth of project management is promising and its contribution to the Group is expected to increase in the coming years.

During the Year, the Group's revenue from hotel operations was RMB440 million, representing an increase of 44.3% from RMB305 million in 2013. The increase was mainly due to the additional revenue contributed by Hainan Greentown Blue Bay Resort, Hainan Westin Blue Bay Resort and Sheraton Qingdao Licang Hotel, etc, which have commenced operations in 2014. Furthermore, Greentown Qiandao Lake Resort, Sheraton Zhoushan Hotel and Sheraton Qingdao Jiaozhou Hotel which commenced operations in previous years also recorded an increase in operational revenue as a result of their stable customer base.

During the Year, the Group's rental income from investment properties was RMB122 million, representing a slight increase from RMB114 million in 2013, mainly attributed by the rental income from Oakwood Residence Beijing.

Gross Profit Margin from Property Sales

During the Year, the Group's gross profit from properties sales was RMB7,074 million and the gross profit margin of property sales was 23.5%, lower than 28.4% in 2013. The two main reasons for the decrease were the relatively high land costs (as the majority of the lands of the projects with the revenue recognized during the Year were acquired in 2009) and the relatively low selling price of the projects (as a result of the macro control measures imposed by the central government on the real estate industry over the past few years).

Other Income

During the Year, the Group realized other income of RMB964 million, representing an increase of RMB236 million from RMB728 million in 2013, mainly due to an increase in interest income and the recognition of RMB76 million dividends income from available-for-sale investments.

During the Year, the Group received interest income of RMB665 million, representing an increase of RMB171 million from RMB494 million in 2013, mainly due to the increase in interest income on amounts due from related parties.

Selling and Administrative Expenses
The Group's selling and administrative expenses during the Year amounted to RMB2,827 million, representing an increase of 20.8% from RMB2,340 million in 2013.

Human resources cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB950 million in 2014 (2013: RMB723 million), representing an increase of 31.4% as compared with last year, mainly due to an increase in the number of staff for an increased business scale and the optimization of the remuneration system in the Year. Expenses in marketing and related fees during the Year amounted to RMB556 million, in line with RMB561 million in 2013. During the Year, the daily operating expenses amounted to RMB864 million (2013: RMB664 million), increased 30.1% compared with last year. Save for the slightly increase in the Group's basic expenses such as office expenses, travel expenses, rental fees and entertainment expenses as the result of the price growth during the Year, the increase of the daily operating expenses was mainly due to the increased preliminary operating expenses incurred and depreciation in connection with the commencement of operation of Sheraton Qingdao Licang Hotel, Hainan Greentown Blue Bay Resort and Hainan Westin Blue Bay Resort, etc. in the Year.

In addition, the administrative expenses included a net foreign exchange loss of RMB22 million compared with a net foreign exchange gain of RMB90 million in other income in 2013, mainly due to a lot of borrowings of the Group denominated in foreign currency and the depreciation of Renminbi during the Year.

Financing Cost
During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB680 million (2013: RMB507 million). The total interest expenses during the Year was RMB3,125 million, representing an increase of 28.5% from RMB2,431 million in 2013, mainly due to the significant increase in the weighted average of loan balance outstanding during the Year. The weighted average interest cost during this Year was 7.9% per annum, lower than 8.7% per annum in 2013. During this Year, the capitalized interest was RMB2,445 million, at a capitalization percentage of 78.2%, which was quite consistent with 79.1% in 2013.

Share of Results of Joint Ventures and Associates
During the Year, the Group's share of results of joint ventures and associates was RMB408 million, representing a decrease of RMB1,162 million from RMB1,570 million in 2013, mainly due to the impairment losses recognized by some joint ventures and associates (refer to "Provision and Reversal of Provision for Impairment Losses") and the relatively low gross profit margin of the properties delivered in this Year.

During the Year, sales revenue from properties recognized by joint ventures and associates amounted to RMB39,416 million, representing an increase of 19.7% from RMB32,921 million in 2013, mainly due to sold areas increased by 39.5% from 1,503,542 sqm in 2013 to 2,097,973 sqm. However, the average selling price decreased by 14.2% from RMB21,896 per sqm in 2013 to RMB18,788 per sqm. During this Year, the gross profit margin of property sales generated by joint ventures and associates was 14.4%, mainly due to mark-to-market value appreciation recognized upon the acquisitions or high land price of the projects such as Shanghai Central Garden, Wenzhou Begonia Bay, Suzhou Majestic Mansion, Jinan Lily Garden and Hangzhou Zhijiang No. 1, resulting relatively high unit cost and low gross profit margin. As a result, the gross profit margin of property sales during this Year was affected.

Projects with the revenue recognized by joint ventures and associates during 2014 were as follows:

Projects		Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Shanghai Central Garden	Joint venture	High-Rise Apartment	162,793	5,473	13.9%	33,619
Hangzhou Bright Moon in Jiangnan	Joint venture	High-Rise Apartment	120,820	3,211	8.1%	26,577
Jinan Lily Garden	Joint venture	High-Rise Apartment	189,149	1,498	3.8%	7,920
Hangzhou Zhijiang No. 1	Joint venture	High-Rise Apartment	72,507	1,309	3.3%	18,053
Shanghai Yulan Garden – Glorious Garden	Associate	Low-Rise Apartment, High-Rise Apartment	79,882	3,132	7.9%	39,208
Shanghai Dynasty on Bund	Associate	High-Rise Apartment	44,664	2,583	6.6%	57,832
Wenzhou Begonia Bay	Associate	Low-Rise Apartment, High-Rise Apartment, Villa	105,138	2,304	5.8%	21,914
Ningbo Center	Associate	High-Rise Apartment, Office	94,580	2,086	5.3%	22,055
Jinan National Games Project	Associate	Low-Rise Apartment, High-Rise Apartment, Villa Serviced Apartment, Office	113,761	2,039	5.2%	17,924
Lishui Beautiful Spring River	Associate	High-Rise Apartment, Villa	122,137	1,861	4.7%	15,237
Wuxi Lihu Camphora Garden	Associate	High-Rise Apartment, Villa	82,831	1,326	3.4%	16,008
Others			909,711	12,594	32.0%	13,844
Total			**2,097,973**	**39,416**	**100%**	**18,788**

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During the Year, taxation included the LAT of RMB1,396 million (2013: RMB1,253 million) and enterprise income tax of RMB1,323 million (2013: RMB1,903 million). During the Year, the effective enterprise income tax rate was 32.1% (excluding share of results of joint ventures and associates), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain overseas subsidiaries and fair value changes on cross currency swaps, and the tax effect of non-deductible expenses.

Gain from Changes in Fair Value of Investment Properties

Investment properties are properties held for rental earning and are measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on investment properties of the Group. According to the results of the assessments, the gain from changes in fair value of investment properties amounted to RMB60 million in 2014 (2013: gain of RMB101 million).

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in the aggregate principal amount of RMB2,500 million and entered into cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank and Industrial & Commercial Bank of China (Asia) Limited. The fair value changes on such cross currency swaps realized loss of RMB121 million (2013: gain of RMB50 million) during the Year.

Provision and Reversal of Provision for Impairment Losses

The restriction on property purchases and credit tightening policies imposed by the State increased the level of risk and uncertainties of China's real estate market. In light of this, the Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on properties held by the Group. According to the results of the assessments, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment loss of RMB17 million for hotel property (Zhoushan Westin Zhujiajian Resort) in 2014 (2013: a reversal of impairment loss of RMB61 million). The Company's subsidiary Zhuji Yuedu Real Estate Co., Ltd. recognized impairment loss of RMB71 million for its completed properties for sale (Zhuji Greentown Plaza). In addition, an impairment loss of RMB122 million was made on the amount due from Shaoxing Greentown Baoye Real Estate Development Co., Ltd. (Shaoxing Jade Garden), a joint venture of the Group.

The Group's joint ventures and associates recognized a total impairment losses of RMB620 million, mainly from China Investment Development Co., Ltd., Hangzhou Haihang Greentown Real Estate Co., Ltd.(Hangzhou Sincere Garden Zhichengyuan), Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. (Suzhou Majestic Mansion) and Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. (Wuxi Lihu Camphora Garden), who recognized impairment losses of RMB250 million, RMB213 million, RMB89 million and RMB54 million for their properties respectively. Such impairment losses reduced the Group's share of results of joint ventures and associates by RMB217 million.

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2014, the balance of pre-sale deposits of the Group was RMB20,116 million, representing a decrease of RMB3,312 million or 14.1% from RMB23,428 million as at 31 December 2013.

As at 31 December 2014, the pre-sale deposits of joint ventures and associates was RMB42,098 million, representing a decrease of RMB628 million or 1.5% from RMB42,726 million as at 31 December 2013.

Financial Resources and Liquidity

As at 31 December 2014, the Group had bank balances and cash (including pledged bank deposits) of RMB9,084 million (as at 31 December 2013: RMB11,281 million). Total borrowings amounted to RMB35,815 million (as at 31 December 2013: RMB30,512 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB26,731 million (as at 31 December 2013: RMB19,231 million). The net gearing ratio (measured by net borrowings over net assets) was 76.7%, representing an increase from 60.1% as at 31 December 2013, which was mainly due to several bank and other borrowings obtained for payment for land cost and construction fees.

Greentown Group has obtained facilities of approximately RMB49.4 billion from commercial banks, of which approximately RMB18.3 billion was effectively drawn as at 31 December 2014.

Project Transfer

On 13 October 2014, the Group entered into a transfer agreement of shares and shareholder's loan with Sino-Ocean Land (Hong Kong) Limited ("Sino-Ocean"), pursuant to which, the Company had transferred 24.5% shares and shareholder's loan held in Poly Link Management Limited ("Poly Link") to Sino-Ocean for a total consideration of RMB1,090 million. Poly Link was formerly an associate of the Group, which indirectly held and developed the project of Hangzhou Ocean Mansion. As at 31 December 2014, the Group had received RMB1,060 million for the consideration amount of the transfer. The transfer increased the profit attributable to owners of the Company by RMB121 million.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were transacted in Renminbi. As the Group had deposits, bank and other borrowings, amounts due from and amounts due to related parties denominated in foreign currency and amounts due from and amounts due to the third parties denominated in foreign currency, and the aggregate amount of USD1 billion senior notes issued in 2013 were denominated in US dollars. In addition, the Company issued senior notes in the aggregate principal amount of RMB2,500 million in May 2013, and entered into cross currency swap contracts with certain banks. The Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates. The Group did not enter into any foreign currency hedging arrangements as at 31 December 2014.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2014, such financial guarantees amounted to RMB17,826 million (as at 31 December 2013: RMB17,625 million).

Pledge of Assets

As at 31 December 2014, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB26,217 million (as at 31 December 2013: RMB22,725 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2014, the Group had contracted, but not provided for, capital expenditure commitments of RMB13,786 million (as at 31 December 2013: RMB14,065 million) in respect of properties for development, properties under development or construction in progress.

Capital Expenditure Plan
In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently there is no material capital expenditure plan.

Human Resources
As at 31 December 2014, the Group employed a total of 5,050 employees (2013: 4,928). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

The Company has adopted the Share Option Scheme as an incentive to directors and eligible employees. Details of the Share Option Scheme are set out in note 33 to the Consolidated Financial Statements.

Retirement Benefit Scheme
The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

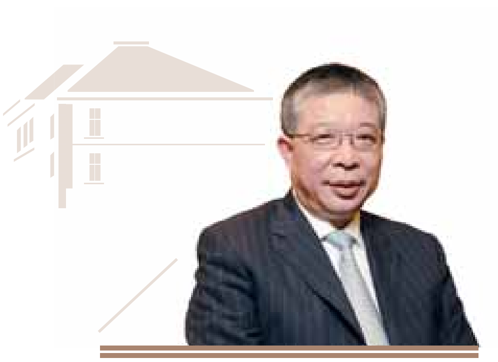
Zhejiang Zhoushan Changzhidao Camphora Garden

Biographical Details of Directors and Senior Management

SONG Weiping

Chairman of the Board and Executive Director
Born in 1958

Mr SONG Weiping founded our Company in January 1995, and is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. He is also a director of certain subsidiaries or associates of the Company. Mr SONG graduated from Hangzhou University with a bachelor's degree in history in 1982. In 2004 and 2005, Mr SONG was honored with the Ten Leaders of the Residential Property Sector in Zhejiang Award jointly by the Zhejiang Daily, the China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr SONG received the China Construction Architecture Award (Individual Contribution Award). Mr SONG was ranked as "2014 Top Ten Outstanding Real Estate Leaders of New Urbanization" in 2014. He is the vice chairman of the sixth Council of China Real Estate Association and the vice chairman of Zhejiang Provincial Real Estate Association. Mr SONG is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporations, namely Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. He is also a director of Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. Mr SONG was redesignated from the chairman of the Board to co-chairman of the Board with effect from 27 March 2015.



SHOU Bainian

Executive Vice Chairman of the Board, Executive Director and Chief Executive Officer
Born in 1954

Mr SHOU Bainian is primarily responsible for our overall business operations and financial management. He is also a director of certain subsidiaries and associates of the Company. Mr SHOU graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr SHOU joined us in April 1998. He is a vice chairman of Hangzhou Real Estate Association. Mr SHOU is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited. Mr SHOU has resigned as an executive vice chairman of the Board and a member of the investment committee with effect from 27 March 2015.

LUO Zhaoming

Vice Chairman of the Board and Executive Director

Born in 1966

Mr LUO Zhaoming is the president of China Investment Development Company Limited (中投發展有限責任公司), an associate of the Group, and is primarily responsible for the Group's customer relationships and landscape service system construction. Mr LUO graduated from Tongji University with a doctorate degree in management in 2005. In May 1993, Mr LUO acted as the general manager of Beijing Yayun Huayuan Real Estate Development Limited (北京亞運花園房地產開發有限公司). In May 1995, Mr LUO acted as a director and the chief executive officer of HKI Development Limited (香江國際發展有限公司) and he held that position until January 2006. In October 2006, Mr LUO established and acted as a director and the chief executive officer of Beijing Life Builder Co., Ltd (北京萊福建設有限公司). Mr LUO is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporation namely Tandellen Group Limited. Mr LUO also serves as a director of Tandellen Group Limited. He joined the Company in July 2009 and resigned as an executive director and vice chairman of the Board with effect from 27 March 2015.

GUO Jiafeng

Executive Director and Executive General Manager

Born in 1965

Mr GUO Jiafeng is primarily responsible for the property development projects in Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, etc. He graduated from Zhejiang School of Construction with a diploma in industrial and civil architecture in 1981. Mr GUO has over 27 years ample experience in project development and construction. He joined the Company in April 2000 and resigned as an executive director with effect from 27 March 2015.

CAO Zhounan

Executive Director and Executive General Manager

Born in 1969

Mr CAO Zhounan is primarily responsible for the management in relation to the overall operation of the Group and the construction management business managed by Greentown. He graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a Master's Degree from Université du Québec, Canada in 2009, majoring in Business Administration. From 1991 to 1995, he held office in Zhejiang Provincial Finance Bureau. From 1996 to 1998, he was the assistant to the county mayor of Zhejiang Province Yunhe County People's Government (浙江省雲和縣人民政府). From 1998 to 2001, he was a deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2009, he served as a vice general manager of the Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江省鐵路集團). He joined the Company in February 2009 and resigned as an executive director with effect from 27 March 2015.

NG Tin Hoi, Stephen

Non-Executive Director

Born in 1952

Mr NG Tin Hoi, Stephen, has been deputy chairman and managing director of The Wharf (Holdings) Limited (stock code: 00004.HK) since 1994. He joined the Wharf Group in 1981 and became director and chief financial officer in 1987. He was appointed as managing director in May 1989 and deputy chairman in June 1994. Among the Wharf Group's principal subsidiaries, he is the chairman of the board of directors of the following companies: Harbour Centre Development Limited (stock code: 00051.HK), i-CABLE Communications Limited (stock code: 01097.HK), Modern Terminals Limited, Wharf T&T Limited and The "Star" Ferry Company Limited.

Mr NG is also the deputy chairman of Wheelock and Company Limited (stock code: 00020.HK), and Chairman of Joyce Boutique Holdings Limited (stock code: 00647.HK). He is also the chairman of Wheelock Properties (Singapore) Limited, which is publicly listed in Singapore.

Mr NG was born and grew up in Hong Kong. He attended Ripon College in Ripon, Wisconsin, U.S.A. and the University of Bonn, Germany, from 1971 to 1975, and graduated with a major in mathematics. He is the vice chairman of The Hong Kong General Chamber of Commerce and a council member of the Employers' Federation of Hong Kong. He was appointed as our non-executive director on 15 June 2012 and resigned as non-executive director with effect from 27 March 2015.

TSUI Yiu Cheung

Non-Executive Director

Born in 1946

Mr TSUI Yiu Cheung, is an executive director and the group chief financial officer of Wheelock and Company Limited (stock code: 00020.HK) and also of its listed subsidiary The Wharf (Holdings) Limited (stock code: 00004.HK). Mr TSUI joined Wheelock/Wharf group in 1996 and is presently a director of certain other subsidiaries of Wheelock, including Harbour Centre Development Limited (stock code: 00051.HK) and i-CABLE Communications Limited (stock code: 01097.HK), and Wheelock Properties (Singapore) Limited, which is listed in Singapore. He is also the vice chairman of Wheelock Properties Limited, formerly a publicly-listed company until it became a wholly-owned subsidiary of Wheelock in July 2010. Furthermore, Mr TSUI is a director of Joyce Boutique Holdings Limited (stock code: 00647.HK). Mr TSUI is a Fellow of The Association of Chartered Certified Accountants, The Hong Kong Institute of Certified Public Accountants, the Chartered Institute of Management Accountants, The Institute of Chartered Secretaries and Administrators and also a member of the Certified General Accountants Association of Canada. He was appointed as our non-executive director on 2 August 2012.

JIA Shenghua

Independent Non-Executive Director

Born in 1962

Mr JIA Shenghua is a professor of Zhejiang University. Currently, Mr JIA is an associate director of the Department of Social Sciences of Zhejiang University, as well as the director of Zhejiang University's Property Research Center. Mr JIA graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA has taught and conducted research in property economics, property development, and enterprise management in China. He studied in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is currently also a council member of the Zhejiang Provincial Real Estate Association, and a member of the expert committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of Zhejiang Zhongda Group Co., Ltd. (stock code: 600704.SH), a company listed in Shanghai, and an independent non-executive director of Yinyi Real Estate Co., Ltd. (stock code: 000981.SZ), Rongan Property Co., Ltd. (stock code: 000517.SZ), and China Calxon Group Co., Ltd. (stock code: 000918.SZ), all listed in Shenzhen. He was appointed as our independent non-executive director on 22 June 2006.

KE Huanzhang

Independent Non-Executive Director

Born in 1938

Mr KE Huanzhang is currently the chief planning consultant of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was graduated in 1962 from Southeast University (東南大學) (formerly the Nanjing Industrial Institute (南京工學院)) and his major was construction. Mr KE has over 40 years of experience in the areas of housing, urban rural development and town planning. From 1979 to 1986, Mr KE served as the deputy section chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and senior town planning professor of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). He was appointed as our independent non-executive director on 22 June 2009.

SZE Tsai Ping, Michael

Independent Non-Executive Director

Born in 1945

Mr SZE Tsai Ping, Michael, has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and member of the Main Board Listing Committee of the Stock Exchange of Hong Kong Limited. Mr SZE is an independent non-executive director of GOME Electrical Appliances Holding Limited (stock code: 00493.HK), Harbour Centre Development Limited (stock code: 00051.HK) and Walker Group Holdings Limited (stock code: 01386.HK), all of which are listed in Hong Kong. Mr SZE is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute Certified Public Accountants and the Association of Chartered Certified Accountants and also a fellow of the Hong Kong Institute of Directors Limited. He was appointed as our independent non-executive director on 22 June 2006.

HUI Wan Fai

Independent Non-Executive Director

Born in 1976

Mr HUI Wan Fai is the managing partner of PAG (formerly known as Pacific Alliance Group). Mr HUI has previously served The Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006 where he acted as head of distressed investment for China. Mr HUI obtained a Master's degree in Business Administration from INSEAD in 2004 and a Master's degree in International and Public Affairs from The University of Hong Kong in 2002. Mr HUI obtained a Bachelor's degree in Business Administration from The University of Hong Kong in 1998. Mr HUI holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, The United States of America and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong. He was appointed as our independent non-executive director on 1 April 2012.

Senior Management

FU Linjiang, born in 1958, is an Executive General Manager of the Group. He is primarily responsible for overall operation and management of the Group. He graduated from Shanghai Institute of Electric Power with major in thermal dynamic engineering. He obtained a Master's Degree from Maastricht School of Management in 2002, majoring in international business administration. He is a National Senior Professional Manager, senior engineer and senior economist. From 1980 to 2010, he held office as general manager, chairman, party secretary and other positions in large state-owned enterprises. From 2006 till now, he has also been a professor in Shanghai Institute of Electric Power. He was a national labor model and a labor model in Zhejiang Province. He joined the Company in June 2010.

YING Guoyong, born in 1961, is a General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and management of our projects in Hangzhou Binjiang district, Linan, Zhejiang Deqing, Cixi, Lishui, Taizhou, Henan Zhengzhou, Shandong Xintai, etc. He graduated from Hangzhou University with a bachelor's degree in law in 1985. Between 1985 to 2001, he worked in Zhejiang Province CPC. School, CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd. He joined the Group in June 2001.

YANG Zuoyong, born in 1962, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is mainly responsible for the preliminary works of the project of the Group and project management of Wenzhou region. He graduated from China Communist Party School with major in finance and management in 1999. Between 1984 to 2006, Mr YANG held senior management positions in various government departments of Hangzhou City Westlake District. He joined the Group in January 2007.

GUO Xiaoming, born in 1972, is an Executive General Manager of Greentown Real Estate Group Co., Ltd (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and administration of projects in Hangzhou, Xiangshan, Hainan and Daqing. Between 1996 and 1999, he was the project officer of the Group's Hangzhou Jiuxi Rose Garden Project and the deputy manager of the engineering department. Between 1999 and 2007, he was the deputy manager of the engineering department, manager of the engineering department, assistant to general manager, deputy general manager and general manager of Hangzhou Taohuayuan Real Estate Development Co., Ltd., a subsidiary of the Group, Mr GUO is experienced in construction operation. He joined the Company in August 1996.

FUNG Ching, Simon, born in 1969, is the Chief Financial Officer, Company Secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2010, Mr FUNG served as the chief financial officer and secretary to the board of directors of Baoye Group Company Limited (寶業集團股份有限公司), a company listed in Hong Kong (stock code: 02355.HK), between 2004 and 2010, and he worked in PricewaterhouseCoopers between 1994 and 2004. Mr FUNG has over 10 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for PRC corporations listed in Hong Kong, and has 10 years of experience in auditing, accounting and business advisory with a "Big-4" international accounting firm. Mr FUNG graduated from the Queensland University of Technology in Australia with a bachelor's degree, majoring in accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the CPA Australia. Mr FUNG is currently an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際機場股份有限公司), a company listed in Hong Kong (stock code: 00357.HK), and he also serves as a non-executive director of Baoye Group Company Limited.

Sustainability and Corporate Social Responsibility

Facing the trend of continuous development of globalization, the question of how enterprises can achieve sustainability becomes an important issue for strategic development by modern enterprises. In fact, as a basic concept of establishing a harmonious relationship between enterprises and community, corporate social responsibility positions the role of enterprises in modern society, and is an important standard to determine the economic viability of an enterprise and the potential of market development. Greentown is of the view that fulfillment of social responsibility can raise the core competitiveness of enterprises, which paves the way for enterprises to be sustainable and secures absolute advantages under a rapidly developing market economy.

Over the past 20 years, Greentown has always been committed to developing quality properties and providing excellent customer services, which has contributed to our trusted brand name. At the same time, the Company inherits a strong sense of social and historical responsibility and proactively contributes to social, cultural and welfare services with the abundance of material and spiritual wealth that we have accumulated. We improve the community environment and enhance the quality of life within the Greentown estates through various kinds of quality services, and proactively commence diversified caring activities with a focus on serving people and contributing to the society.

Our Community

Senior College (頤樂學院)

We also show our love and care towards the elderly, the underprivileged ones, who have contributed their entire life to the society. We believe that in addition to their own children's care and concern, we should continue to value them, and assist them in finding their own value and spending the rest of their life happily. In this spirit, the Company invested in the development of Greentown Senior College, an elderly learning institution. It organizes structured learning activities based on the four curriculum themes of "healthy, happy, competent and successful elderly", which aims to provide the elderly with high quality educational programmes, Senior College programmes, and enables them to be well looked after, to be happy, to study and to contribute. As at the end of 2014, we had 36 Senior Colleges for the elderly in 20 cities across the country. There are 18 disciplines under five categories with 29 courses, 149 classes In total, of which 84 classes are dynamic courses and 65 classes are static courses, and 2,827 registered students.

Dolphin Plan (海豚計劃)

The Company set up the "Dolphin Plan" project since 2009. Under this project, professional coaches are hired to provide free swimming and lifesaving courses for the children of owners of our properties. As at 2014, Greentown had organized the "Dolphin Plan" project during the summer holidays for six consecutive years, offering free swimming courses to approximately 60,000 kids from ages 3 to 18 who live in Greentown's properties located in more than 50 cities across the PRC. From the children's perspective, the "Dolphin Plan" project provides them with a fun opportunity to meet with other children. From the parents' perspective, the "Dolphin Plan" is a good opportunity for their children to learn how to swim as well as to build up their comprehensive abilities. From the Company's perspective, it is the fulfillment of corporate social responsibility, which enables the children to learn to protect themselves and reduces harms. The number of participants of the "Dolphin Plan" project in 2014 was 16,927. During the project, the introduction of a series of activities including "the cutest sound of dolphin", "Press corps for little dolphin" enabled the children to gain friendship and grow while learning swimming skills.

Maple Leaf Action (紅葉行動)

As of 2014, we had held "Maple Leaf Action" for six times. The serving target of such activity is the elderly who live in the Greentown estates, which promote happy living and study. "Treating all elders as if they were our own parents, treating all children as if they were our own children", Greentown puts this old saying into practice, actively promotes the Chinese spirit of "kindness, love, obedience and justice" through a series of activities, and calls for the society to take care of the living and spiritual needs of the elderly, of which the "Star of Maple Leaf" banquet was the core activity reflecting the healthy lifestyle of the elderly owners in Greentown.

Neighbourhood Festival (鄰里節)

In 2014, the first Neighbourhood Festival was unveiled with a theme of "beautiful buildings, amazing living", and it embraced three chapters, "Neighbourhood happiness", "Neighbourhood love" and "Neighbourhood praise". We organized activities with themes including "Dinner with hundred families within Neighbourhood" and "Sports Day for Neighbourhood" in Spring and Autumn respectively, which created a platform of acquaintance, understanding and communicating among the owners of properties in the neighbourhood, and reconnected the close relationship between neighbours. Beginning with the "Neighbourhood Festival", Greentown wishes to create "a vivid living environment", foster a cultural atmosphere of harmonious neighbourhood, assist the construction of ideal towns, and eventually realize the living dreams of people.

From Dolphin Plan, Maple Leaf Action to Neighbourhood Festival, the culture of harmonious community created by Greentown has come to its early form and has been building up gradually. Starting from spring, Greentown coped with the continuous interaction in the online virtual community by linking the theme activities of four seasons throughout the year, which enhanced the mutual understandings between the property owners of Greentown, meticulously created harmonious cultural atmosphere between neighbours, facilitated the construction of "small towns" inspired by Greentown and finally realizing the one world concept depicted from The Operation of Etiquette, The Book of Rites in the modern world.

CSR Building

In addition to engaging in the creation of community culture, the Company is also committed to CSR building. In March 2015, with the efforts on safeguarding the property building and charity services, the Company was awarded "China Real Estate Enterprises with Sense of Social Responsibility". Meanwhile, the Company also actively provides support to the CSR building project in Hangzhou initiated in 2013. In accordance with the "Opinions on Strengthening Corporate Social Responsibility", the project devised a systematic evaluation system and techniques to assess our corporate social responsibilities. This assessment is based on integrity management, financial accounting and taxation, product quality, environmental conservation, low-carbon energy-saving, compliance with labor law, coordination policies, production safety, occupational health, charity, reputation among others. Greentown was ranked A class (no. 19) among 646 companies in this project.

Our Employees

Enterprises cannot make substantial gains from their businesses without the support and assistance of society. Therefore, it is a company's responsibility to contribute to the society following its success so as to fulfill its responsibilities and duties. Taking the initiative is one of the most crucial components of corporate responsibility. This means that the vast majority of the obligations undertaken by a company should be taken on a voluntary basis. CSR is by nature the moral principles above and beyond a company's economic behavior. It is important to focus on human values and the health, safety and interests of the society as well as the enterprise's contribution to the society in the course of operation. As to the employees, the Company insists on the "human-oriented" perspective, and believes that employees are the ultimate driving force of its development, and has been establishing and implementing a training platform for them. From the general managers of the project companies to new employees, we provide comprehensive training to all. This hierarchical training system guarantees coordinated improvement to the quality of our staff. Even though an employee may leave Greentown in the future, he/she will become a responsible individual trained by the Company and will be an asset to the society.

Staff Development and Training

In 2014, the Company held a total of 5 project-themed training sessions, 4 training sessions for agents and 4 training sessions for new employees. A total of 1,000 employees participated the courses. To contribute to the society and strengthen our spirit, we recruited a large number of staff to teach in remote areas. Over this period, the development project with the theme of "Envoy to Enlighten People in the Dark" for training the core members of the Company was organized including counseling, seminars, extracurricular activities and course lectures for the students from remote areas. This event was highly praised and well received by both the schools and the students.

Staff Health and Welfare

The Company's performance depends on the physical and mental health of our staff. Hence, other than staff training and development, we are also concerned about their health. The Company requests our staff to participate in our free medical check-up schemes twice a year and arranges for medical professionals to assess their medical reports. If any problems are discovered, doctors or nutritionists from Greentown hospitals as well as members from hospitals designated by local companies will visit the staff concerned in order to prescribe medication, provide health consultations and design nutrition and fitness schemes. To tackle any psychological problems of our staff arising from work pressure, the Company occasionally invites counselors from professional institutions to organize stress management seminars or to share health knowledge via internet or other means. Other than providing benefits for its employees, the Company also believes that the families of our staff should be cared for and loved. In order to solve the schooling problem of the children of our staff as top priority, the Company makes use of the resources on kindergarten, junior high school and high school education. We also have commercial medical insurance coverage for employees' children under the age of 18. In addition, in order to respect the suggestions and to satisfy the needs of the majority of our staff, as well as to improve the internal regulations of the Company, the Company holds the 5.1 Forum every year, where labor representatives will propose matters for discussion. These includes matters involving staff interests such as accommodation and meals, remuneration policy reform, working hours, leave arrangements and insurance benefits. Any poll results in relation to these matters will be publicized and implemented.

Our Customers

Being customer-centered is another feature of our corporate responsibility. It means that while seeking for our own interests, the enterprise will seek to improve the welfare of other stakeholders. We have various obligations and responsibilities towards our customers and property owners being our largest stakeholders. The Company strives to maintain long-term relationships with its customers and is committed to provide them with superior services and beautiful home.

Greentown Club

Greentown embodies the principle" customers come first". In 2005, the Company formed the Greentown Property Customer Club ("Greentown Club") in Hangzhou. Upholding the Group's corporate belief of "Honesty, Goodwill, Exquisite, Perfect", Greentown Club aims to convey the spirit of Greentown Group by offering comprehensive care to members and strengthening communication between members and the Company. By integrating the resources of medical, education, property management, hotel, club of Greentown Group and high quality resources from society, we are able to realize the merits of resources sharing and values adding. At the same time, Greentown Club is also committed to helping our customers fulfill the dream of home ownership and to providing full support for its members to enjoy an ideal lifestyle. To date, Greentown Club has become an organization with mature operations comprising a significant number of members. There are more than 200,000 members across the country, making Greentown Club one of the largest high-end customer groups in the PRC.

Quality Inspection

Property delivery is the process of turning a customer into a property owner. Therefore, the Company pays attention to property delivery. Frequent site inspections are carried out with care and with the view of value optimization and service enhancement, in order to build an ideal and warm home for property owners. Greentown's first-grade properties provide insight into how high-quality properties are delivered. Our staff conducts a detailed inspection in order to decide how the project area will be delivered. With the customers' interests in mind, any defects and deficiencies will be remedied once they are discovered. We guarantee a smooth process for all remedial work.

Greentown Living Services System (綠城園區生活服務體系)

After the completion of the property delivery process and a customer becomes a property owner, the Company establishes a comprehensive services scheme known as "Greentown Living Services System" by putting all community resources together. This system aims to enhance the quality of life of the property owners by transforming the service model from traditional property management to personal services. By providing three main service systems which include health care, cultural education and lifestyle, we hope to satisfy the needs of our customers and enhance the overall quality of their lives. Currently, the system has been promoted and implemented in more than 100 Greentown projects across the country. Through the integration of property development, community services and urban management, Greentown Living Services System not only provides intensive, refined, systematic and standardized services but also makes contributions to urban management. In 2007 our system was awarded the "Improvement in Urban Management in China" together with other outstanding government projects.

Ideal Town

In early 2014, Greentown commenced an in-depth study on the building of "Ideal Town". Being a participant, a researcher, a leader as well as an implementer of the Ideal Town, the Company adheres to the principle of "lifestyle building" with house-owners' need in mind. We aim to provide a lively living environment from the outset, to enrich the content of life, to nurture a cultural atmosphere and to achieve sustainability of the town. Currently, pilot schemes have been carried out in several projects. It is not only the further development of Greentown Living Services System but also an important manifestation of the sustainability of the Company.

Neighborhood Pledge

To further develop the neighborhood culture in Greentown's properties, Greentown carried out the "Neighborhood Pledge" scheme in its projects across the country, organising discussion among the owners to formulate the pledge of neighborhood which is in line with the community's circumstances, and calling all owners to comply with the pledge so as to make contribution on the building of a better home.

Investor Relations

Investor Relations and Communications with Shareholders

The Company has established various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial details, property projects and major events are available through publication of annual and interim reports, announcements, circulars, press releases, monthly newsletters and the Company's website.

The Board believes that effective investor relations can contribute towards lowering finance cost, improving market liquidity of the Company's shares, and building a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's latest business development and corporate strategies. A series of public events have been hosted right after certain significant events of the Company such as results announcements, important business development or financing activities. Directors and senior management will attend the events to answer investors' questions. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of relevant information and broader reach to investors.

During the Year, the Company had arranged over 50 site visits for the Group's projects, conducted over 200 investor meetings and telephone conferences, and attended 19 investor presentations organized by investments banks. Through these investor relations activities, the Group seeks to continuously improve interactions with investors, and maintain a high level of transparency in operation.

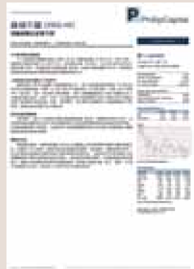
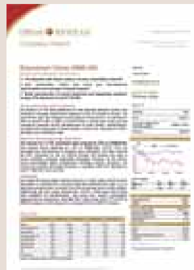
Key investor relations events held in 2014 are as follows:

Events	**Date**
2013 Annual Results Announcement – Press Conference and Analyst Briefing	24 Mar 2014
2014 Annual General Meeting	27 Jun 2014
2014 Interim Results Announcement – Press Conference and Analyst Briefing	25 Aug 2014

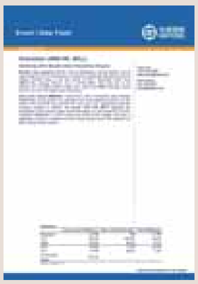
During the Year, in addition to investors and analysts company visits and "one-on-one" meetings, the Company also attended the following important investor relations activities:

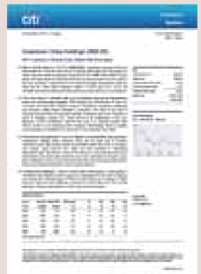
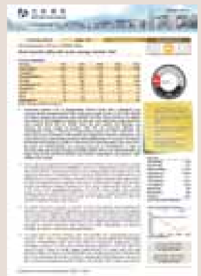
Date	Events	Organizer	Venue
6 Jan 2014	Barclays Select Series 2014: China Property Corporate Day	Barclays	Hong Kong
8 Jan 2014	Credit Suisse Asian Real Estate Conference 2014	Credit Suisse	Hong Kong
9 Jan 2014	BNP Paribas Regional FIG Conference	BNP Paribas	Hong Kong
9 Jan 2014	Nomura China Property Corporate Day	Nomura	Hong Kong
13 Jan 2014	12th Annual dbAccess China Conference 2014	Deutsche Bank	Beijing
14 Jan 2014	UBS 14th Greater China Conference	UBS	Shanghai
11 Apr 2014	UBS HK/China Property Conference 2014	UBS	Hong Kong
7 May 2014	Macquarie Greater China Conference 2014	Macquarie	Hong Kong
12-13 May 2014	19th CLSA China Forum	CLSA	Beijing
3 Jun 2014	CLSA HK/China Property Access Day	CLSA	Hong Kong
19 Jun 2014	BAML Greater China Property & Conglomerates Corporate Day	BAML	Hong Kong
13 Oct 2014	DB China Property Corporate Day	Deutsche Bank	Hong Kong
29 Oct 2014	Jefferies 4th Annual Asia Corporate AccessSummit	Jefferies	Hong Kong
4-5 Nov 2014	Citi China Investor Conference 2014	Citi	Macau
5-7 Nov 2014	BAML 2014 China Conference	BAML	Beijing
17-18 Nov 2014	Greater China CEO Summit 2014	Goldman Sachs	Hong Kong
19 Nov 2014	Nomura Annual Asian High Yield Corporate Day 2014	Nomura	Hong Kong
1 Dec 2014	BAML Greater China Property & Conglomerates Corporate Day	BAML	Hong Kong
10 Dec 2014	Nomura China Property Corporate Day	Nomura	Hong Kong

In 2014, there were 14 investment banks which had issued research reports* on Greentown, 7 of which gave a rating of 'buy', 3 gave a rating of 'neutral' and 4 gave a rating of 'sell'.

Investment Bank	Recommendation	Research Report
Deutsche Bank	Buy	
UBS	Buy	
CICC	Buy	
First Shanghai	Buy	
Phillip Securities	Buy	
CMS	Buy	
BNP Paribas	Buy	
Barclays	Neutral	

* Each of these research reports, representing an independent outsider's view on the Company which were independently produced by the writers and has not been verified or authorized by the Company, does not form part of this annual report and does not otherwise constitute any publication issued by, or any opinion, advice or view of, the Company.

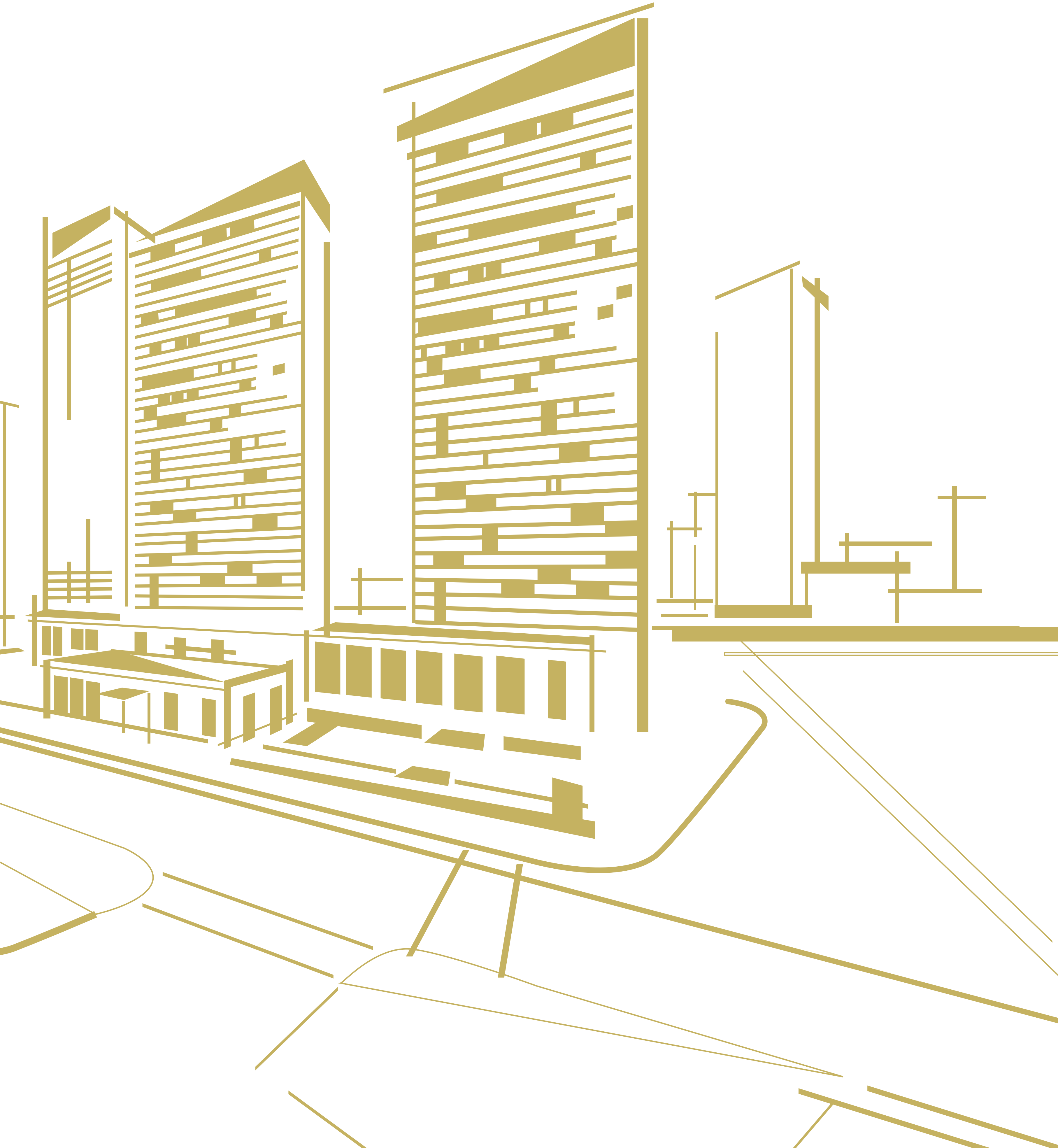
Investment Bank	Recommendation	Research Report
RHB-OSK	Neutral	
Jefferies	Neutral	
Haitong International	Sell	

Investment Bank	Recommendation	Research Report
Citi	Sell	
BOCOM International	Sell	
Goldman Sachs	Sell	

Our investor relations team will continue to enhance the quality of communication with its investors and maintain corporate transparency. To ensure easy access to the Company's updated information, all of the Company's published information including announcements, interim and annual reports, press releases, and monthly newsletters, are posted on the Company's website www.chinagreentown.com in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

Corporate Governance Report

Dalian Deep Blue Center



The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopt sound corporate governance practices to meet legal and commercial standards, with a focus on internal control and fair, transparent and timely disclosure.

Throughout the year ended 31 December 2014, the Board considers that the Company has met the code provisions as set out in the corporate governance code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules.

(A) The Board of Directors (for the year ended 31 December 2014)

The Board takes responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management. The daily business operations and administrative functions of the Group are delegated to the senior management.

Executive Directors

Mr SONG Weiping *(Chairman)*
Mr SHOU Bainian *(Executive Vice Chairman)*
Mr LUO Zhaoming *(Vice Chairman)*
Mr GUO Jiafeng
Mr CAO Zhounan

Non-Executive Directors

Mr NG Tin Hoi, Stephen
Mr TSUI Yiu Cheung

Independent Non-Executive Directors

Mr JIA Shenghua
Mr JIANG Wei*
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr TANG Shiding**
Mr HUI Wan Fai

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and each of the directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2014. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Directors' Responsibilities for Financial Statements

The directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The respective responsibilities of the directors and the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" on page 80 of this annual report.

Notes:

* Mr Jiang Wei resigned as an independent non-executive director and a member of the audit committee with effect from 8 August 2014.

** Mr Tang Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and the nomination committee on 27 June 2014.

Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practices adopted by the Company. He is also responsible for establishing corporate culture and developing strategies for the Company. The Chief Executive Officer focuses on developing and implementing policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations, and the formulation of the organization structure, management systems, and internal control procedures and processes of the Group.

As at 31 December 2014, the Chairman of the Board was Mr SONG Weiping and the Chief Executive Officer of the Company was Mr SHOU Bainian.

Non-Executive Directors

Wharf is a strategic shareholder of Greentown. Our non-executive directors are Mr NG Tin Hoi, Stephen and Mr TSUI Yiu Cheung, who are representatives of the Wharf Group and are very experienced and reputable individuals in the industry. With their wealth of experience and knowledge, they are in a position to provide valuable and practicable opinions on the Group's development and strategies. In addition, Mr NG Tin Hoi, Stephen is a member of our Investment Committee (alongside Mr SONG Weiping and Mr SHOU Bainian). The Investment Committee aims to provide guidance and supervision to us with respect to investment matters.

Independent Non-Executive Directors

Independent non-executive directors play a significant role in the Board by virtue of their independent judgment. Their views carry significant weight in the Board's decision. In particular, they provide impartial and multi-perspective opinions on the Group's development strategies, operational performance and internal control system. Every independent non-executive director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Group's particular situation. For the year ended 31 December 2014, each of the independent non-executive directors has confirmed his independence to the Company in accordance with the Listing Rules.

Board Meetings and Shareholders' Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. 10 Board meetings and 2 shareholders' meetings were convened in 2014. The attendance of each individual director at these Board meetings and shareholders' meetings is set out below:

	Number of Board meetings Attended/ held in 2014	Number of shareholders' meetings Attended/ held in 2014
Executive Directors		
Mr SONG Weiping *(Chairman)*	6/10	2/2
Mr SHOU Bainian *(Executive Vice Chairman)*	8/10	2/2
Mr LUO Zhaoming *(Vice Chairman)*	6/10	2/2
Mr GUO Jiafeng	8/10	2/2
Mr CAO Zhounan	8/10	2/2
Non-Executive Directors		
Mr NG Tin Hoi, Stephen	9/10	2/2
Mr TSUI Yiu Cheung	9/10	2/2
Independent Non-Executive Directors		
Mr JIA Shenghua	10/10	2/2
Mr JIANG Wei *	3/10	1/2
Mr KE Huanzhang	9/10	2/2
Mr SZE Tsai Ping, Michael	10/10	2/2
Mr TANG Shiding **	3/10	1/2
Mr HUI Wan Fai	10/10	2/2

* Mr Jiang Wei resigned as an independent non-executive director, and a member of the audit committee with effect from 8 August 2014.

** Mr Tang Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and the nomination committee on 27 June 2014.

All directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the company secretary at all times and may seek independent professional advice at the Company's expense. All directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the directors within reasonable time before meeting and the procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

Appointments, Re-election and Removal of Directors

Each of the executive directors, non-executive directors, independent non-executive directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and removal of the directors are described in the sections headed "Report of the Directors – Directors" and "– Directors' Service Contracts".

Directors' Continuous Professional Development

Each of the directors has participated in continuous professional development in 2014 in compliance with Code A.6.5 of the Corporate Governance Code.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, review the internal audit scheme formulated by the Internal Audit Department of the Group and the reports submitted by the Internal Audit Department. It is also responsible for reviewing affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive directors and non-executive directors. As at 31 December 2014, the Audit Committee comprised independent non-executive director Mr SZE Tsai Ping, Michael (Chairman), non-executive director Mr TSUI Yiu Cheung and independent non-executive directors Mr JIA Shenghua and Mr HUI Wan Fai.

The major tasks accomplished during the year include:

– reviewing the annual and interim results announcements, reports and financial statements of the Group;

– reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;

– monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;

– advising on material transactions of the Group and providing recommendations on related risks to management; and

– reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

During the year ended 31 December 2014, the Audit Committee held 3 meetings. The attendance of each individual member at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	3/3
Mr JIA Shenghua	3/3
Mr JIANG Wei*	2/3
Mr TANG Shiding**	2/3
Mr HUI Wan Fai	3/3
Non-Executive Director	
Mr TSUI Yiu Cheung	3/3

* Mr Jiang Wei resigned as an independent non-executive director, and a member of the audit committee with effect from 8 August 2014.

** Mr Tang Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and the nomination committee on 27 June 2014.

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. As at 31 December 2014, the Nomination Committee comprised independent non-executive director Mr SZE Tsai Ping, Michael (Chairman), executive director Mr SHOU Bainian, non-executive director Mr TSUI Yiu Cheung, and independent non-executive director Mr HUI Wan Fai.

The Nomination Committee adopted certain criteria and procedures in the nomination of new directors. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board adopts the policy of considering a variety of aspects, such as cultural and educational background, professional experience, skills and knowledge in the industry of the Group's business and the past employment track record.

During the year ended 31 December 2014, the Nomination Committee held 3 meeting. The attendance of each individual member at the Nomination Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	3/3
Mr TANG Shiding*	2/3
Mr HUI Wan Fai	3/3
Executive Director	
Mr SHOU Bainian	3/3
Non-Executive Director	
Mr TSUI Yiu Cheung	3/3

* Mr Tang Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and the nomination committee on 27 June 2014.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on directors' remuneration and other benefits to the Board.

The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. As at 31 December 2014, the Remuneration Committee comprised independent non-executive directors Mr JIA Shenghua (Chairman) and Mr SZE Tsai Ping, Michael, executive director Mr SHOU Bainian and non-executive director Mr NG Tin Hoi, Stephen.

During the year ended 31 December 2014, the Remuneration Committee held 1 meeting. During the year ended 31 December 2014, the Remuneration Committee have assessed the performance of directors and reviewed the remuneration packages of the directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Management Discussion and Analysis – Human Resources". The attendance of each individual member at the Remuneration Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua *(Chairman)*	1/1
Mr SZE Tsai Ping, Michael	1/1
Executive Director	
Mr SHOU Bainian	1/1
Non-Executive Director	
Mr NG Tin Hoi, Stephen	1/1

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as follows:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board on changes and updates;
- reviewing and monitoring the training and continuous professional development of the directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and
- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

Others – Investment Committee

Pursuant to the investment agreement entered into between the Group, Wharf and its subsidiaries on 8 June 2012, the Company has established an Investment Committee and appointed three members, namely, the executive directors Mr SONG Weiping and Mr SHOU Bainian and non-executive director Mr NG Tin Hoi, Stephen (being the representative of Wharf Group), for the purpose of providing guidance and supervision to the Group with respect to investment matters. Any acquisition of land or investment in any property development project to be carried out by the Group shall be submitted to the Investment Committee for consideration. For so long as the net gearing ratio of the Company is 100% or above, a written consent is required to be obtained from the representative of Wharf Group.

(B) Financial Reporting and Internal Controls

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditor

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor since 2004.

A breakdown of the remuneration received by the independent auditor for audit and non-audit services provided to the Company is as follows:

Service Item	2014 (RMB'000)	2013 (RMB'000)
Audit services (including interim review)	**5,140**	5,140
Non-audit services (mainly issuance of comfort letters for subordinated perpetual capital securities, senior notes and major transactions)	**300**	1,092
Total	**5,440**	6,232

The Audit Committee and the Board have agreed on the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Group for 2015, and the proposal will be submitted for approval at the annual general meeting of the Company to be held on 19 June 2015 (Friday).

Internal Controls

The Board is responsible for the internal control of the Group and reviewing its effectiveness. Procedures have been designed to safeguard company assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with the applicable laws, rules and regulations. The directors have conducted a review of the effectiveness of the internal control system of the Group, and reviewed and monitored the Company's internal management and operation during the year. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, joint ventures and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control is in place and functions properly as intended.

The independent auditors will report to the Company on the weaknesses (if any) in the Group's internal controls and accounting procedures which have come to their attention during the course of their audit work.

(C) Shareholder's Rights

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for an EGM. The written requisition(s), duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Hong Kong office of the Company.

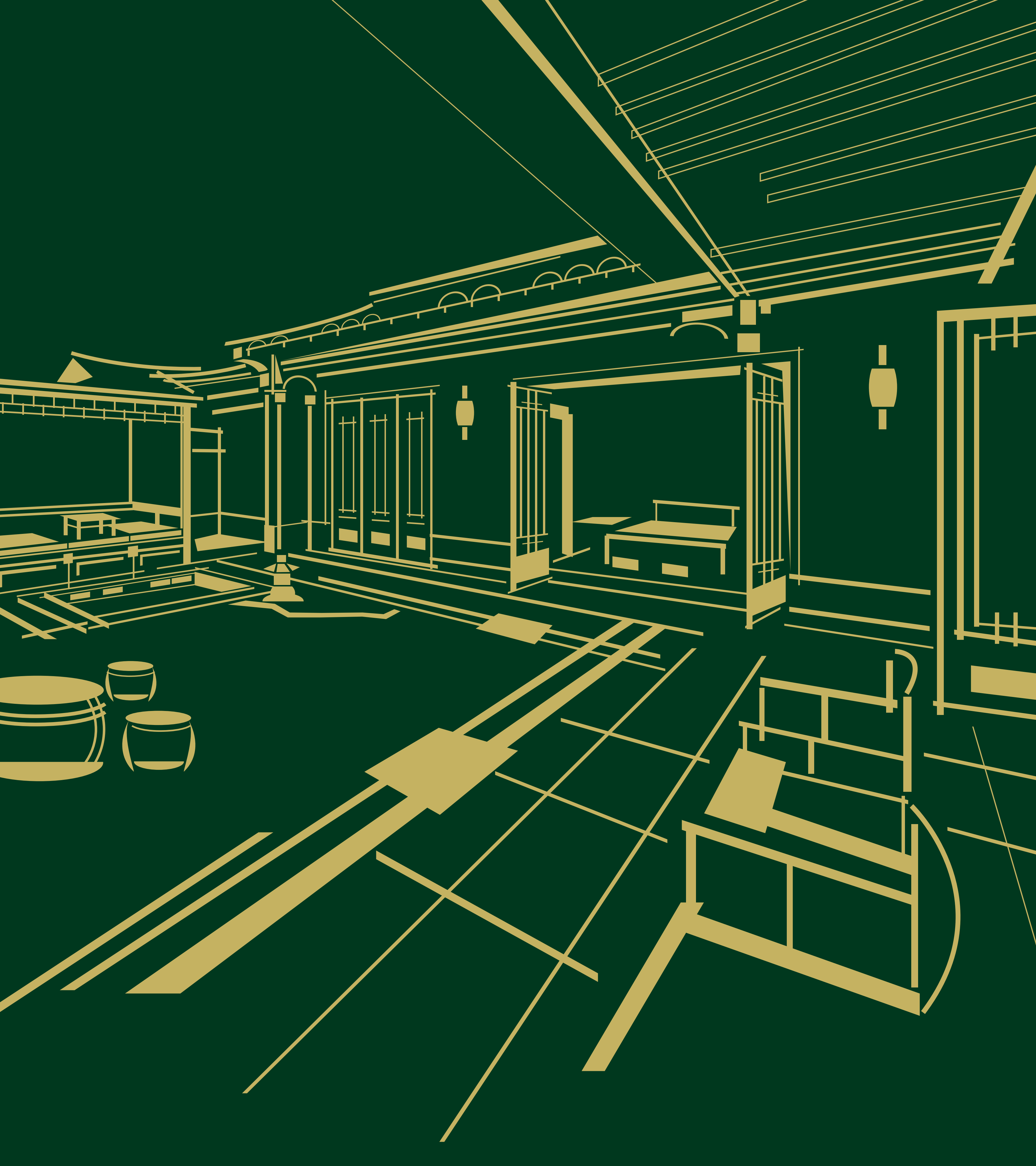
Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

The Memorandum and Articles of Association is published on the Company's website and the Stock Exchange's website.

Ningbo Center

Report of the Directors

Zhejiang
Anji Taohuayuan



Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2014 (the "Consolidated Financial Statements") to the Shareholders.

Company Incorporation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005. The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, joint ventures and associates are set out in notes 41, 18 and 17, respectively to the Consolidated Financial Statements. There was no significant change in the nature of the Group's principal business during the year ended 31 December 2014 (the "Year").

Financial Positions and Results

The financial positions of the Group as at 31 December 2014 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 83 to 84 of the annual report.

The results of the Group for the year ended 31 December 2014 prepared in accordance with IFRS are set out in the Consolidated Statement of profit or loss and other Comprehensive Income on page 82 of the annual report. A financial summary of the Group for the last five financial years is set out on page 6 of the annual report.

Reserves

Details of movements in reserves of the Group in 2014 are set out in the Consolidated Statement of Changes in Equity on pages 85 of the annual report.

Dividends

The Board has resolved not to declare any final dividend for the year ended 31 December 2014 (for the year ended 31 December 2013: RMB0.43 per share).

Segment Information

The reporting segments of the Group are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Others (including sale of construction materials, design and decoration, project management, etc.)

The segment information for the year ended 31 December 2014 is set out in note 7 to the Consolidated Financial Statements.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 15 to the Consolidated Financial Statements.

Details of Share Offering and Placing

	IPO	Placement 1	Placement 2	Placement 3
Listing place	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK$8.22 per share	HK$16.35 per share	HK$5.20 per share	HK$5.20 per share
Listing date	13 July 2006	4 May 2007	15 June 2012	2 August 2012
Number of issued shares	347,402,500 shares	141,500,000 shares	327,849,579 shares	162,113,714 shares

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 28 to the Consolidated Financial Statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2014.

Perpetual Subordinated Convertible Callable Securities

The 2012 perpetual subordinated convertible callable securities were early redeemed in February 2014.

Purchase, Sale or Redemption of the Listed Securities of the Company

Moon Wise Global Limited (月慧環球有限公司), a wholly-owned subsidiary of the Company, issued the subordinated perpetual capital securities ("perpetual securities") in the aggregate principal amount of USD500 million in January 2014, which are guaranteed by the Company and have an initial distribution rate of 9% per annum. The perpetual securities are listed on the Stock Exchange. The net proceeds from the issuance of perpetual securities is approximately USD493,781,000, which have been partly applied for redeeming the perpetual subordinated convertible callable securities in an aggregate principal amount of HKD2.55 billion issued in August 2012 to a wholly-owned subsidiary of Wharf, and the remaining balance was applied for refinancing certain existing short term debts and for general corporate operation purposes.

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

Directors

During the year ended 31 December 2014, the directors were as follows:

Executive Directors

Mr SONG Weiping *(Chairman)*
Mr SHOU Bainian *(Executive Vice Chairman)*
Mr LUO Zhaoming *(Vice Chairman)*
Mr GUO Jiafeng
Mr CAO Zhounan

Non-executive Directors
Mr NG Tin Hoi, Stephen
Mr TSUI Yiu Cheung

Independent Non-Executive Directors
Mr JIA Shenghua
Mr JIANG Wei (up to 7 August 2014)
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr TANG Shiding (up to 27 June 2014)
Mr HUI Wan Fai

During the Year, Mr JIANG Wei resigned as an independent non-executive director and a member of the audit committee with effect from 8 August 2014. Mr TANG Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and nomination committee on 27 June 2014.

As at the date of this Report, Mr SONG Weiping has been re-designated from the chairman of the Board to a co-chairman of the Board; Mr LUO Zhaoming has resigned as an executive director and vice chairman of the Board; each of Mr GUO Jiafeng and Mr CAO Zhounan has resigned as an executive director; Mr NG Tin Hoi, Stephen has resigned as a non-executive director and a member of the remuneration committee and the investment committee; Mr SHOU Bainian has resigned as an executive vice chairman of the Board and a member of the investment committee; Mr ZHU Bixin has been appointed as an executive director, co-chairman of the Board and a member of the nomination committee; Mr SUN Guoqiang has been appointed as an executive director, a member of the investment committee in place of Mr SHOU Bainian and a member of the remuneration committee; Mr Andrew CHOW has been appointed as a non-executive director, a vice chairman of the Board and a member of the remuneration committee and the investment committee in place of Mr NG Tin Hoi, Stephen. All of the above changes have been effected from 27 March 2015.

In accordance with Article 130 of the Company's Articles of Association, one third of the directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Mr SONG Weiping, Mr TSUI Yiu Cheung, Mr JIA Shenghua and Mr SZE Tsai Ping, Michael will retire at the forthcoming annual general meeting of the Company (the "AGM"). In addition, according to Article 114 of the Articles of Association of the Company, any director appointed by the Board will hold office until the first general meeting of the Company after his/her appointment. Therefore, Mr ZHU Bixin, Mr SUN Guoqiang and Mr Andrew CHOW will retire at the AGM. Each of Mr SONG, Mr TSUI, Mr JIA, Mr SZE, Mr ZHU, Mr SUN and Mr CHOW, being eligible in accordance with the Articles of Association of the Company, will offer himself for re-election.

Directors' Service Contracts

As of 31 December 2014, each of the executive directors had entered into a service contract with the Company for an initial term of three years and shall continue thereafter until terminated by either party by giving not less than three months' prior notice in writing and each of the non-executive directors and independent non-executive directors had been appointed by the Company for a term of three years.

Apart from the foregoing, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Group are set out on pages 37 to 42 of the annual report.

Remuneration of Directors

The remuneration of the directors is disclosed on an individual named basis in note 11 to the Consolidated Financial Statements.

Highest Paid Individuals

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 11 to the Consolidated Financial Statements.

Independence of Independent Non-executive Directors

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and Chief Executive's Interests in Securities

As at 31 December 2014, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares	Family Interests	Interest of Controlled Corporation	Total Number of Shares and Underlying Shares held	% of Issued Share Capital of the Company held
Mr SONG Weiping	1,089,000 (note 1)	68,859,000 (note 2) (note 5)	472,124,000 (note 3) (note 5)	542,072,000	25.08%
Mr SHOU Bainian	–	–	384,490,500 (note 4) (note 5)	384,490,500	17.79%
Mr LUO Zhaoming	15,000,000 (note 6)	–	100,000,000 (note 7)	115,000,000	5.32%
Mr CAO Zhounan	3,359,000 (note 8)	–	–	3,359,000	0.16%

Notes:

(1) It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK$2.89 per share from 22 January 2009 to 21 January 2019.

(2) Mr SONG is deemed to be interested in such shares held by Wisearn Limited ("Wisearn"), a company wholly-owned by his spouse, Ms XIA Yibo ("Ms Xia").

(3) Mr SONG, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 372,124,000 shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG is deemed to be interested in 100,000,000 shares of the Company held by HKOO Foundation notwithstanding that Mr SONG is not beneficially interested in such shares.

(4) Mr SHOU is deemed to be interested in such shares as the sole shareholder of Profitwise Limited ("Profitwise").

(5) Mr SONG, Delta, Mr SHOU, Profitwise, Ms XIA, Wisearn and CCCG entered into an agreement on 23 December 2014, pursuant to which each of Delta, Profitwise and Wisearn agreed to sell 246,052,076, 209,940,717 and 68,859,000 Shares, respectively, to CCCG and/or its wholly-owned subsidiary(ies). The transaction was completed on 27 March 2015.

(6) Pursuant to the Share Option Scheme, these share options were granted on 17 July 2009 and are exercisable at HK$11.59 per share from 17 July 2009 to 16 July 2019.

(7) Mr LUO is deemed to be interested in such shares held by Tandellen Group Limited ("Tandellen"), a company which is 50% owned by him and 50% owned by his spouse, Ms RUAN Yiling.

(8) Pursuant to the Share Option Scheme, these share options were granted on 13 May 2009 and are exercisable at HK$7.16 per share from 13 May 2009 to 12 May 2019.

Long Position in Debentures of the Company

Name of Director	Personal Interest in the Underlying Debentures	Family Interest	Corporate Interest
Mr SZE Tsai Ping, Michael	–	US$300,000 (note 1)	–

Note:

(1) These debentures are held by Ms Yu Ka Po Ruby, the spouse of Mr SZE Tsai Ping. Accordingly, Mr SZE Tsai Ping, Michael is deemed to be interested in these debentures.

Long Position in Shares and Underlying Shares of Associated Corporations of the Company

Name of Director	Name of Associated Corporation	Capacity	Interest in Registered Capital	% of the Total Registered Capital
Mr SONG Weiping (note 1)	Bluetown Construction Management	Beneficial owner	RMB69,200,000	34.6%
Mr CAO Zhounan (note 2)	Bluetown Construction Management	Beneficial owner	RMB20,000,000	10%

Save as disclosed above, as at 31 December 2014, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2014, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (Note 1)	Capacity in Which Interests are Held	% of Issued Share Capital of the Company Held
Ms XIA Yibo	(note 2)	542,072,000 (L)	Interest of a controlled corporation and interest of spouse	25.08%
Delta	(note 3)	372,124,000 (L)	Beneficial owner	17.22%
HKOO Foundation	(note 3)	100,000,000 (L)	Beneficial owner	4.63%
Profitwise	(note 4)	384,490,500 (L)	Beneficial owner	17.79%
Ms RUAN Yiling	(note 5)	115,000,000 (L)	Interest of a controlled corporation and interest of spouse	5.32%
Tandellen	(note 6)	100,000,000 (L)	Beneficial owner	4.63%
Lehman Brothers Holdings Inc.	(note 7)	101,400,450 (L)	Interest of controlled corporations	4.69%
		31,868,575 (S)	Interest of controlled corporations	1.47%
HSBC Trustee (C.I.) Limited	(note 8)	524,851,793 (L)	Interest of controlled corporations	24.29%
Wheelock and Company Limited ("Wheelock")	(note 9)	524,851,793 (L)	Interest of controlled corporations	24.29%
Wharf	(note 10)	524,851,793 (L)	Interest of controlled corporations	24.29%
CCCG	(note 11)	524,851,793 (L)	Others	24.29%

Notes:

(1) The letter "L" denotes a long position. The letter "S" denotes a short position.

(2) Ms XIA, being the sole shareholder of Wisearn, is deemed to be interested in 68,859,000 shares held by Wisearn pursuant to Part XV of the SFO. Ms XIA is the spouse of Mr SONG. Accordingly, pursuant to Part XV of the SFO, Ms XIA is also deemed to be interested in: (i) 372,124,000 shares held by Delta, a company of which Mr SONG is the sole shareholder; (ii) 100,000,000 shares held by HKOO Foundation, a charitable institution established by Mr SONG of which Mr SONG is the sole member (notwithstanding that neither Mr SONG nor Ms XIA is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG. The aforesaid represents an aggregate of 542,072,000 shares.

(3) A company controlled by Mr SONG by virtue of SFO, details of which are disclosed above.

(4) A company controlled by Mr SHOU by virtue of SFO, details of which are disclosed above.

(5) Ms RUAN Yiling is deemed to be interested in 100,000,000 shares held by Tandellen, a company as to 50% owned by her and 50% owned by her spouse, Mr LUO, and deemed to be interested in 15,000,000 share options held by Mr LUO.

(6) A company controlled by Mr LUO Zhaoming by virtue of SFO, details of which are disclosed above.

(7) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450(L) shares and 31,868,575(S) shares through its controlled corporations by virtue of SFO.

(8) HSBC Trustee (C.I.) Limited is deemed to be interested in 524,851,793 shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").

(9) Wheelock is deemed to be interested in 524,851,793 shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.

(10) Wharf is deemed to be interested in 524,851,793 shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.

(11) On 23 December 2014, Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo and Delta, Profitwise and Wisearn held by each of them entered into a conditional sale and purchase agreement with CCCG in relation to the proposed sale of an aggregate of 524,851,793 shares of the Company to CCCG at HK$11.46 per Share in cash, representing a total consideration of approximately HK$6,014 million. Upon completion of the transaction on 27 March 2015, CCCG holds approximately 24.29% of the issued shares of the Company.

Save as disclosed above, the Company has not been notified of any other notifiable interests or short positions in the shares or underlying shares of the Company as at 31 December 2014.

Share Option Scheme

The Share Option Scheme was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Share Option Scheme, the Board may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company. Detailed terms of the Share Option Scheme are set out in note 33 to the Consolidated Financial Statements.

As at 31 December 2014, the total number of options available for issue under the Share Option Scheme was 27,014,150 shares, or approximately 1.25% of the issued share capital of the Company.

Zhejiang Yiwu Rose Garden

Details of the share options granted, exercised and cancelled pursuant to the Share Option Scheme on 22 January 2009, 13 May 2009, 22 June 2009 and 17 July 2009, respectively, during the twelve months ended 31 December 2014 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted During the Year	No. of Share Options Exercised During the Year	No. of Share Options Cancelled During the Year	No. of Share Options Forfeited During the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period During Which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr SONG Weiping	544,500	–	–	–	–	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	–	–	–	–	272,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	–	–	–	–	272,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	**–**	**–**	**–**	**–**	**1,089,000**			
Mr LUO Zhaoming	7,500,000	–	–	–	–	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	15,000,000	**–**	**–**	**–**	**–**	**15,000,000**			
Mr GUO Jiafeng	48,000	–	48,000	–	–	–	22 January 2009	22 January 2009 to 21 January 2019	2.89
	144,000	–	144,000	–	–	–	22 January 2009	22 January 2010 to 21 January 2019	2.89
	144,000	–	144,000	–	–	–	22 January 2009	22 January 2011 to 21 January 2019	2.89
	336,000	**–**	**336,000**	**–**	**–**	**–**			
Mr CAO Zhounan	–	–	–	–	–	–	13 May 2009	13 May 2009 to 12 May 2019	7.16
	59,000	–	–	–	–	59,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	–	–	–	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	3,359,000	**–**	**–**	**–**	**–**	**3,359,000**			
Employees									
Certain other employees of the Company's subsidiaries, associated companies and joint ventures	2,850,000	–	597,500	–	13,500	2,239,000	22 January 2009	22 January 2009 to 21 January 2019	2.89
	3,396,250	–	733,750	–	19,750	2,642,750	22 January 2009	22 January 2010 to 21 January 2019	2.89
	4,450,750	–	779,750	–	19,750	3,651,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	13,173,000	–	–	–	63,750	13,109,250	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,198,500	–	–	–	31,875	7,166,625	22 June 2009	22 June 2010 to 21 June 2019	11.00
	7,460,000	–	–	–	31,875	7,428,125	22 June 2009	22 June 2011 to 21 June 2019	11.00
	38,528,500	**–**	**2,111,000**	**–**	**180,500**	**36,237,000**			
Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou JinshagangTravel Cultural Company Limited and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping and Mr SHOU Bainian	872,500	–	–	–	–	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	**–**	**–**	**–**	**–**	**1,745,000**			
Total	**60,057,500**	**–**	**2,447,000**	**–**	**180,500**	**57,430,000**			

During the Year, 2,447,000 share options were exercised, and 180,500 share options lapsed.

Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the "Models") to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009 are set out in note 33 to the Consolidated Financial Statements.

Directors' Interests in Contracts of Significance

Other than as disclosed in note 37 to the Consolidated Financial Statements, no contract of significance to which the Company, its holding company or subsidiaries was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2014.

Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2014 are disclosed in note 37 to the Consolidated Financial Statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules are listed as follows:

(A) Connected Transactions

In 2014, the Group entered into a connected transaction with the Wharf Group in relation to a joint venture project in China. Wharf (through its wholly-owned subsidiary) is a substantial shareholder of the Company and therefore Wharf and its associates are connected persons of the Company under the Listing Rules. As of 31 December 2014, the Wharf Group was beneficially interested in 524,851,793 shares, representing 24.29% shareholding in the Company.

As disclosed in the Company's announcement dated 29 December 2014, the respective subsidiaries of the Company and Wharf entered into a framework agreement dated 29 December 2014 pursuant to which the Wharf Group and the Group agreed to jointly develop a piece of land in Hangzhou into residential properties through a project company (owned by a wholly-owned subsidiary of the Company ("Greentown Subsidiary") and a wholly-owned subsidiary of Wharf ("Wharf Subsidiary") on a 50:50 ownership basis) ("Project Company"). The land is situated in Xiao Shan district, Hangzhou, Zhejiang, PRC of approximately 21,282 sqm and land price of which is RMB480,500,000.

Pursuant to the framework agreement, the parties expect that the total consideration for acquiring the land use rights of the relevant land, relevant land tax and the preliminary development costs prior to the obtaining of the major licences shall be funded by Hangzhou Greentown Wharf Real Estate Co., Ltd. * (杭州綠城九龍倉置業有限公司) ("Hangzhou Greentown Wharf ") (being a non-wholly owned subsidiary of the Company indirectly held by the Company and Wharf on a 50:50 basis) to Greentown Subsidiary and Wharf Subsidiary. Each of Greentown Subsidiary and Wharf Subsidiary shall pledge its equity interest in the Project Company in favour of Hangzhou Greentown Wharf as security. In the event that Hangzhou Greentown Wharf is unable to provide sufficient funding as aforesaid, Greentown Subsidiary and Wharf Subsidiary shall provide the funding on a pro rata basis. Save as aforesaid, it is expected that all other funding needs shall be arranged by the Project Company itself. In order to provide support to the Project Company in obtaining necessary external borrowings, if required by the lender(s), Greentown Subsidiary and Wharf Subsidiary shall provide guarantees on a several (but not joint and several) and pro rata basis.

Given that one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 1% and all of them are less than 5%, the entering into of the framework agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(B) Continuing Connected Transactions

In 2014, the Group had the following non-exempt continuing connected transactions (the "Non-exempt Continuing Connected Transactions") within the meaning of Chapter 14A of the Listing Rules, and are subject to certain reporting requirements:

2.1 Properties Leasing Agreements

On 20 January 2012, the Company and Greentown Holdings Group Limited* (綠城控股集團有限公司) ("Greentown Holdings Group") entered into certain leasing agreements, pursuant to which Greentown Holdings Group leased to the Company certain premises and properties for general commercial uses (the "Commercial Properties") and certain staff quarters as staff quarters of the Group (the "Staff Quarters") for a term up to 31 December 2014 (the "Properties Leasing Agreements").

The annual cap for the rent payable by the Company under the Properties Leasing Agreements for each of the three years ended 31 December 2014 was RMB8.63 million (as to RMB8.13 million for the Commercial Properties and RMB0.50 million for the Staff Quarters).

As Greentown Holdings Group is wholly-owned by Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo (the spouse of Mr SONG Weiping) (collectively, the "Original Shareholders"), Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Properties Leasing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Properties Leasing Agreements were disclosed in the announcement of the Company dated 20 January 2012.

2.2 Advertising Services Agreement

On 20 January 2012, the Company and Zhejiang Greentown Football Club Company Limited* (浙江綠城足球俱樂部有限公司) ("Greentown Football Club") entered into an advertising services agreement (the "Advertising Services Agreement"), pursuant to which Greentown Football Club agreed to provide advertising services to the Company including advertising the Company's "Greentown Real Estate" brand name at the football games and events participated by Greentown Football Club for a term up to 31 December 2014.

The annual cap for the aggregate annual advertising fees payable by the Company under the Advertising Services Agreement for each of the three years ended 31 December 2014 was RMB70 million.

As Greentown Holdings Group is wholly-owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company. As Greentown Football Club is a non-wholly owned subsidiary of Greentown Holdings Group, Greentown Football Club is a connected person of the Company and the transactions contemplated under the Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Advertising Services Agreement were disclosed in the announcement of the Company dated 20 January 2012.

2.3 Comprehensive Services Agreement

On 20 January 2012, the Company, the Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement in respect of the provision of interior decoration services, property management services, certain landscaping raw materials and hotel management services to the Company for a term up to 31 December 2014 (the "Comprehensive Services Agreement").

(a) *Interior Decoration Services*

Pursuant to the Comprehensive Services Agreement, the Original Shareholders, through their associates, agreed to provide interior decoration services to the Company for the Company's property developments upon terms not less favourable than those the Original Shareholders offer to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the fees in respect of interior decoration services payable by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2014 was RMB10 million.

The provision of interior decoration services by the Original Shareholders through their associates under the Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) *Property Management Services*

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to provide, among other services, pre-delivery property management services (including certain property management advisory services, security services and other related services) to the Company for the Company's property developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual caps for the fees in respect of the aforesaid property management services payable by the Company under the Comprehensive Services Agreement for the three years ended 31 December 2014 were RMB130 million, RMB180 million and RMB200 million, respectively.

(c) *Supply of Landscaping Raw Materials*

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to supply certain landscaping raw materials to the Company for the Company's property developments upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to purchase such landscaping raw materials exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual cap for the costs in respect of the purchase of the aforesaid landscaping raw materials by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2014 was RMB18 million.

(d) *Hotel Management Services*

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to provide, among other services, predelivery hotel management services (including certain advisory services and other related services) and post-delivery hotel management and operation services (including leasing business) to the Company for the Company's hotel property development projects upon terms not less favourable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the aforesaid hotel management services payable by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2014 was RMB10 million.

As Greentown Holdings Group is wholly-owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company and the transactions contemplated in paragraphs (b) to (d) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Comprehensive Services Agreement were disclosed in the announcement of the Company dated 20 January 2012.

2.4 Educational Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Education Investment Company Limited* (浙江綠城教育投資有限公司) ("Greentown Education") entered into an educational services framework agreement for the provision of early educational participation services by Greentown Education to the Group in the Group's development projects for a term up to 31 December 2014 (the "Educational Services Framework Agreement"). The services provided by Greentown Education mainly include: (i) participating in and advising on the initial decoration proposals and decoration work for the nursery and primary schools in the development projects of the Group; and (ii) assisting the Group in developing interest classes and summer camps, and related promotional activities. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Educational Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by three months' prior written notice. The annual cap for the fees in respect of the educational services payable by the Company under the Educational Services Framework Agreement for each of the three years ended 31 December 2014 was RMB10 million.

As Greentown Education is wholly-owned by the Original Shareholders, Greentown Education is a connected person of the Company and the transactions contemplated under the Educational Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Educational Services Framework Agreement were disclosed in the announcement of the Company dated 20 January 2012.

2.5 Health Management Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Health Promotion Management Company Limited* (浙江綠城健康促進管理有限公司) ("Greentown Health") entered into a health management services framework agreement for the provision of health management services to the Group for a term up to 31 December 2014 (the "Health Management Services Framework Agreement"). The services provided by Greentown Health mainly include: (i) establishing health management promotion centres for providing health management services; (ii) setting up a working group responsible for advising and coordinating the work relating to the health management promotion centres; (iii) organising various regular health activities; (iv) providing medical-related services according to demand; and (v) providing other paid services in addition to the package of health management services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Health Management Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Health by three months' prior written notice. The annual caps for the fees in respect of the health management services payable by the Company under the Health Management Services Framework Agreement for the three years ended 31 December 2014 were RMB25 million, RMB50 million and RMB50 million, respectively.

As Greentown Health is a non-wholly owned subsidiary of Greentown Holdings Group which is wholly-owned by the Original Shareholders, Greentown Health is a connected person of the Company and the transactions contemplated under the Health Management Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Health Management Services Framework Agreement were disclosed in the announcement of the Company dated 20 January 2012.

2.6 Healthcare Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Hospital Investment Company Limited* (浙江綠城醫院投資有限公司) ("Greentown Hospital") entered into a healthcare services framework agreement for the provision of healthcare services to the Group for a term up to 31 December 2014 (the "Healthcare Services Framework Agreement"). The services provided by Greentown Hospital mainly include: (i) providing healthcare and rehabilitation services; (ii) providing regular medical activities in respect of common or recurring diseases; (iii) establishing health database and developing health screening services; (iv) providing specific medical services; and (v) providing medical and living care services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Healthcare Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by three months' prior written notice. The annual caps for the fees in respect of healthcare services payable by the Company under the Healthcare Services Framework Agreement for the three years ended 31 December 2014 were RMB15 million, RMB16 million and RMB17 million, respectively.

As Greentown Hospital is controlled by the Original Shareholders, Greentown Hospital is a connected person of the Company and the transactions contemplated under the Healthcare Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Healthcare Services Framework Agreement were disclosed in the announcement of the Company dated 20 January 2012.

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2014 were as follows:

Transaction Amounts for the Year Ended 31 December 2014	RMB'000
Annual rental pursuant to the Properties Leasing Agreements	8,534
Advertising fees pursuant to the Advertising Services Agreement	70,000
Interior decoration service fees pursuant to the Comprehensive Services Agreement	–
Property management service fees pursuant to the Comprehensive Services Agreement	135,697
Purchase of raw materials pursuant to the Comprehensive Services Agreement	4,480
Hotel management services fees pursuant to the Comprehensive Services Agreement	9,693
Educational services fees pursuant to the Educational Services Framework Agreement	401
Health management services fees pursuant to the Health Management Services Framework Agreement	975
Healthcare services fees pursuant to the Healthcare Services Framework Agreement	4,393

On 12 March 2015, certain Non-exempt Continuing Connected Transactions were renewed pursuant to the agreements entered into between the Company and the relevant connected persons. Details of such renewed Non-exempt Continuing Connected Transactions were disclosed in the announcement of the Company dated 12 March 2015.

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

(a) entered into by members of the Group in the ordinary and usual course of its business;

(b) on normal commercial terms/on terms no less favourable to the Group than those available to (or from) independent third parties; and

(c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In the opinion of the directors, all the above transactions have been entered into in the ordinary course of the Group's business and are conducted on normal commercial terms and are fair and reasonable and in the interest of the Company's shareholders as a whole.

The directors confirm that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' Interests In Competing Business

During the year ended 31 December 2014, save as disclosed below, none of the directors is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Listing Rules.

Greentown Holdings Group is engaged in various lines of businesses, including certain property development and sale. On 22 June 2006, Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo and Greentown Holdings Group entered into a deed of non-competition (the "Deed of Non-Competition") with the Company to undertake that they will not, and shall procure their controlled affiliates (other than subsidiaries and associates of the Company) not to engage in any property development business (except for hotel development and property management) in the PRC, provided that Greentown Holdings Group may continue with the development and sale of the eight property projects (the "Non-inclusion Projects"). Pursuant to the Deed of Non-Competition, Greentown Holdings Group granted an option to the Company to acquire the Non-inclusion Projects. Details of the terms of the Deed of Non-Competition are described in the "Business Section" of the Company's prospectus dated 30 June 2006.

Pursuant to the ordinary resolutions passed at the extraordinary general meeting held on 26 March 2007, three out of eight Non-inclusion Projects were acquired by the Company. During the year ended 31 December 2007, Greentown Holdings Group disposed one Non-inclusion Project to an independent third party. As at 31 December 2014, there were still four Non-inclusion Projects pursuant to the Deed of Non-Competition.

On 3 August 2010, Mr SONG Weiping, Greentown Real Estate and Shanghai Xinping Financial Consulting Firm (上海欣萍財務諮詢事務所) entered into a joint venture agreement for the establishment of Bluetown Construction Management. Mr SONG Weiping has a 34.6% interest in Bluetown Construction Management. The principal activities of the Bluetown Construction Management are providing property construction management and advisory services in the PRC. The directors were of the view that the business activities of Bluetown Construction Management may compete with that of the Group. A waiver from the Deed of Non-Competition in favour of Mr SONG Weiping was proposed by the directors and granted by the shareholders at the extraordinary general meeting of the Company held on 7 September 2010.

Mr NG Tin Hoi, Stephen was appointed as a non-executive director of the Company on 15 June 2012. From the date of this appointment to the date of this Report, Mr NG was also a director of Wheelock and Company Limited (listed on the Main Board of the Stock Exchange, stock code: 00020.HK) ("Wheelock"), Wharf (listed on the Main Board of the Stock Exchange, stock code: 00004.HK) and Harbour Centre Development Limited (listed on the Main Board of the Stock Exchange, stock code: 00051.HK) ("HCD"). Mr TSUI Yiu Cheung was appointed as a non-executive director of the Company on 2 August 2012. From the date of this appointment to the date of this Report, Mr TSUI was also a director of Wheelock, Wharf and HCD. Mr SZE Tsai Ping, Michael, an independent non-executive director of the Company, is an independent non-executive director of HCD. Part of the businesses of Wheelock, Wharf and HCD are development and sales of properties as well as holding properties for lease. Therefore, the relevant businesses of those companies may cause competition with those of the Group. The above-mentioned companies outside the Group are managed by separate boards of directors and management, who are accountable for their respective stakeholders. The Board is of the view that the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of the above-mentioned companies.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the year ended 31 December 2014, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

Pre-Emptive Rights

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

Donations

During the year ended 31 December 2014, the Group made charitable donations amounting to RMB3,803,650.

Post Balance Sheet Events

Subsequent to 31 December 2014, significant post balance sheet events of the Group occurred and their details are:

On 10 February 2015, the Company, certain offshore subsidiaries of the Company, China Orient Asset Management (International) Holding Limited and Credit Suisse International entered into a purchase agreement in connection with the issue by the Company of the 8.0% senior notes due 2019 in the aggregate principal amount of USD200 million (the "New Notes"), which upon issuance will be consolidated and form a single series with the USD300 million 8.0% senior notes due 2019 issued by the Company on 24 September 2013. The listing of and permission to deal in the New Notes on the Stock Exchange became effective on 16 February 2015.

* *For identification purposes only*

On 23 December 2014, Delta, Profitwise and Wisearn, which are companies wholly-owned by Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo, respectively, entered into a sale and purchase agreement with CCCG pursuant to which Delta, Profitwise and Wisearn agreed to sell and CCCG agreed to acquire an aggregate of 524,851,793 Shares. The transaction was completed on 27 March 2015 pursuant to which CCCG has become a substantial shareholder of the Company and is interested in 524,851,793 Shares, representing approximately 24.29% of the total issued share capital of the Company as at the date of this Report, while Mr SONG and Mr SHOU are interested or deemed to be interested in an aggregate of 400,621,707 Shares (excluding share options), representing approximately 18.54% of the total issued share capital of the Company as at the date of this Report. As at the date of this Report, Wharf is a substantial shareholder of the Company and is interested (through its wholly-owned subsidiary) in 524,851,793 Shares, representing approximately 24.29% of the total issued share capital of the Company. Details of the transaction are set out in the announcements of the Company dated 23 December 2014, 24 March 2015 and 27 March 2015, respectively.

Annual General Meeting

It is proposed that the AGM will be held on 19 June 2015 (Friday). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed from 17 June 2015 (Wednesday) to 19 June 2015 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 16 June 2015 (Tuesday).

Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2014 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

By order of the Board
Co-chairman
SONG Weiping

27 March 2015

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 82 to 199, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	7	**32,048,979**	28,990,570
Cost of sales		**(23,916,319)**	(20,215,201)
Gross profit		**8,132,660**	8,775,369
Other income	8	**964,263**	728,329
Selling expenses		**(991,966)**	(848,771)
Administrative expenses		**(1,835,533)**	(1,491,574)
Finance costs	9	**(679,688)**	(506,815)
Reversal of impairment loss on property, plant and equipment	15	**16,799**	60,685
Impairment loss on completed properties for sale		**(70,604)**	–
Impairment loss on amounts due from a joint venture		**(122,198)**	–
Gain from changes in fair value of investment properties	16	**60,000**	100,900
Fair value changes on cross currency swaps		**(121,022)**	49,849
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	30	**37,196**	3,923
Gain on acquisition of a subsidiary	30	**1,363**	–
Net gain on disposal of subsidiaries		**8,670**	–
Gain on disposal of associates	17	**120,773**	–
Gain relating to a newly acquired joint venture	18	**–**	704,131
Share of results of associates		**339,873**	1,092,037
Share of results of joint ventures		**67,879**	477,999
Profit before taxation	10	**5,928,465**	9,146,062
Taxation	12	**(2,718,644)**	(3,155,857)
Profit and total comprehensive income for the year		**3,209,821**	5,990,205
Attributable to:			
Owners of the Company		**2,071,722**	4,885,514
Non-controlling interests		**1,138,099**	1,104,691
		3,209,821	5,990,205
Earnings per share	14		
Basic		**RMB0.80**	RMB2.18
Diluted		**RMB0.80**	RMB1.94

Consolidated Statement of Financial Position

As at 31 December 2014

	NOTES	**2014 RMB'000**	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**6,216,092**	4,864,054
Investment properties	16	**1,891,500**	1,831,500
Interests in associates	17	**8,724,954**	10,015,706
Interests in joint ventures	18	**1,807,755**	1,848,221
Available-for-sale investments	19	**388,617**	377,010
Prepaid lease payment	20	**662,061**	664,713
Rental paid in advance		**8,697**	9,385
Deferred tax assets	21	**1,116,046**	1,053,244
Cross currency swaps		**–**	49,849
		20,815,722	20,713,682
CURRENT ASSETS			
Properties for development	22	**5,749,961**	6,280,067
Properties under development	23	**41,312,223**	38,967,574
Completed properties for sale		**15,651,236**	13,062,500
Inventories		**123,062**	101,920
Trade and other receivables, deposits and prepayments	24	**5,215,241**	4,380,556
Amounts due from related parties	37(ii)	**27,156,714**	24,981,206
Prepaid income taxes		**1,055,775**	1,304,209
Prepaid other taxes		**979,687**	1,262,909
Pledged bank deposits	24, 34	**1,350,690**	595,038
Bank balances and cash	24	**7,733,567**	10,686,041
		106,328,156	101,622,020
CURRENT LIABILITIES			
Trade and other payables	25	**19,380,948**	17,910,929
Pre-sale deposits		**20,116,444**	23,428,384
Amounts due to related parties	37(ii)	**9,850,372**	10,775,306
Income taxes payable		**5,290,359**	5,777,814
Other taxes payable		**969,807**	1,217,041
Bank and other borrowings			
– due within one year	26	**12,167,171**	6,017,895
		67,775,101	65,127,369

	NOTES	2014 RMB'000	2013 RMB'000
NET CURRENT ASSETS		**38,553,055**	36,494,651
TOTAL ASSETS LESS CURRENT LIABILITIES		**59,368,777**	57,208,333
NON-CURRENT LIABILITIES			
Bank and other borrowings			
– due after one year	26	**15,056,123**	15,935,463
Senior notes	27	**8,592,129**	8,558,184
Cross currency swaps		**71,174**	–
Deferred tax liabilities	21	**804,043**	703,714
		24,523,469	25,197,361
		34,845,308	32,010,972
CAPITAL AND RESERVES			
Share capital	28	**208,850**	208,656
Reserves		**23,431,221**	22,654,206
Convertible securities	29	**–**	2,084,472
Equity attributable to owners of the Company		**23,640,071**	24,947,334
Perpetual securities	29	**3,014,681**	–
Non-controlling interests		**8,190,556**	7,063,638
		34,845,308	32,010,972

The consolidated financial statements on page 82 to 199 were approved and authorised for issue by the Board of Directors on 27 March 2015 and are signed on its behalf by:

SONG Weiping
DIRECTOR

SHOU Bainian
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to Owners of the Company										
	Share Capital RMB'000	Share Premium RMB'000	Special Reserve RMB'000	Statutory Reserve RMB'000 (i)	Share Option Reserve RMB'000	Convertible Securities RMB'000	Retained Earnings RMB'000	Subtotal RMB'000	Perpetual Securities RMB'000	Non-controlling Interests RMB'000	Total RMB'000
At 1 January 2013	207,422	8,395,764	(410,856)	449,470	267,863	2,084,472	10,148,028	21,142,163	–	6,345,912	27,488,075
Profit and total comprehensive income for the period	–	–	–	–	–	–	4,885,514	4,885,514	–	1,104,691	5,990,205
Dividends recognised as distributions (Note 13)	–	–	–	–	–	–	(1,077,319)	(1,077,319)	–	–	(1,077,319)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(518,512)	(518,512)
Transfer (i)	–	–	–	865,120	–	–	(865,120)	–	–	–	–
Exercise of share options	1,234	134,565	–	–	(50,085)	–	–	85,714	–	–	85,714
Distribution relating to Convertible Securities	–	–	–	–	–	–	(182,914)	(182,914)	–	–	(182,914)
Acquisition of subsidiaries (Note 30)	–	–	–	–	–	–	–	–	–	25,314	25,314
Purchase of additional interest in Subsidiaries	–	–	33,257	–	–	–	–	33,257	–	(230,957)	(197,700)
Partial disposal of a subsidiary without loss of control	–	–	60,919	–	–	–	–	60,919	–	(38,419)	22,500
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	375,609	375,609
At 31 December 2013	208,656	8,530,329	(316,680)	1,314,590	217,778	2,084,472	12,908,189	24,947,334	–	7,063,638	32,010,972
Profit and total comprehensive income for the period	–	–	–	–	–	–	2,071,722	2,071,722	–	1,138,099	3,209,821
Dividends recognised as distributions (Note 13)	–	–	–	–	–	–	(928,301)	(928,301)	–	–	(928,301)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(530,738)	(530,738)
Transfer (i)	–	–	–	429,122	–	–	(429,122)	–	–	–	–
Exercise of share options	194	7,909	–	–	(2,494)	–	–	5,609	–	–	5,609
Issue of Perpetual Securities	–	–	–	–	–	–	–	–	3,014,681	–	3,014,681
Redemption of Convertible Securities	–	–	–	–	–	(2,151,149)	–	(2,151,149)	–	–	(2,151,149)
Transfer on redemption of Convertible Securities	–	–	–	–	–	66,677	(66,677)	–	–	–	–
Distribution relating to Convertible Securities (Note 29)	–	–	–	–	–	–	(99,896)	(99,896)	–	–	(99,896)
Distribution relating to Perpetual Securities (Note 29)	–	–	–	–	–	–	(138,650)	(138,650)	–	–	(138,650)
Acquisition of subsidiaries (Note 30)	–	–	–	–	–	–	–	–	–	77,375	77,375
Purchase of additional interest in subsidiaries	–	–	(66,598)	–	–	–	–	(66,598)	–	(360,766)	(427,364)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(105,514)	(105,514)
Liquidation of subsidiaries	–	–	–	–	–	–	–	–	–	(6,125)	(6,125)
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	914,587	914,587
At 31 December 2014	**208,850**	**8,538,238**	**(383,278)**	**1,743,712**	**215,284**	**–**	**13,317,265**	**23,640,071**	**3,014,681**	**8,190,556**	**34,845,308**

Note:

(i) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**5,928,465**	9,146,062
Adjustments for:		
Share of results of associates	**(339,873)**	(1,092,037)
Share of results of joint ventures	**(67,879)**	(477,999)
Depreciation and amortisation	**228,702**	158,598
Impairment loss on completed properties for sale	**70,604**	–
Impairment loss on amounts due from a joint venture	**122,198**	–
Reversal of impairment loss on property, plant and equipment	**(16,799)**	(60,685)
Interest income	**(665,206)**	(493,693)
Dividends from available-for-sale investments	**(76,168)**	–
Finance costs	**679,688**	506,815
Net unrealised foreign exchange losses (gains)	**21,920**	(162,086)
Net gain on disposal of property, plant and equipment	**(414)**	(1,390)
Gain from changes in fair value of investment properties	**(60,000)**	(100,900)
Fair value changes on cross currency swaps	**121,022**	(49,849)
Net gain on disposal of subsidiaries	**(8,670)**	–
Gain on disposal of associates	**(120,773)**	–
Gain relating to a newly acquired joint venture	**–**	(704,131)
Gain on acquisition of a subsidiary	**(1,363)**	–
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	**(37,196)**	(3,923)
Operating cash flows before movements in working capital	**5,778,258**	6,664,782
Decrease (increase) in properties for development	**1,641,524**	(109,972)
Decrease in properties under development	**4,048,767**	6,912,820
Increase in completed properties for sale	**(3,195,335)**	(5,564,024)
Increase in inventories	**(19,705)**	(25,621)
(Increase) decrease in trade and other receivables, deposits and prepayments	**(553,791)**	336,711
Decrease in prepaid other taxes	**483,629**	215,824
Increase in rental paid in advance	**(5,188)**	(2,212)
Decrease in pre-sale deposits	**(6,924,117)**	(5,624,538)
Increase in trade and other payables	**1,628,890**	1,338,825
(Decrease) increase in other taxes payable	**(66,757)**	231,941
Cash generated from operations	**2,816,175**	4,374,536
Income taxes paid	**(2,719,703)**	(3,100,766)
NET CASH FROM OPERATING ACTIVITIES	**96,472**	1,273,770

	NOTE	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,432,227)**	(1,384,734)
Proceeds from disposal of property, plant and equipment		**8,107**	3,138
Increase in prepaid lease payment		**(8,085)**	–
Investments in associates		**(252,484)**	(3,034,074)
Investments in joint ventures		**(361,758)**	(100,000)
Investments in a joint venture and purchase of shareholders' loans as part of acquisition of a joint venture		**–**	(1,130,000)
Dividends received from available-for-sale investments		**76,168**	–
Dividends received from associates and joint ventures		**1,322,404**	671,516
Consideration paid for acquisition of subsidiaries recognised in prior year		**(139,600)**	–
Proceeds from receipt of consideration receivable from disposal/partial disposal of subsidiaries and associates and relevant shareholders' loans recognised in prior year		**–**	323,606
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	30	**6,615**	(90,202)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)		**76,747**	–
Proceeds from disposal of interests in associates		**1,065,000**	–
Advance to third parties		**(201,318)**	(115,242)
Advance to related parties		**(2,491,717)**	(1,670,179)
(Increase) decrease in pledged bank deposits		**(755,652)**	1,139,299
Interest received		**486,686**	448,888
Purchase of available-for-sale investments		**(6,607)**	(46,465)
NET CASH USED IN INVESTING ACTIVITIES		**(2,607,721)**	(4,984,449)

	2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**12,373,988**	17,032,730
Repayment of bank and other borrowings	**(8,374,625)**	(16,721,142)
Advance from (repayment of) borrowings from related parties	**(1,049,554)**	3,217,907
Contribution by non-controlling shareholders of subsidiaries	**914,587**	375,609
Interest paid	**(3,044,729)**	(2,305,181)
Dividends paid to owners of the Company	**(928,301)**	(1,077,319)
Dividends paid to non-controlling interests	**(536,863)**	(518,512)
Redemption of Convertible Securities	**(2,151,149)**	–
Redemption of 2006 Senior Notes	**–**	(237,699)
Distribution relating to Convertible Securities	**(99,896)**	(182,914)
Proceeds from exercise of share options	**5,609**	85,714
Proceeds from issue of Perpetual Securities	**3,014,681**	–
Distribution relating to Perpetual Securities	**(138,650)**	–
Proceeds from issue of senior notes	**–**	8,717,517
Share option premium received	**682**	25,922
Purchase of additional interests in subsidiaries	**(427,364)**	(197,700)
Proceeds from partial disposal of subsidiaries	**–**	22,500
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(441,584)**	8,237,432
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(2,952,833)**	4,526,753
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**10,686,041**	6,163,632
Effects of exchange rate changes on the balance of cash held in foreign currencies	**359**	(4,344)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**7,733,567**	10,686,041
REPRESENTED BY BANK BALANCES AND CASH	**7,733,567**	10,686,041

1. General

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

New and Revised Standards and Interpretations Applied in the Current Year

In the current year, the Group has applied, for the first time, a new interpretation and several amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2014.

The application of the new interpretation and amendments to IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and Revised Standards and Interpretations Issued But Not Yet Effective

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

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation And Amortisation[2]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor And its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]

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

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

IFRS 9 Financial Instruments (continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of IFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

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

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

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

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

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

Amendments to IFRs 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1

The amendments to IAS 1 are designed to further encourage entities to apply professional judgement in determining what information to disclose in the financial statements, the amendments introduce changes and clarifications to the following areas of IAS:

- Materiality: The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.

- Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Amendments to IAS 1 (continued)

- Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. The IASB also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on presentation of the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

(a) when the intangible asset is expressed as a measure of revenue; or

(b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost

- In accordance with IFRS 9 *Financial Instruments* (or IAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted IFRS 9), or

- Using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures.*

The Accounting Option Must be Applied by Category of Investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to IAS 27, there are consequential amendments to IAS 28 to avoid a potential conflict with IFRS 10 *Consolidated Financial Statements* and to IFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards.*

The directors of the Company do not anticipate that the application of these amendments to IAS 27 will have a material impact on the Group's consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture

Amendments to IAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to IFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle

The Annual Improvements to IFRSs 2010–2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Annual Improvements to IFRSs 2010–2012 Cycle (continued)

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Annual Improvements to IFRSs 2011–2013 Cycle

The Annual Improvements to IFRSs 2011–2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of IAS 40; and

(b) the transaction meets the definition of a business combination under IFRS 3.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2011–2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2012–2014 Cycle

The Annual Improvements to IFRSs 2012–2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

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

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

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

2. Application of New and Revised International Financial Reporting Standards ("IFRSs") (continued)

New and Revised Standards and Interpretations Issued But Not Yet Effective (continued)

Annual Improvements to IFRSs 2012–2014 Cycle (continued)

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

The directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2012–2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28

The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if that parent entity measures all of its subsidiaries at fair value. Consequential amendments have also been made to the IAS 28 exemption from applying the equity method for entities that are subsidiaries and hold interests in associates and joint ventures.

The amendments have clarified that the requirement for an investment entity to consolidate a subsidiary providing services related to its investment activities applies only to subsidiaries that are not themselves investment entities.

In applying the equity method to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

The amendments have clarified that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 *Disclosures of Interests in other entities*.

3. Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance, which for the current year, continue to be those of the predecessor Companies Ordinance, in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance, "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of the Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. Principal Accounting Policies (continued)

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

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

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

The principal accounting policies are set out below.

Basis of Consolidation

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

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

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

3. Principal Accounting Policies (continued)

Basis of Consolidation (continued)

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Changes in the Group's Ownership Interests in Existing Subsidiaries

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

3. Principal Accounting Policies (continued)

Basis of Consolidation (continued)

Changes in the Group's Ownership Interests in Existing Subsidiaries (continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in a joint venture or an associate.

Business Combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits respectively;*

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

3. Principal Accounting Policies (continued)

Basis of Consolidation (continued)

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

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

3. Principal Accounting Policies (continued)

Goodwill

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

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

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

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

Acquisition of Assets

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

Investments in Associates and Joint Ventures

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

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

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

3. Principal Accounting Policies (continued)

Investments in Associates and Joint Ventures (continued)

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

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

3. Principal Accounting Policies (continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Comprehensive service income is recognised on sales or pre-sales of properties by comprehensive service users at agreed fee rates.

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

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

Foreign Currencies

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

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

Borrowing Costs

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

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

3. Principal Accounting Policies (continued)

Taxation

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

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

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

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

3. Principal Accounting Policies (continued)

Taxation (continued)

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

Government Grants

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

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

Leasing

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

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as Lessee

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

Leasehold Land and Buildings

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

3. Principal Accounting Policies (continued)

Leasing (continued)

Leasehold Land and Buildings (Continued)

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

Retirement Benefit Costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Property, Plant and Equipment

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

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

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

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

3. Principal Accounting Policies (continued)

Investment Properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

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

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

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

Impairment of Tangible Assets

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. Principal Accounting Policies (continued)

Properties for Development

Properties for development, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties for development are transferred to properties under development upon commencement of development.

Properties Under Development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

Completed Properties for Sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial Instruments

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

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

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets

The Group's financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

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

Interest income is recognised on an effective interest basis.

Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in Note 6(c).

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Loans and Receivables

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

Available-for-sale Financial Assets

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

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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

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

Impairment of Financial Assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

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

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial Liabilities and Equity

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

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

The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities.

Effective Interest Method

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

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at FVTPL include financial liabilities held for trading.

A financial liability is classified as held for trading if:

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

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Liabilities and Equity (continued)

Financial Liabilities at Fair Value Through Profit or Loss (continued)

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the other income item.

Other Financial Liabilities

Other financial liabilities including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes are subsequently measured at amortised cost, using the effective interest method.

Senior Notes

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

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

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

Equity Instruments

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

Convertible Securities

Convertible securities with no contractual obligation to repay its principal or to pay any distribution are classified as equity. Respective distributions if and when declared are treated as equity dividends.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Share-Based Payment Transactions

Equity-Settled Share-Based Payment Transactions

Share Options Granted to Employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Share option premiums received or receivable from grantees are recognised in share options reserve.

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

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical Judgements in Applying Accounting Policies

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

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

Critical Judgements in Applying Accounting Policies (continued)

Deferred Taxation on Investment Properties

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

Key Sources of 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 disclosed below.

Net Realisable Value for Properties for Development, Properties Under Development and Completed Properties for Sale

Properties for development, properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties for development and properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2014, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB5,749,961,000 (2013: RMB6,280,067,000), RMB41,312,223,000 (2013: RMB38,967,574,000) and RMB15,651,236,000 (2013: RMB13,062,500,000) respectively (net of accumulated impairment loss of RMB nil (2013: RMB nil), RMB nil (2013: RMB nil) and RMB70,604,000 (2013: RMB nil) respectively).

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

Key Sources of Estimation Uncertainty (continued)

Fair Value of Investment Properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2014 at their fair value of approximately RMB1,891,500,000 (2013: RMB1,831,500,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Revision on the Estimates on Expected Cash Flows of the Shareholder's Loan Made to Zhejiang Jinying

When the Group revises its estimates of receipts of the shareholder's loan, the Group shall adjust the carrying amount of the loan to reflect actual and revised estimated cash flows. The group recalculates the carrying amount by computing the present value of estimated future cash flows at the loan's original effective interest rate. The adjustment is recognised in profit or loss as income or expense.

As at 31 December 2014, the carrying amount of the shareholder's loan made to Zhejiang Jinying is RMB1,732,137,000 (2013: RMB1,732,137,000).

Estimated Impairment of Trade and Other Receivables and Amounts Due From Related Parties

when there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade and other receivables and amounts due from related parties are RMB4,258,469,000 (2013: RMB3,452,865,000) and RMB27,156,714,000 (2013: RMB24,981,206,000) respectively (net of accumulated impairment loss of RMB nil (2013: RMB nil) and RMB122,198,000 (2013: RMB nil) respectively).

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB2,587,195,000 (2013: RMB2,717,856,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

5. Capital Risk Management

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

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 26, 27 and 37(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. Financial Instruments

(a) Categories of Financial Instruments

	2014	2013
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**39,863,615**	39,637,058
Available-for-sale financial assets	**388,617**	377,010
Cross currency swaps	**–**	49,849
Financial liabilities		
Amortised cost	**64,121,425**	59,048,601
Cross currency swaps	**71,174**	–

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include available-for-sale investments, cross currency swaps, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

Market Risk

(i) Currency Risk

The Group has bank balances, other payables, other receivables, amounts due from related parties, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk. In addition, the Company issued senior notes in the aggregate principal amount of RMB2,500,000,000 in May 2013 and entered into cross currency swap contracts with certain banks, which also expose the Group to foreign currency risk.

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Market Risk (continued)

(i) Currency Risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollars ("HKD")	**9,754**	424	**102,438**	93,017
United States dollars ("USD")	**12,114,520**	11,151,171	**1,284,725**	1,005,914

The Group does not use any derivative contracts to hedge against its exposure to currency risk.

Sensitivity Analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit.

	HKD Impact		USD Impact	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit or loss	**(3,476)**	(3,472)	**406,117**	380,447

(ii) Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings and senior notes (see Notes 24, 26, 27 and 37 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see Notes 24, 26 and 37 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

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

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Market Risk (continued)

(ii) Interest Rate Risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2013: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2013: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would have increased/decreased by RMB2,642,000 (2013: increased/decreased by RMB3,918,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2014 would have decreased/increased by RMB58,131,000 (2013: decreased/increased by RMB51,823,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

Credit Risk

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

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities disclosed in Note 36.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Group reviews the recoverable amount of each overdue debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To minimise the credit risk arising from customer mortgage guarantees, the Group has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Group to the banks will be released upon receiving such certificates. To minimise the credit risk arising from guarantees provided to banks and other parties in respect of credit facilities utilised by joint ventures and associates, the Group has delegated a team responsible for assessing the credit standing of such entities and the limits to the guarantees to be provided. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Credit Risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

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

The Group relies on bank and other borrowings, senior notes and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that are settled on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Liquidity Risk (continued)

Liquidity and Interest Risk Tables

	Weighted Average Interest Rate	On Demand or Less Than 1 Year RMB'000	1–5 Years RMB'000	>5 Years RMB'000	Total Undiscounted Cash Flows RMB'000	Carrying Amount at 31/12/2014 RMB'000
2014						
Non-derivative financial liabilities						
Trade and other payables	–	16,987,067	1,468,563	–	18,455,630	18,455,630
Bank and other borrowings						
– fixed-rate	9.81%	6,807,092	4,113,131	–	10,920,223	9,597,644
– variable-rate	6.46%	7,439,538	11,800,030	856,719	20,096,287	17,625,650
Amounts due to related parties						
– interest-free	–	5,174,982	–	–	5,174,982	5,174,982
– fixed-rate	11.00%	4,215,791	–	–	4,215,791	3,798,110
– variable-rate	6.24%	945,778	–	–	945,778	877,280
Senior notes	7.56%	650,639	9,892,997	–	10,543,636	8,592,129
Financial guarantee contracts	–	26,800,206	–	–	26,800,206	–
		69,021,093	27,274,721	856,719	97,152,533	64,121,425

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Liquidity Risk (continued)

Liquidity and Interest Risk Tables (continued)

	Weighted Average Interest Rate	On Demand or Less Than 1 Year RMB'000	1-5 Years RMB'000	>5 Years RMB'000	Total Undiscounted Cash Flows RMB'000	Carrying Amount at 31/12/2013 RMB'000
2013						
Non-derivative financial liabilities						
Trade and other payables	–	16,324,924	1,436,829	–	17,761,753	17,761,753
Bank and other borrowings						
– fixed-rate	11.32%	4,544,620	5,084,665	575	9,629,860	8,113,896
– variable-rate	7.62%	3,445,621	12,134,638	1,087,789	16,668,048	13,839,462
Amounts due to related parties						
– interest-free	–	5,565,738	–	–	5,565,738	5,565,738
– fixed-rate	9.90%	4,252,341	–	–	4,252,341	3,869,168
– variable-rate	5.69%	1,416,673	–	–	1,416,673	1,340,400
Senior notes	7.71%	686,639	9,096,195	1,910,282	11,693,116	8,558,184
Financial guarantee contracts	–	25,543,434	–	–	25,543,434	–
		61,779,990	27,752,327	2,998,646	92,530,963	59,048,601

Bank loans with a repayment on demand clause are included in the "less than 1 year" time band in the above maturity analysis. As at 31 December 2014, the aggregate undiscounted principal amounts of these bank loans amounted to RMB17,525,000 (2013: RMB56,525,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB22,011,000 (2013: RMB68,930,000).

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

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

6. Financial Instruments (continued)

(c) Fair Value Measurements of Financial Instruments

Fair Value of the Group's Financial Assets and Financial Liabilities That Are Measured at Fair Value on A Recurring Basis

At the end of the reporting period, the Group had the following cross currency swaps not designated as hedging instruments. Major terms of the cross currency swaps are as follows:

Notional Amount	Maturity	Exchange Rates	Interest Rate Swap
Sell RMB600,000,000	05/09/2016	USD 1: RMB6.1640	From fixed rate 5.625% per annum to fixed rate 4.625% per annum
Sell RMB600,000,000	05/13/2016	USD 1: RMB6.1600	From fixed rate 5.625% per annum to fixed rate 4.625% per annum
Sell RMB700,000,000	05/13/2016	USD 1: RMB6.1600	From fixed rate 5.625% per annum to fixed rate 4.625% per annum
Sell RMB600,000,000	05/13/2016	USD 1: RMB6.1700	From fixed rate 5.625% per annum to fixed rate 4.625% per annum

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial Instrument	Fair Value RMB'000	Fair Value Hierarchy	Valuation Technique and Key Inputs
Cross currency swaps	(71,174) (2013: 49,849)	Level 2	Broker quotes: The quotes are calculated by discounting estimated future cash flows based on contracted interest rates discounted at respective currency's observable yield curves at the end of the year

6. Financial Instruments (continued)

(c) Fair Value Measurements of Financial Instruments (continued)

Fair Value of Financial Assets and Financial Liabilities That Are Not Measured at Fair Value on A Recurring Basis (But Fair Value Disclosures Are Required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2014		2013	
	Carrying Amount of Liability Component RMB'000	Fair Value RMB'000	Carrying Amount of Liability Component RMB'000	Fair Value RMB'000
Financial liabilities				
Senior notes (Level 2)	**8,592,129**	**8,565,155**[1]	8,558,184	8,869,747[1]

1 Based on quoted price

7. Revenue and Segment Information

An analysis of the Group's revenue from its major products and services is as follows:

	2014 RMB'000	2013 RMB'000
Property sales	**30,110,664**	27,460,381
Hotel operations	**439,571**	305,340
Project management	**460,805**	350,060
Property rental income	**121,561**	113,864
Design and decoration	**748,647**	581,651
Sales of construction materials	**19,066**	63,172
Other business	**148,665**	116,102
	32,048,979	28,990,570

7. Revenue and Segment Information (continued)

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC. The Group has identified four reportable segments, namely property development, hotel operations, property investment and others.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development
2 Hotel operations
3 Property investment
4 Others (including sales of construction materials, design and decoration, project management, etc.)

For the property development operations, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

7. Revenue and Segment Information (continued)

The CODM assess the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

An analysis of the Group's revenue and results by reportable and operating segment is as follows:

	Property Development RMB'000	Hotel Operations RMB'000	Property Investment RMB'000	Others RMB'000	Segment Total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2014							
Segment revenue							
External revenue	30,110,664	439,571	121,561	1,377,183	32,048,979	–	32,048,979
Inter-segment revenue	–	9,388	112	451,748	461,248	(461,248)	–
Total	30,110,664	448,959	121,673	1,828,931	32,510,227	(461,248)	32,048,979
Segment results	3,359,750	7,167	42,267	123,566	3,532,750	(18,793)	3,513,957
Unallocated administrative expenses							(54,197)
Unallocated other income							10,339
Unallocated finance costs							(41,926)
Fair value changes on cross currency swaps							(121,022)
Unallocated taxation							(97,330)
Profit for the year							3,209,821

7. Revenue and Segment Information (continued)

	Property Development RMB'000	Hotel Operations RMB'000	Property Investment RMB'000	Others RMB'000	Segment Total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2013							
Segment revenue							
External revenue	27,460,381	305,340	113,864	1,110,985	28,990,570	–	28,990,570
Inter-segment revenue	–	5,098	490	1,347,475	1,353,063	(1,353,063)	–
Total	27,460,381	310,438	114,354	2,458,460	30,343,633	(1,353,063)	28,990,570
Segment results	5,687,139	44,740	78,133	241,455	6,051,467	(19,238)	6,032,229
Unallocated administrative expenses							(25,197)
Unallocated other income							109,301
Unallocated finance costs							(30,136)
Fair value changes on cross currency swaps							49,849
Unallocated taxation							(145,841)
Profit for the year							5,990,205

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment Assets

	2014 RMB'000	2013 RMB'000
Property development	**115,207,207**	111,780,398
Hotel operations	**6,057,524**	5,067,566
Property investment	**1,921,244**	1,853,416
Others	**2,923,431**	1,900,384
Total segment assets	**126,109,406**	120,601,764
Unallocated	**1,034,472**	1,733,938
Consolidated assets	**127,143,878**	122,335,702

7. Revenue and Segment Information (continued)

Segment Assets and Liabilities (continued)

Segment Liabilities

	2014 RMB'000	2013 RMB'000
Property development	**86,659,435**	85,710,438
Hotel operations	**321,269**	261,676
Property investment	**916,091**	1,003,689
Others	**3,560,398**	2,793,658
Total segment liabilities	**91,457,193**	89,769,461
Unallocated	**841,377**	555,269
Consolidated liabilities	**92,298,570**	90,324,730

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, derivative financial instruments, trade and other receivables, deposits and prepayments, and deferred tax assets pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than derivative financial instruments, bank and other borrowings, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

7. Revenue and Segment Information (continued)

Other Segment Information

For the year ended 31 December 2014

	Property Development RMB'000	Hotel Operations RMB'000	Property Investment RMB'000	Others RMB'000	Reportable Segment Total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (Note)	(1,042,065)	1,230,962	775	33,082	222,754	–	222,754
Interests in associates	8,724,954	–	–	–	8,724,954	–	8,724,954
Interests in joint ventures	1,807,755	–	–	–	1,807,755	–	1,807,755
Reversal of impairment loss on property, plant and equipment	–	(16,799)	–	–	(16,799)	–	(16,799)
Impairment loss on completed properties for sale	70,604	–	–	–	70,604	–	70,604
Impairment loss on amounts due from a joint venture	122,198	–	–	–	122,198	–	122,198
Gain from changes in fair value of investment properties	–	–	(60,000)	–	(60,000)	–	(60,000)
Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages	(37,196)	–	–	–	(37,196)	–	(37,196)
Gain on acquisition of a subsidiary	(1,363)	–	–	–	(1,363)	–	(1,363)
Net gain on disposal of subsidiaries	(8,670)	–	–	–	(8,670)	–	(8,670)
Gain on disposal of associates	(120,773)	–	–	–	(120,773)	–	(120,773)
Depreciation of property, plant and equipment	91,876	101,274	6,448	18,964	218,562	–	218,562
Loss (gain) on disposal of property, plant and equipment	(964)	47	58	445	(414)	–	(414)
Interest income	(642,727)	(1,391)	(43)	(13,080)	(657,241)	(7,965)	(665,206)
Finance costs	550,418	7,024	52,759	27,561	637,762	41,926	679,688
Share of results of associates	(339,873)	–	–	–	(339,873)	–	(339,873)
Share of results of joint ventures	(67,879)	–	–	–	(67,879)	–	(67,879)
Taxation	2,524,209	4,865	15,096	77,144	2,621,314	97,330	2,718,644

7. Revenue and Segment Information (continued)

Other Segment Information (continued)
For the year ended 31 December 2013

	Property Development RMB'000	Hotel Operations RMB'000	Property Investment RMB'000	Others RMB'000	Reportable Segment Total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (Note)	3,565,958	1,533,616	520	26,912	5,127,006	–	5,127,006
Interests in associates	10,015,706	–	–	–	10,015,706	–	10,015,706
Interests in joint ventures	1,848,221	–	–	–	1,848,221	–	1,848,221
Gain from changes in fair value of investment properties	–	–	(100,900)	–	(100,900)	–	(100,900)
Reversal of impairment loss on property, plant and equipment	–	(60,685)	–	–	(60,685)	–	(60,685)
Gain relating to a newly acquired joint venture	(704,131)	–	–	–	(704,131)	–	(704,131)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	(3,923)	–	–	–	(3,923)	–	(3,923)
Depreciation of property, plant and equipment	46,665	87,113	6,651	17,324	157,753	–	157,753
Loss (gain) on disposal of property, plant and equipment	(1,259)	(26)	20	(125)	(1,390)	–	(1,390)
Interest income	(458,795)	(3,749)	(9,196)	(5,861)	(477,601)	(16,092)	(493,693)
Finance costs	414,731	102	51,469	10,377	476,679	30,136	506,815
Share of results of associates	(1,092,037)	–	–	–	(1,092,037)	–	(1,092,037)
Share of results of joint ventures	(477,999)	–	–	–	(477,999)	–	(477,999)
Taxation	2,900,450	15,989	25,127	68,450	3,010,016	145,841	3,155,857

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments and deferred tax assets.

8. Other Income

	2014 RMB'000	2013 RMB'000
Interest income on bank balances	**107,188**	139,282
Interest income on amounts due from related parties	**558,018**	354,411
Government grants	**26,203**	23,058
Net foreign exchange gains	**–**	90,240
Comprehensive service income	**129,901**	79,406
Dividends from available-for-sale investments	**76,168**	1,213
Others	**66,785**	40,719
	964,263	728,329

9. Finance Costs

	2014 RMB'000	2013 RMB'000
Interest on:		
– bank borrowings wholly repayable within five years	**1,366,155**	1,056,005
– bank borrowings not wholly repayable within five years	**43,131**	57,919
– other borrowings wholly repayable within five years	**1,052,578**	851,594
Interest on senior notes wholly repayable within five years (Note 27)	**662,637**	465,879
	3,124,501	2,431,397
Less: capitalised in properties under development and construction in progress	**(2,444,813)**	(1,924,582)
	679,688	506,815

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 7.87% (2013: 8.66%) per annum to expenditure on the development of properties for sale and for own use.

10. Profit Before Taxation

	2014 RMB'000	2013 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**1,231,707**	964,339
Retirement benefits scheme contributions	**54,703**	42,210
Staff costs (including directors' emoluments)	**1,286,410**	1,006,549
Less: Capitalised in properties under development	**(336,158)**	(283,235)
	950,252	723,314
Depreciation of property, plant and equipment	**218,562**	157,753
Less: Capitalised in properties under development	**(7,412)**	(8,712)
	211,150	149,041
Amortisation of prepaid lease payment (included in administrative expenses)	**17,552**	9,557
Auditors' remuneration	**12,654**	10,268
Cost of properties and inventories recognised as an expense	**23,567,280**	20,042,035
Net gain on disposal of property, plant and equipment	**(414)**	(1,390)

11. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 13 (2013: 13) directors and the chief executive of the Company were as follows:

	SONG Weiping RMB'000	**SHOU Bainian RMB'000**	**LUO Zhaoming RMB'000**	**GUO Jiafeng RMB'000**	**CAO Zhounan RMB'000**	**NG Tin Hoi RMB'000**	**TSUI Yiu Cheung RMB'000**	**JIA Shenghua RMB'000**	**SZE Tsai ping, Michael RMB'000**	**TANG Shiding^ RMB'000**	**JIANG Wei* RMB'000**	**KE Huanzhang RMB'000**	**HUI Wan Fai RMB'000**	**2014 Total RMB'000**
Fees	**–**	**–**	**–**	**–**	**–**	**260**	**260**	**260**	**260**	**129**	**157**	**260**	**260**	**1,846**
Other emoluments:														
Salaries and other benefits	**4,500**	**4,500**	**1,200**	**1,000**	**1,200**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,400**
Contributions to retirement benefits/ pension schemes	**94**	**32**	**49**	**99**	**62**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**336**
Performance related incentive payments (Note)	**4,379**	**4,500**	**157**	**426**	**360**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9,822**
Total emoluments	**8,973**	**9,032**	**1,406**	**1,525**	**1,622**	**260**	**260**	**260**	**260**	**129**	**157**	**260**	**260**	**24,404**

	SONG Weiping RMB'000	SHOU Bainian RMB'000	LUO Zhaoming RMB'000	GUO Jiafeng RMB'000	CAO Zhounan RMB'000	NG Tin Hoi RMB'000	TSUI Yiu Cheung RMB'000	JIA Shenghua RMB'000	SZE Tsai ping, Michael RMB'000	TANG Shiding RMB'000	JIANG Wei RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2013 Total RMB'000
Fees	–	–	–	–	–	260	260	260	260	260	260	260	260	2,080
Other emoluments:														
Salaries and other benefits	2,000	2,000	1,200	1,000	1,200	–	–	–	–	–	–	–	–	7,400
Contributions to retirement benefits/ pension schemes	88	88	79	95	55	–	–	–	–	–	–	–	–	405
Performance related incentive payments (Note)	2,058	2,058	360	384	360	–	–	–	–	–	–	–	–	5,220
Total emoluments	4,146	4,146	1,639	1,479	1,615	260	260	260	260	260	260	260	260	15,105

^ Mr TANG Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and nomination committee of the Company on 27 June 2014.

* Mr JIANG Wei retired by rotation as an independent non-executive director and ceased to be a member of the audit committee of the Company on 8 August 2014.

Mr SHOU Bainian is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

11. Directors', Chief Executive's And Employees' Emoluments (continued)

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, four (2013: two) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining one (2013: three) individuals were as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other benefits	**906**	4,755
Contributions to retirement benefits/pension schemes	**76**	215
Performance related incentive payments	**1,519**	3,051
	2,501	8,021

The individuals' emoluments were within the following bands:

	2014 No. of employees	2013 No. of employees
HKD2,500,001 to HKD3,000,000	**–**	1
HKD3,000,001 to HKD3,500,000	**1**	1
HKD3,500,001 to HKD4,000,000	**–**	1

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2013: nil).

12. Taxation

	2014 RMB'000	2013 RMB'000
Current tax:		
PRC enterprise income tax	**1,271,129**	1,997,345
LAT	**1,396,485**	1,253,216
	2,667,614	3,250,561
Under-provision in prior years:		
PRC enterprise income tax	**448**	10,013
Deferred tax (Note 21):		
Current year	**50,582**	(104,717)
	2,718,644	3,155,857

12. Taxation (continued)

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

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

	2014 **RMB'000**	2013 RMB'000
Profit before taxation	**5,928,465**	9,146,062
Tax at the applicable PRC enterprise income tax rate of 25% (2013: 25%)	**1,482,116**	2,286,515
Effect of different tax rates	**(17,247)**	(65,574)
Tax effect of share of results of associates	**(84,968)**	(273,009)
Tax effect of share of results of joint ventures	**(16,970)**	(119,500)
Tax effect of income not taxable for tax purposes	**(19,028)**	(100,975)
Tax effect of expenses not deductible for tax purposes	**213,958**	197,873
Under-provision in respect of prior year	**448**	10,013
Tax effect of tax losses not recognised	**63,086**	156,003
Recognition of deferred tax assets on tax losses previously not recognised	**(5,276)**	(9,311)
Utilisation of tax losses previously not recognised	**(4,839)**	(16,090)
LAT provision for the year	**1,396,485**	1,253,216
Tax effect of LAT	**(349,121)**	(313,304)
Tax effect of undistributed profits	**60,000**	150,000
Tax charge for the year	**2,718,644**	3,155,857

Details of deferred taxation for the year ended 31 December 2014 are set out in Note 21.

12. Taxation (continued)

PRC LAT

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

According to the Notices for the Strengthening of Administration on LAT (關於加强土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2014, the Group estimated and made a provision for LAT in the amount of RMB1,396,485,000 (2013: RMB1,253,216,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

13. Dividends

On 12 July 2013, a final dividend for 2012 of RMB0.50 per ordinary share, or RMB1,077,319,000 in total, was paid to the shareholders.

On 18 July 2014, a final dividend for 2013 of RMB0.43 per ordinary share, or RMB928,301,000 in total, was paid to the shareholders.

The Board has resolved not to declare any final dividend for the year ended 31 December 2014.

14. Earnings Per Share

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

Earnings

	2014 RMB'000	2013 RMB'000
Profit for the year attributable to the owners of the Company	**2,071,722**	4,885,514
Premium of Convertible Securities on redemption	**(66,677)**	–
Distribution related to Perpetual Securities	**(254,986)**	–
Distribution related to Convertible Securities	**(25,282)**	(182,914)
Earnings for the purpose of basic earnings per share	**1,724,777**	4,702,600
Effect of dilutive potential ordinary shares:		
Distribution related to Convertible Securities	**–**	182,914
Earnings for the purpose of diluted earnings per share	**1,724,777**	4,885,514

Number of Shares

	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,159,405,822**	2,154,876,654
Effect of dilutive potential ordinary shares:		
Share options	**8,014,885**	23,149,554
Convertible Securities	**–**	344,594,594
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,167,420,707**	2,522,620,802

The computation of 2014 diluted earnings per share does not assume the conversion of the Convertible Securities since their exercise would result in an increase in diluted earnings per share for the year. The computation of 2014 diluted earnings per share also does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

15. Property, Plant and Equipment

	Hotel Buildings RMB'000	Land and Buildings RMB'000	Leasehold Improvements RMB'000	Machinery RMB'000	Furniture, Fixtures and Equipment RMB'000	Transportation Equipment RMB'000	Construction in Progress RMB'000	Total RMB'000
COST								
At 1 January 2013	2,733,455	236,071	72,340	15,329	250,067	290,198	802,526	4,399,986
Additions	79	26,261	7,197	3,513	34,856	35,834	1,318,575	1,426,315
Transfer	–	569	–	105	–	–	(674)	–
Disposals	–	–	(462)	(10)	(2,551)	(8,234)	–	(11,257)
Acquisition of subsidiaries (Note 30)	–	–	–	–	513	4,653	–	5,166
At 31 December 2013	2,733,534	262,901	79,075	18,937	282,885	322,451	2,120,427	5,820,210
Additions	6,873	7,634	18,929	7,406	78,282	53,208	1,387,352	1,559,684
Transfer	3,156,381	–	–	–	68,902	–	(3,225,283)	–
Disposals	–	(81)	(3,551)	(159)	(9,920)	(21,806)	–	(35,517)
Acquisition of subsidiaries (Note 30)	–	–	–	300	715	2,216	–	3,231
Disposal of subsidiaries	–	–	(3,612)	(6)	(1,984)	(4,022)	–	(9,624)
At 31 December 2014	**5,896,788**	**270,454**	**90,841**	**26,478**	**418,880**	**352,047**	**282,496**	**7,337,984**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2013	(320,265)	(34,583)	(50,595)	(8,302)	(146,787)	(164,198)	–	(724,730)
Provided for the year	(58,910)	(21,131)	(10,069)	(2,873)	(27,960)	(36,810)	–	(157,753)
Reclassify impairment losses from properties under development	–	–	–	–	–	–	(143,867)	(143,867)
Reversal of impairment losses on property, plant and equipment	–	–	–	–	–	–	60,685	60,685
Eliminated on disposals	–	–	254	7	1,855	7,393	–	9,509
At 31 December 2013	(379,175)	(55,714)	(60,410)	(11,168)	(172,892)	(193,615)	(83,182)	(956,156)
Provided for the year	(94,747)	(22,370)	(6,042)	(6,350)	(48,492)	(40,561)	–	(218,562)
Eliminated on disposals	–	33	1,265	89	8,024	18,415	–	27,826
Eliminated on disposal of subsidiaries	–	–	3,612	–	1,405	3,184	–	8,201
Reversal of impairment losses on property, plant and equipment	–	–	–	–	–	–	16,799	16,799
Transfer impairment losses	(66,383)	–	–	–	–	–	66,383	–
At 31 December 2014	**(540,305)**	**(78,051)**	**(61,575)**	**(17,429)**	**(211,955)**	**(212,577)**	**–**	**(1,121,892)**
CARRYING VALUES								
At 31 December 2014	**5,356,483**	**192,403**	**29,266**	**9,049**	**206,925**	**139,470**	**282,496**	**6,216,092**
At 31 December 2013	2,354,359	207,187	18,665	7,769	109,993	128,836	2,037,245	4,864,054

15. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Land and buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to $33^1/_3$%
Furniture, fixtures and equipment	10% to $33^1/_3$%
Transportation equipment	10% to 20%

The land and buildings and hotel buildings shown above are located on:

	2014 RMB'000	2013 RMB'000
Land and buildings		
Land in the PRC under:		
Medium-term lease	**192,403**	207,187
Hotel buildings		
Land in the PRC under:		
Medium-term lease	**5,356,483**	2,354,359

Details of the hotel buildings, land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in Note 34.

In view of the improving performance of the hotel operations, the Group engaged DTZ Debenham Tie Leung Limited to update their review of the Group's hotel buildings as at 31 December 2013 and as a result an impairment loss of RMB60,685,000 of a hotel building under construction was reversed in 2013 in respect of hotel buildings based on their value in use.

In view of the improving performance of the hotel operations, the Group engaged DTZ Debenham Tie Leung Limited to update their review of the Group's hotel buildings as at 31 December 2014 and as a result an impairment loss of RMB16,799,000 of a hotel building was reversed during the year in respect of hotel buildings based on their value in use.

16. Investment Properties

	RMB'000
FAIR VALUE	
At 1 January 2013	1,730,600
Unrealised gain on property revaluation included in profit or loss	100,900
At 31 December 2013	1,831,500
Unrealised gain on property revaluation included in profit or loss	60,000
At 31 December 2014	**1,891,500**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties shown above are located on:

	2014 RMB'000	2013 RMB'000
Land in the PRC under:		
Medium-term lease	**1,891,500**	1,831,500

The fair value of the Group's investment property at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited.

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

16. Investment Properties (continued)

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

Carrying Value of Investment Properties Held by the Group in the Consolidated Statements of Financial Positions	Fair Value Hierarchy	Valuation Technique(s) and Key Input(s)	Significant Unobservable Input(s)	Relationship of Unobservable Inputs to Fair Value
Serviced apartments in Beijing RMB1,860,000,000 (2013: RMB1,800,000,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account the annual rental income potential and unit market value of the comparable properties, of 7.5% (2013: 7.5%) for serviced apartments and 8.0% (2013: 8.0%) for auxiliary retail area.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB31,500,000 (2013: RMB31,500,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2013: 6.5%).	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There was no transfer into or out of Level 3 during the year.

17. Interests in Associates

	2014 **RMB'000**	2013 RMB'000
Cost of unlisted investments in associates	**8,758,737**	9,415,606
Share of post-acquisition profits, net of dividends received	**(33,783)**	600,100
	8,724,954	10,015,706

On 13 October 2014, the Group entered into a framework agreement to dispose of to an independent third party (i) 24.5% equity interest in Poly Link Management Limited ("Poly Link Management"), an investment holding company; and (ii) the shareholder's loan made to Poly Link Management for a total cash consideration of RMB1,090,000,000. Details of this disposal were set out in the Company's announcement dated 13 October 2014. The disposal was completed on 20 October 2014 and the gain on disposal of approximately RMB121,073,000 was recognised by the Group.

On 15 October 2014, a 35.4%-owned subsidiary of the Group disposed of its 10% equity interest in Greentown Dingyi Real Estate Investment Management Co., Ltd. ("Greentown Dingyi") to an independent third party for a cash consideration of RMB5,000,000. The loss on disposal was approximately RMB300,000. After the disposal, this subsidiary retains the remaining 10% equity interest in Greentown Dingyi. The Group has classified the retained investments as available-for-sale investments measured at cost.

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

Name of Associate	**Registered Capital**	**Proportion of Ownership Interest/Voting Rights Held by the Group**		**Principal Activities**
		2014	2013	
上海融創綠城投資控股有限公司 Shanghai Sunac Greentown Investment Holdings Co., Ltd. ("Shanghai Sunac Greentown")	RMB2,000,000,000	**50% (i), (ii)**	50% (i), (ii)	Investment holding
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd. ("Huazhe Bund")	RMB50,000,000	**26% (ii)**	26% (ii)	Real estate development
上海綠順房地產開發有限公司 Shanghai Lvshun Real Estate Development Co., Ltd. ("Lvshun Real Estate")	RMB1,000,000,000	**50% (ii)**	50% (ii)	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
天津逸駿投資有限公司 Tianjin Yijun Investment Co., Ltd. ("Tianjin Yijun")	RMB30,000,000	**40% (ii)**	40% (ii)	Real estate development
無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. ("Wuxi Greentown")	RMB174,807,000	**43% (ii)**	43% (ii)	Real estate development
融創綠城投資控股有限公司 Sunac Greentown Investment Holdings Limited ("Sunac Greentown Investment")	USD2	**50% (iii), (iv)**	50% (iii), (iv)	Investment holding
蘇州綠城御園房地產開發有限公司 Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. ("Suzhou Greentown Yuyuan")	RMB250,000,000	**50% (iv)**	50% (iv)	Real estate development
上海新富港房地產發展有限公司 New Richport Property Development Shanghai Co., Ltd. ("New Richport")	RMB2,500,000,000	**50% (iv)**	50% (iv)	Real estate development
上海豐明房地產發展有限公司 Everbright Property Development Shanghai Co., Ltd. ("Everbright")	RMB135,000,000	**50% (iv)**	50% (iv)	Real estate development
豐盛地產發展(上海)有限公司 Fung Seng Estate Development Shanghai Co., Ltd. ("Fung Seng")	USD10,000,000	**50% (iv)**	50% (iv)	Real estate development
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	RMB200,000,000	**49% (v)**	49% (v)	Investment holding and consulting
慈溪綠城投資置業有限公司 Cixi Greentown Real Estate Investment Co., Ltd. ("Cixi Greentown")	RMB98,000,000	**49% (v)**	49% (v)	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40% (vi)**	40% (vi)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown)	USD434,000,000	**40% (vi)**	40% (vi)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB1,389,140,188	**50% (vii)**	50% (vii)	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd. ("Zhetie Greentown")	RMB50,000,000	**38% (viii)**	32%	Real estate development
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd. ("Ningbo Dushi")	USD200,000,000	**49% (ix)**	47%	Real estate development
中投發展有限責任公司 China Investment Development Co., Ltd.	RMB2,000,000,000	**24%**	24%	Infrastructure construction and investment holding
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	RMB85,000,000	**35%**	35%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd.	RMB580,000,000	**35%**	35%	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
濟南海爾綠城置業有限公司 Jinan Haier Greentown Real Estate Co., Ltd.	RMB200,000,000	**45%**	45%	Real estate development
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
台州浙信綠城房地產開發有限公司 Taizhou Zhexin Greentown Real Estate Development Co., Ltd.	RMB20,000,000	**40%**	40%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**38%**	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB530,000,000	**30%**	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	**33%**	33%	Real estate development
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd.	RMB1,860,180,000	**40%**	40%	Real estate development
杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
上海綠恒房地產開發有限公司 Shanghai Lvheng Real Estate Development Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
上海青蓮房地產開發有限公司 Shanghai Qinglian Real Estate Development Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development
溫州綠城發展房地產開發有限公司 Wenzhou Greentown Development Real Estate Development Co., Ltd.	RMB200,000,000	**40%**	40%	Real estate development
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB160,000,000	**30%**	30%	Real estate development
山東高速綠城萊蕪雪野湖開發有限公司 Shandong Gaosu Greentown Laiwu Xueyehu Development Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd.	RMB50,000,000	**39%**	39%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group		Principal Activities
		2014	2013	
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	RMB2,000,000,000	**40%**	40%	Real estate development
義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd.	RMB200,000,000	**35%**	35%	Real estate development
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**31%**	31%	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB200,000,000	**30%**	30%	Real estate development
杭州融創綠城房地產開發有限公司 Hangzhou Sunac Greentown Real Estate Development Co., Ltd.	USD102,000,000	**25%**	25%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate Co., Ltd.	RMB20,000,000	**45%**	45%	Real estate development
蘇州融綠泛庭置業有限公司 Suzhou Sunac Greentown Fanting Real Estate Co., Ltd. ("Sunac Greentown Fanting")	RMB50,000,000	**50% (ii), (x)**	–	Real estate development
盛聯管理有限公司 Poly Link Management	USD50,000	**– (xi), (xii)**	25% (xii)	Investment holding

17. Interests in Associates (continued)

Name of Associate	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
杭州遠洋天祺置業有限公司 Hangzhou Sino-Ocean Tian Qi Properties Limited ("Sino-Ocean Tian Qi")	USD147,760,000	**–** **(xi), (xii)**	25% (xii)	Real estate development
杭州遠洋運河商務區開發有限公司 Hangzhou Sino-Ocean Canal Business District Development Co., Ltd. ("Sino-Ocean Canal Business District")	USD143,210,000	**–** **(xi), (xii)**	25% (xii)	Real estate development
杭州遠洋新河酒店置業有限公司 Hangzhou Sino-Ocean New River Hotel Properties Limited ("Sino-Ocean New River Hotel")	USD93,414,000	**–** **(xi), (xii)**	25% (xii)	Real estate development
杭州綠城錦玉置業有限公司 Hangzhou Greentown Jinyu Real Estate Co., Ltd. ("Greentown Jinyu")	RMB250,000,000	**–** **(xiii)**	35%	Real estate development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Only two out of five directors of Shanghai Sunac Greentown are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Shanghai Sunac Greentown. Therefore, Shanghai Sunac Greentown is accounted for as an associate of the Group.

(ii) Huazhe Bund, Lvshun Real Estate, Wuxi Greentown, Tianjin Yijun, Sunac Greentown Fanting are subsidiaries of Shanghai Sunac Greentown.

(iii) Only one out of three directors of Sunac Greentown Investment is appointed by the Group, while a valid board resolution requires a majority of the total votes. The Group thus does not have the power to control or jointly control Sunac Greentown Investment. Therefore, Sunac Greentown investment is accounted for as an associate of the Group.

(iv) New Richport, Everbright, Fung Seng and Suzhou Greentown Yuyuan are subsidiaries of Sunac Greentown Investment.

(v) Cixi Greentown is a subsidiary of Zhejiang Zhongqinglv.

(vi) Dalian Wharf Greentown is a subsidiary of Green Magic.

17. Interests in Associates (continued)

Notes: (continued)

(vii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(viii) The Group acquired an additional 6% equity interest in Zhetie Greentown from an independent third party for a consideration of RMB3,000,000 in 2014.

(ix) The Group acquired an additional 2% equity interest in Ningbo Dushi in 2014.

(x) Sunac Greentown Fanting was newly established in 2014.

(xi) The Group disposed of its 25% equity interest in and its shareholder's loan to Poly Link Management to an independent third party for a total consideration of RMB1,090,000,000 in 2014.

(xii) Sino-Ocean Tian Qi, Sino-Ocean Canal Business District and Sino-Ocean New River Hotel are subsidiaries of Poly Link Management.

(xiii) Greentown Jinyu became an 85%-owned subsidiary of the Group in 2014 and the Group previously held a 35% equity interest in Greentown Jinyu. For details please refer to Note 30.

Summarised Financial Information of Material Associates

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

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

Associate Group A

The financial information of the associates within Associate Group A are aggregated for disclosure purpose. The directors believe it is appropriate to aggregate these information as these associates are formed with the partners from the same group and are exposed to similar risks and returns.

	2014 **RMB'000**	2013 RMB'000
Current assets	**35,932,342**	34,587,406
Non-current assets	**3,033,645**	2,116,784
Current liabilities	**19,428,219**	16,961,164
Non-current liabilities	**12,266,367**	12,694,705
Non-controlling interests of Associate Group A	**1,049,442**	1,062,604
Revenue	**5,576,990**	7,407,435
Profit for the year	**223,080**	629,959

17. Interests in Associates (continued)

Summarised Financial Information of Material Associates (continued)

Associate Group A (continued)

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

	2014 **RMB'000**	2013 RMB'000
Net assets attributable to owners of Associate Group A	**6,221,958**	5,985,717
Weighted average proportion of the Group's ownership interests in Associate Group A	**50%**	50%
Other adjustment	**11,504**	11,504
Carrying amount of the Group's interest in Associate Group A	**3,122,483**	3,004,362

Aggregate Information of Associates that are not Individually Material:

	2014 **RMB'000**	2013 RMB'000
Group's share of total profit for the year	**221,752**	804,680
Aggregate carrying amount of the Group's interests in these associates	**5,602,471**	7,011,344

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2014 **RMB'000**	2013 RMB'000
Unrecognised share of losses of associates for the year	**67,814**	26,088
Accumulated unrecognised share of losses of associates	**93,902**	26,088

18. Interests in Joint Ventures

	2014 RMB'000	2013 RMB'000
Cost of unlisted investments in joint venture	**1,628,179**	1,266,421
Share of post-acquisition profits, net of dividends received	**179,708**	581,800
	1,807,755	1,848,221

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

Name of Joint Venture	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group")	RMB100,000,000	**50% (i)**	50% (i)	Investment holding, real estate development and business consulting
臨安西子房地產開發有限公司 Lin'an Xizi Real Estate Development Co., Ltd. ("Lin'an Xizi")	RMB100,000,000	**50% (i)**	50% (i)	Real estate development
浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment")	RMB80,000,000	**50% (ii)**	50% (ii)	Investment holding
浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate")	RMB80,000,000	**50% (ii)**	50% (ii)	Real estate development
盈高有限公司 Profit Pointer Limited	HKD10,000	**50% (iii)**	50% (iii)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Project Co., Ltd. ("Shenyang National Games")	USD290,000,000	**50% (iii)**	50% (iii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	**51% (iv)**	51% (iv)	Real estate development

18. Interests in Joint Ventures (continued)

Name of Joint Venture	Registered Capital	Proportion of Ownership Interest/Voting Rights Held by the Group 2014	2013	Principal Activities
山東東城置業有限公司 Shandong Dongc heng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	**49% (v)**	49% (v)	Real estate development
杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd. ("Greentown Zhongsheng")	RMB100,000,000	**55% (vi)**	55% (vi)	Real estate development
浙江金盈置業有限公司 Zhejiang Jinying	RMB400,000,000	**25% (vii)**	25% (vii)	Real estate development
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown")	RMB99,000,000	**47% (viii)**	47% (viii)	Real estate development
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Co., Ltd. ("Zhoushan Greentown Haisheng")	RMB100,000,000	**51% (ix)**	51% (ix)	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd.	RMB20,000,000	**50%**	50%	Real estate development
杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd.	USD50,000,000	**50%**	50%	Real estate development
德清莫干山樂城置業有限公司 Deqing Moganshan Lecheng Real Estate Co., Ltd.	RMB100,000,000	**50%**	50%	Real estate development

18. Interests in Joint Ventures (continued)

The above table lists the joint venture of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Lin'an Xizi is a subsidiary of Zhejiang Lvxi Group.

(ii) Zhejiang Tietou Greentown Investment holds 100% equity interest in Zhejiang Tietou Greentown Real Estate.

(iii) Shenyang National Games is a subsidiary of Profit Pointer Limited.

(iv) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye is accounted for as a joint venture of the Group.

(v) Two out of five directors of Shandong Dongcheng are appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution requires four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng require unanimous consent from the Group and the other equity holders. Therefore, Shandong Dongcheng is accounted for as a joint venture of the Group.

(vi) Three out of five directors of Greentown Zhongsheng are appointed by the Group and the remaining two directors by the other equity holder, while a valid board resolution requires four-fifths approval from the directors. Decisions about relevant activities of Greentown Zhongsheng require unanimous consent from the Group and the other equity holders. Therefore, Greentown Zhongsheng is accounted for as a joint venture of the Group.

(vii) Zhejiang Jinying is a 50% joint venture of the Shanghai Greentown Woods Golf Villas Development Co., Ltd. Shanghai Greentown Woods Golf Villas Development Co., Ltd. is a 50%-owned subsidiary of the Group.

(viii) Two out of five directors of Yuyao Greentown are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Yuyao Greentown is accounted for as a joint venture of the Group.

(ix) Three out of five directors of Zhoushan Greentown Haisheng are appointed by the Group, while a valid board resolution requires two thirds above approval from all directors. Decisions about relevant activities of Zhoushan Greentown Haisheng require unanimous consent from the Group and the other equity holders. Therefore, Zhoushan Greentown Haisheng is accounted for as a joint venture of the Group.

Summarised Financial Information of Material Joint Ventures

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

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

18. Interests in Joint Ventures (continued)

Summarised Financial Information of Material Joint Ventures (continued)

Joint Venture Company A

	2014 **RMB'000**	2013 RMB'000
Current assets	**1,415,804**	3,679,326
Non-current assets	**860**	1,591
Current liabilities	**769,781**	2,708,090
Non-current liabilities	**352,000**	795,000

The above amounts of assets and liabilities include the following:

	2014 **RMB'000**	2013 RMB'000
Cash and cash equivalents	**149,578**	177,490
Non-current financial liabilities (excluding trade and other payables and provisions)	**352,000**	795,000

	2014 **RMB'000**	2013 RMB'000
Revenue	**3,210,708**	2,793,049
Profit for the year	**178,184**	134,243
Dividends received from the joint venture during the year	**55,000**	–

The above profit for the year include the following:

	2014 **RMB'000**	2013 RMB'000
Depreciation and amortisation	**703**	696
Interest income	**758**	2,213
Income tax expense	**104,301**	74,671

18. Interests in Joint Ventures (continued)

Summarised Financial Information of Material Joint Ventures (continued)

Joint Venture Company A (continued)

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

	2014 RMB'000	2013 RMB'000
Net assets of Joint venture Company A	**294,884**	177,827
Proportion of the Group's ownership interest in Joint venture Company A	**55%**	55%
Effect of fair value adjustments at acquisition	**3,127**	20,948
Carrying amount of the Group's interest in Joint venture Company A	**165,313**	118,753

Joint Venture Company B

	2014 RMB'000	2013 RMB'000
Current assets	**2,576,371**	3,045,103
Non-current assets	**12,426**	18,868
Current liabilities	**1,559,585**	2,582,859
Non-current liabilities	**727,950**	335,000

The above amounts of assets and liabilities include the following:

	2014 RMB'000	2013 RMB'000
Cash and cash equivalents	**167,088**	64,887
Current financial liabilities (excluding trade and other payables and provisions)	**120,000**	938,475
Non-current financial liabilities (excluding trade and other payables and provisions)	**727,950**	335,000

	2014 RMB'000	2013 RMB'000
Revenue	**1,497,955**	–
Profit (loss) for the year	**(25,133)**	(25,340)

18. Interests in Joint Ventures (continued)

Summarised Financial Information of Material Joint Ventures (continued)

Joint Venture Company B (continued)

The above profit (loss) for the year includes the following:

	2014 RMB'000	2013 RMB'000
Depreciation and amortisation	**708**	841
Interest income	**870**	294
Income tax expense	**90,298**	(7,334)

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

	2014 RMB'000	2013 RMB'000
Net assets of Joint venture Company B	**301,263**	146,112
Proportion of the Group's ownership interest in Joint venture Company B	**49%**	49%
Effect of fair value adjustments at acquisition	**197,092**	285,432
Other adjustments	**29,068**	29,068
Carrying amount of the Group's interest in Joint venture Company B	**373,779**	386,094

Aggregate Information of Joint Ventures that are Not Individually Material

	2014 RMB'000	2013 RMB'000
Group's share of (loss) profit for the year	**(17,807)**	416,582

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2014 RMB'000	2013 RMB'000
Unrecognised share of losses of joint ventures for the year	**196,976**	162,578
Accumulated unrecognised share of losses of joint ventures	**438,471**	241,495

19. Available-for-Sale Investments

Available-for-sale investments comprise:

	2014 **RMB'000**	2013 RMB'000
Non-current portion:		
Unlisted equity securities	**388,617**	377,010

The above unlisted equity securities were issued by private entities established in the PRC. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

20. Prepaid Lease Payment

	2014 **RMB'000**	2013 RMB'000
The Group's prepaid lease payment comprises:		
Leasehold land in the PRC:		
Medium-term lease	**684,274**	678,159
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	**22,213**	13,446
Non-current asset	**662,061**	664,713
	684,274	678,159

21. Deferred Taxation

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

	Temporary Differences on Revenue Recognition and Related Cost of Sales RMB'000	Impairment Losses RMB'000	Tax Losses RMB'000	Fair Value Adjustments RMB'000	LAT Provision RMB'000	Undistributed Profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	29,122	57,063	133,771	(194,160)	571,652	(337,184)	(16,938)	243,326
(Charge) credit to profit or loss	185,157	(15,663)	(3,410)	(21,475)	103,573	(150,000)	6,534	104,716
Acquisition of subsidiaries (Note 30)	–	–	1,488	–	–	–	–	1,488
At 31 December 2013	214,279	41,400	131,849	(215,635)	675,225	(487,184)	(10,404)	349,530
(Charge) credit to profit or loss	(18,644)	43,985	25,290	(13,008)	(22,651)	(60,000)	(5,554)	(50,582)
Acquisition of subsidiaries (Note 30)	–	–	18,830	–	–	–	–	18,830
Disposal of subsidiaries	–	–	–	–	(5,775)	–	–	(5,775)
At 31 December 2014	**195,635**	**85,385**	**175,969**	**(228,643)**	**646,799**	**(547,184)**	**(15,958)**	**312,003**

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation.

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014 RMB'000	2013 RMB'000
Deferred tax assets	**1,116,046**	1,053,244
Deferred tax liabilities	**(804,043)**	(703,714)
	312,003	349,530

21. Deferred Taxation (continued)

At the end of the reporting period, the Group had unutilised tax losses of RMB2,134,358,000 (2013: RMB1,878,354,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB703,874,000 (2013: RMB527,395,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB1,430,484,000 (2013: RMB1,350,959,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2014 **RMB'000**	2013 RMB'000
2014	**–**	144,444
2015	**93,491**	94,903
2016	**185,505**	187,924
2017	**385,987**	389,832
2018	**510,690**	533,856
2019	**254,811**	–
	1,430,484	1,350,959

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB12,500,973,000 (31 December 2013: RMB11,100,973,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. Properties for Development

Included in properties for development as at 31 December 2014 is an amount of RMB2,253,436,000 (2013: RMB2,139,387,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

23. Properties Under Development

	2014 RMB'000	2013 RMB'000
Long-term leasehold land – at cost	**19,325,206**	18,096,461
Development costs	**17,781,481**	17,025,985
Finance costs capitalised	**4,205,536**	3,845,128
	41,312,223	38,967,574

Properties under development for sale amounting to RMB16,044,213,000 (2013: RMB22,865,603,000) are expected to be recovered after more than 12 months from the end of the reporting period.

24. Other Current Assets

Trade and Other Receivables, Deposits and Prepayments

	2014 RMB'000	2013 RMB'000
Trade receivables	**611,334**	411,777
Other receivables	**3,583,985**	3,041,088
Prepayments and deposits	**956,772**	927,691
Consideration receivables from disposal of a subsidiary and an associate	**63,150**	–
	5,215,241	4,380,556

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below. The trade receivables which are aged 91 days or above are all past due but not impaired. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

	2014 RMB'000	2013 RMB'000
Within 30 days	**256,574**	146,659
31–90 days	**104,182**	62,526
91–180 days	**19,494**	19,550
181–365 days	**91,240**	49,080
Over 365 days	**139,844**	133,962
Trade receivables	**611,334**	411,777

24. Other Current Assets (continued)

Trade and Other Receivables, Deposits and Prepayments (continued)

Most of the Group's customers take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

Included in other receivables were advances to third parties of RMB1,664,585,000 (2013: RMB1,865,066,000) as at 31 December 2014. The advances are interest free, unsecured and expected to be recovered within one year except for RMB712,196,000 (2013: RMB522,799,000) which carries interest at 8.5% to 14.5% (2013: 8% to 15%) per annum, is unsecured and is expected to be recovered within one year. The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 58% (2013: 53%) of the total advances to third parties was due from the five largest counterparties. The Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

No allowance was made for trade and other receivables.

Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.35% to 2.35% (2013: 0.35% to 2.6%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.35% to 4% (2013: 0.35% to 4.3%) per annum.

As at 31 December 2014, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB9,019,024,000 (2013: RMB11,146,577,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	**USD** RMB'000
As at 31 December 2014	**11,275**	**53,958**
As at 31 December 2013	5,984	128,518

25. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	2014 RMB'000	2013 RMB'000
Within 30 days	**5,307,305**	5,682,270
31–90 days	**1,455,515**	850,113
91–180 days	**2,291,915**	1,050,500
181–365 days	**1,459,852**	1,637,541
Over 365 days	**1,270,961**	1,294,420
Trade payables	**11,785,548**	10,514,844
Other payables and accrued expenses	**7,595,400**	7,256,485
Consideration payables on acquisition of subsidiaries and a joint venture	**–**	139,600
	19,380,948	17,910,929

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

26. Bank and Other Borrowings

	2014 RMB'000	2013 RMB'000
Secured bank loans (Note 34)	**16,503,229**	13,164,350
Unsecured bank loans	**5,617,662**	2,992,189
	22,120,891	16,156,539
Secured other loans (Note 34)	**4,971,908**	5,796,819
Unsecured other loans	**130,495**	–
	5,102,403	5,796,819
	27,223,294	21,953,358

26. Bank and Other Borrowings (continued)

	2014 RMB'000	2013 RMB'000
Carrying amount repayable*:		
Within one year	**12,149,646**	5,961,370
More than one year, but not exceeding two years	**9,865,879**	8,416,933
More than two years, but not exceeding three years	**3,095,363**	5,049,782
More than three years, but not exceeding four years	**719,516**	822,464
More than four years, but not exceeding five years	**570,615**	634,964
More than five years	**804,750**	1,011,320
	27,205,769	21,896,833
Carrying amount of loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities), which is originally repayable:		
More than one year, but not exceeding two years	**–**	13,300
More than two years, but not exceeding three years	**900**	13,300
More than three years, but not exceeding four years	**13,300**	13,300
More than four years, but not exceeding five years	**3,325**	13,300
More than five years	**–**	3,325
	17,525	56,525
	27,223,294	21,953,358
Less: Amounts due within one year shown under current liabilities	**(12,167,171)**	(6,017,895)
Amounts shown under non-current liabilities	**15,056,123**	15,935,463

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

26. Bank and Other Borrowings (continued)

Bank and other borrowings can be further analysed as follows:

	2014 RMB'000	2013 RMB'000
Fixed-rate	**9,597,644**	8,113,896
Variable-rate	**17,625,650**	13,839,462
	27,223,294	21,953,358

Interest on variable-rate bank and other borrowings is based on:

	2014 RMB'000	2013 RMB'000
The People's Bank of China benchmark rate	**11,638,688**	11,474,273
London Interbank Offered Rate	**5,986,962**	2,365,189
	17,625,650	13,839,462

The average interest rates were as follows:

	2014	2013
Bank loans	**6.66%**	7.52%
Other loans	**10.51%**	12.19%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	USD RMB'000
As at 31 December 2014	**5,986,962**
As at 31 December 2013	2,365,189

26. Bank and Other Borrowings (continued)

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2014 RMB'000	2013 RMB'000
Secured bank loans:		
Associates	**–**	490,000
Non-controlling shareholders of subsidiaries	**186,200**	1,018,380
Independent third parties	**360,000**	580,000
Unsecured bank loans:		
Independent third parties	**195,500**	207,000

27. Senior Notes

New USD Senior Notes – Unsecured

On 4 February 2013, the Company issued senior notes with an aggregate principal amount of USD400,000,000 at 100% of face value (the "USD Senior Notes"), which are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The USD Senior Notes carry interest at the rate of 8.5% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD394,626,000 (approximately RMB2,480,617,000). The USD Senior Notes will mature on 4 February 2018.

On 26 March 2013, the Company issued another senior notes with an aggregate principal amount of USD300,000,000 at 102.5% of face value plus accrued interest (the "Additional USD Senior Notes") that were consolidated and formed a single series with the USD Senior Notes. The Additional USD Senior Notes are listed on the Stock Exchange and carry the same terms and conditions as the USD Senior Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD308,515,000 (approximately RMB1,934,851,000).

The principal terms of the USD Senior Notes and Additional USD Senior Notes (collectively as "New USD Senior Notes") are disclosed in the Group's 2013 consolidated financial statements.

The movements of New USD Senior Notes during the year are set out below:

	RMB'000
At 1 January 2014	4,265,827
Exchange realignment	17,422
Interest charged during the year	363,975
Interest paid/payable during the year	(365,444)
At 31 December 2014	4,281,780

27. Senior Notes (continued)

RMB Senior Notes – Unsecured

On 13 May 2013, the Company issued senior notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "RMB Senior Notes"), which are listed on the Stock Exchange. The RMB Senior Notes carry interest at the rate of 5.625% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately RMB2,475,911,000. The RMB Senior Notes will mature on 13 May 2016.

The principal terms of RMB Senior Notes is disclosed in the Group's 2013 consolidated financial statements.

The movements of RMB Senior Notes during the year are set out below:

	RMB'000
At 1 January 2014	2,480,996
Interest charged during the year	148,655
Interest paid/payable during the year	(140,625)
At 31 December 2014	2,489,026

Second USD Senior Notes – Unsecured

On 24 September 2013, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the "Second USD Senior Notes"), which are listed on the Stock Exchange. The Second USD Senior Notes carry interest at the rate of 8.0% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD296,947,000 (approximately RMB1,826,138,000). The Second USD Senior Notes will mature on 24 March 2019.

The principal terms of Second USD Senior Notes is disclosed in the Group's 2013 consolidated financial statements.

The movements of Second USD Senior Notes during the year are set out below:

	RMB'000
At 1 January 2014	1,811,361
Exchange realignment	7,325
Interest charged during the year	150,007
Interest paid/payable during the year	(147,370)
At 31 December 2014	1,821,323

27. Senior Notes (continued)

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2014	8,558,184
Exchange realignment	24,747
Interest charged during the year	662,637
Interest paid/payable during the year	(653,439)
At 31 December 2014	8,592,129

All of the senior notes contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. The directors consider that the fair value of the early redemption options is insignificant on 31 December 2014.

28. Share Capital

	Number of Shares	**Share Capital** HKD'000
Authorised		
Ordinary shares of HKD0.10 each		
At 31 December 2013 and 2014	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each		
At 1 January 2013	2,143,175,190	214,317
Exercise of share options	15,325,500	1,533
At 31 December 2013	2,158,500,690	215,850
Exercise of share options	2,447,000	245
At 31 December 2014	**2,160,947,690**	**216,095**

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2014	**208,850**
As at 31 December 2013	208,656

All shares issued during the year rank pari passu with other shares in issue in all respects.

29. Convertible Securities/Perpetual Securities

On 28 January 2014 (the "Issue Date"), Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities ("Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the Perpetual Securities.

The Perpetual Securities confer the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including the Issue Date to, but excluding the 5th anniversary from the Issue Date (the "First Call Date"), 9% per annum and (ii) in respect of the periods (A) from and including the First Call Date to, but excluding the immediately following reset date and (B) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, the initial spread of 7.373% plus the applicable 5-year U.S. treasury rate plus 5% per annum. A reset date is defined as the First Call Date and each day falling on the expiry of every five calendar years after the First Call Date. The applicable 5-year U.S. treasury rate refers to the prevailing rate that represents the average for the week immediately prior to the date on which the reset is calculated as published by the Board of Governors of the U.S. Federal Reserve.

Moon Wise may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Moon Wise may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until (i) Moon Wise or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of the holders of the Perpetual Securities, Moon Wise and the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof (including preference shares) or parity securities.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 *Financial Instruments: Presentation*. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of RMB138,650,000 for the year ended 31 December 2014 has been provided and paid by the Company.

The net proceeds of the Perpetual Securities was used to replace the convertible securities issued in June 2012 ("Convertible Securities") and for general working capital purposes. The principal terms and conditions of the Convertible Securities is disclosed in the Group's 2013 consolidated financial statements. The Convertible Securities has been redeemed on 20 February 2014 at a premium and a final distribution of RMB99,896,000 has been paid by the Company.

30. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2014 were as follows:

Acquired Company	Principal Activities	Acquisition Date	Effective Equity Interest Acquired	Consideration
				RMB'000
馬鞍山偉華置業發展有限公司 Ma'anshan Weihua Property Development Co., Ltd. ("Ma'anshan Weihua") (i)	Real estate development	27 Feb 2014	70%	74,200
麒愉有限公司 Magic Delight Limited ("Magic Delight")(ii)	Investment holding	27 March 2014	50%	–
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Property Co., Ltd. ("Hangzhou Greentown Wharf") (ii)	Real estate development	27 March 2014	50%	–
杭州綠城錦玉置業有限公司 Greentown Jinyu (iii)	Real estate development	30 May 2014	50%	147,370
杭州余杭綠城藍庭護理院 Hangzhou Yuhang Greentown Lanting Nursing Home ("Lanting Nursing Home")(iv)	Health care	7 July 2014	85%	1,500
杭州余杭綠城藍庭老年頤養公寓 Hangzhou Yuhang Greentown Lanting Elderly Apartment ("Lanting Elderly Apartment")(v)	Health care	7 July 2014	85%	300
杭州西郊農莊有限公司 Hangzhou Western Suburbs Farm Co., Ltd. ("Western Suburbs Farm") (vi)	Agriculture	25 Sept 2014	100%	10,000
				233,370

30. Acquisition of Subsidiaries (continued)

Notes:

(i) Greentown Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company acquired 70% equity interest of Ma'anshan Weihua. The Group acquired Ma'anshan Weihua so as to continue the expansion of the Group's property development operation.

(ii) Onnex Limited, a wholly-owned subsidiary of the Company, acquired 50% equity interest of Magic Delight. Magic Delight became a subsidiary of the Group because the Group has the right to appoint majority of directors of Magic Delight and hence the power over Magic Delight and has the ability to use its power to affect its returns. Hangzhou Greentown Wharf is a wholly-owned subsidiary of Magic Delight, therefore was also acquired by the Group. The Group acquired Magic Delight and Hangzhou Greentown Wharf so as to continue the expansion of the Group's property development operation.

(iii) Greentown Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company acquired additional 50% equity interest of Greentown Jinyu in 2014. Greentown Jinyu was previously a 35%-owned associate of the Group. The Group acquired additional 50% equity interest so as to continue the expansion of the Group's property development operation.

(iv) Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. ("Yuhang Jinteng"), an 85%-owned subsidiary of the Company acquired 100% equity interest of Lanting Nursing Home in 2014.

(v) Yuhang Jinteng, an 85%-owned subsidiary of the Company acquired 100% equity interest of Lanting Elderly Apartment in 2014.

(vi) Hangzhou Nuozhen Investment Co., Ltd., a newly established wholly-owned subsidiary of the Company acquired 100% equity interest of Western Suburbs Farm in 2014.

30. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2013 were as follows:

Acquired Company	Principal Activities	Acquisition Date	Effective Equity Interest Acquired	Consideration
				RMB'000
浙江文瀾文化發展有限公司 Zhejiang Wenlan Culture Development Co., Ltd ("Zhejiang Wenlan") (i)	Production of literary products	5 March 2013	52.85%	2,400
海南中油深海養殖科技開發有限公司 Hainan Zhongyou Deep Sea Cultivation Technology Development Co., Ltd. ("Hainan Zhongyou") (ii)	Real estate development	15 January 2013	51%	104,090
綠城恒基（大慶）置業有限公司 Greentown Hengji Daqing Real Estate Development Co., Ltd. ("Greentown Hengji Daqing ") (iii)	Real estate development	11 October 2013	51%	13,000
慈溪綠城房地產發展有限公司 Cixi Greentown Property (iv)	Real estate development	5 July 2013	100%	68,600
				188,090

Notes:

(i) Hangzhou Golden Horse Real Estate Development Co., Ltd., a 51%-owned subsidiary of the Company, and Hangzhou Greentown Haiqi Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Company, each acquired 35% equity interest of Zhejiang Wenlan.

(ii) Hainan Greentown Gaodi Investment Co., Ltd., a 51%-owned subsidiary of the Company, acquired 100% equity interest of Hainan Zhongyou.

(iii) Greentown Hengji Daqing was previously a 25% associate of the Group. Greentown Hengji Daqing is engaged in property development business. The Group acquired additional 26% equity interest so as to continue the expansion of the Group's property development operation.

(iv) Cixi Greentown Property was previously a 30% associate of the Group. Cixi Greentown Property is engaged in property development business. The Group acquired additional 70% equity interest so as to continue the expansion of the Group's property development operation.

30. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	2014 RMB'000	2013 RMB'000
Net assets acquired:		
Property, plant and equipment	**3,231**	5,166
Prepaid lease payment	**44,416**	–
Rental paid in advance	**–**	429
Deferred tax assets	**18,830**	1,488
Properties for development	**1,461,330**	149,571
Properties under development	**4,651,022**	1,297,648
Inventories	**1,437**	–
Trade and other receivables, deposits and prepayments	**30,776**	240,652
Amounts due from related parties	**15**	2,165
Prepaid income taxes	**154,835**	–
Prepaid other taxes	**213,614**	13,995
Bank balances and cash	**239,985**	28,288
Trade and other payables	**(148,220)**	(347,653)
Pre-sale deposits	**(4,060,190)**	(204,637)
Amounts due to related parties	**(468,903)**	(432,285)
Income taxes payable	**(3,129)**	(74)
Other taxes payable	**(1)**	–
Bank and other borrowings	**(1,724,681)**	(499,950)
	414,367	254,803
Goodwill	**900**	501
Non-controlling interests	**(77,375)**	(25,314)
	337,892	229,990
Less:		
Transferred from interests previously held and classified as associates	**(65,963)**	(37,977)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages (Note i)	**(37,196)**	(3,923)
Gain on acquisition of a subsidiary (Note ii)	**(1,363)**	–
	233,370	188,090
Total consideration, satisfied by:		
Cash	**233,370**	118,490
Consideration payable	**–**	69,600
	233,370	188,090
Net cash flow arising on acquisition		
Cash paid	**(233,370)**	(118,490)
Bank balances and cash acquired	**239,985**	28,288
	6,615	(90,202)

30. Acquisition of Subsidiaries (continued)

Note:

(i) The Group's 35% equity interest in Greentown Jinyu, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB37,196,000.

(ii) The acquisition of Magic Delight and Hangzhou Greentown Wharf was completed with a consideration of HK$1, resulting in a gain of RMB1,363,000.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Magic Delight, Hangzhou Greentown Wharf, Lanting Nursing Home, Lanting Elderly Apartment and Western Suburbs Farm were not material in comparison to the assets and liabilities acquired from Ma'anshan Weihua and Greentown Jinyu.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB30,791,000 at the date of acquisition had gross contractual amounts of RMB30,791,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB77,375,000.

Ma'anshan Weihua, Magic Delight, Hangzhou Greentown Wharf, Lanting Nursing Home, Lanting Elderly Apartment and Western Suburbs Farm did not contribute any revenue to the Group between the date of acquisition and the end of the year. Greentown Jinyu contributed RMB3,743,750,000 in revenue to the Group between the date of acquisition and the end of the period.

The losses attributable to Ma'anshan Weihua, Magic Delight, Hangzhou Greentown Wharf, Lanting Nursing Home, Lanting Elderly Apartment and Western Suburbs Farm amounted to RMB6,869,000, RMB18,068,000, RMB4,028,000, RMB353,000, RMB518,000 and RMB1,432,000 respectively have been recognised in the Group's profit for the year between the date of acquisition and the end of the year. The profits attributable to Greentown Jinyu amounted to RMB173,744,000 have been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

Had the acquisition of the subsidiaries been effected at 1 January 2014, the effect on the Group's revenue and profit for the year ended 31 December 2014 would have been insignificant.

Acquisition-related costs were immaterial and had been excluded from the consideration transferred and had been recognised as an expense in the current year, within the Administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

31. Operating Leases

The Group as Lessee

	2014 RMB'000	2013 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	**104,860**	93,034

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 RMB'000	2013 RMB'000
Within one year	**41,632**	34,377
In the second to fifth year inclusive	**78,417**	27,262
	120,049	61,639

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 5 years with fixed rentals.

The Group as Lessor

	2014 RMB'000	2013 RMB'000
Property rental income, net of negligible outgoings	**135,072**	121,381

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2014 RMB'000	2013 RMB'000
Within one year	**54,158**	40,590
In the second to fifth year inclusive	**29,194**	14,537
After five years	**30,957**	5,563
	114,309	60,690

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from three months to fifteen years with fixed rentals.

32. Commitments

	2014 **RMB'000**	2013 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**13,786,137**	14,064,585

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2014 **RMB'000**	2013 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	**6,968,762**	2,136,249

33. Share-Based Payment Transactions

The Company's share option scheme (the "Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the expiry of the Scheme, unless otherwise specified in the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

33. Share-Based Payment Transactions (continued)

Details of specific categories of options granted in 2009 are as follows:

	Date of Grant	Vesting Period	Exercise Period	Exercise Price	Fair Value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

The share options are exercisable during the following periods:

2009A
(i) up to 50% of the share options granted to each grantee from 22 January 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B
(i) up to 33% of the share options granted to each grantee from 13 May 2009;
(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C
(i) up to 50% of the share options granted to each grantee from 22 June 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D
(i) up to 50% of the share options granted to each grantee from 17 July 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

33. Share-Based Payment Transactions (continued)

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

Option Type	**Outstanding at 1/1/2014**	**Exercised During Year**	**Forfeited During Year**	**31/12/2014**
2009A	**12,122,000**	**(2,447,000)**	**(53,000)**	**9,622,000**
2009B	**3,359,000**	**–**	**–**	**3,359,000**
2009C	**29,576,500**	**–**	**(127,500)**	**29,449,000**
2009D	**15,000,000**	**–**	**–**	**15,000,000**
	60,057,500	**(2,447,000)**	**(180,500)**	**57,430,000**
Exercisable at the end of the year				**57,430,000**
Weighted average exercise price	**HK$9.30**	**HK$2.89**	**HK$8.62**	**HK$9.57**

Option Type	Outstanding at 1/1/2013	Exercised During Year	Forfeited During Year	31/12/2013
2009A	18,903,500	(6,781,500)	–	12,122,000
2009B	5,216,500	(1,857,500)	–	3,359,000
2009C	36,437,000	(6,686,500)	(174,000)	29,576,500
2009D	15,000,000	–	–	15,000,000
	75,557,000	(15,325,500)	(174,000)	60,057,500
Exercisable at the end of the year				60,057,500
Weighted average exercise price	HK$8.82	HK$6.95	HK$11.00	HK$9.30

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$8.09 (2013: HK$15.36).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments. As at 31 December 2014, share option premiums receivable amounting to RMB62,844,000 (2013: RMB63,526,000) were included in current other receivables according to the payment terms of the share option premiums.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

33. Share-Based Payment Transactions (continued)

The following assumptions were used to calculate the fair values of the share options:

	2009A	2009B	2009C	2009D
Grant date share price	HK$2.75	HK$7.16	HK$11.00	HK$11.52
Exercise price	HK$2.89	HK$7.16	HK$11.00	HK$11.59
Expected life	10 years	10 years	10 years	5.1 years
Expected volatility	58%	59%	59%	57%
Dividend yield	2.81%	2.81%	4.16%	4.16%
Risk-free interest rate	1.450%	2.372%	2.951%	1.79%

The Binomial model has been used to estimate the fair value of the 2009A, 2009B and 2009C share options. The Black-Scholes pricing model has been used to estimate the fair value of the 2009D share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

Expected volatility was determined by using the historical volatility of the share price of comparable listed companies over the most recent period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

34. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2014 RMB'000	2013 RMB'000
Land and buildings	**15,762**	16,317
Hotel buildings	**3,487,208**	1,484,407
Construction in progress	**49,131**	533,039
Prepaid lease payment	**536,345**	470,343
Properties for development	**600,577**	431,533
Properties under development	**13,808,752**	15,843,475
Completed properties for sale	**3,967,235**	1,201,163
Investment properties	**1,860,000**	1,800,000
Pledged bank deposits	**1,350,690**	595,038
Interests in associates	**429,987**	255,270
Interests in joint ventures	**111,491**	94,004
	26,217,178	22,724,589

35. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

36. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB17,826,248,000 (2013: RMB17,625,119,000) at 31 December 2014 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2014 **RMB'000**	2013 RMB'000
Credit guarantees provided to:		
Associates	**5,912,621**	6,570,135
Joint ventures	**1,532,470**	336,000
Independent third parties	**300,000**	300,000
	7,745,091	7,206,135

	2014 **RMB'000**	2013 RMB'000
Mortgage and charge guarantees provided to:		
Associates	**804,987**	255,270
Joint ventures	**423,880**	456,910
	1,228,867	712,180
Total	**8,973,958**	7,918,315

36. Contingent Liabilities (continued)

(i) Guarantees (continued)

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**5,097,567**	5,076,552

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2014 RMB'000	2013 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**2,317,055**	1,667,378

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

(ii) Litigation against Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun")

On 29 December 2011, Zhejiang Jiahe Industrial Co., Ltd. ("Greentown Jiahe"), a wholly-owned subsidiary of the Company, Shanghai Zendai Land Company Limited ("Shanghai Zendai Land"), a wholly-owned subsidiary of Shanghai Zendai Property Limited, a company listed on the Stock Exchange and an independent third party, and Shanghai Chang Ye Investment Management Consulting Co., Ltd. ("Shanghai Chang Ye"), a wholly-owned subsidiary of SOHO China Limited, entered into an agreement pursuant to which Shanghai Chang Ye had conditionally agreed to acquire, and (i) Greentown Jiahe had conditionally agreed to sell its 100% equity interest in Hangzhou Greentown Hesheng Investment Company ("Greentown Hesheng") and its loan granted to Greentown Hesheng; and (ii) Shanghai Zendai Land had conditionally agreed to sell its 100% equity interest in Shanghai Zendai Wudaokou Property Company Limited ("Shanghai Zendai Wudaokou") and its loan granted to Shanghai Zendai Wudaokou. Pursuant to a supplementary agreement dated 9 January 2012, the relevant parties agreed that Shanghai Chang Sheng Investment Management Consulting Co., Ltd. ("Shanghai Chang Sheng") should assume all rights, obligations and liabilities of Shanghai Chang Ye under the equity transfers and loan assignments. Greentown Hesheng and Shanghai Zendai Wudaokou owned 10% and 40% equity interests respectively in Shanghai Haizhimen Property Management Co., Ltd. ("Shanghai Haizhimen"), while Zhejiang Fosun, a wholly-owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange, owned the remaining 50% equity interest in Shanghai Haizhimen. Shanghai Haizhimen indirectly owns 100% interest in a land parcel in Shanghai. The disposal of the 100% equity interest in Greentown Hesheng resulted in a gain of RMB115,330,000 to the Group in 2012.

36. Contingent Liabilities (continued)

(ii) Litigation against Zhejiang Fosun Commerce Development Limited ("Zhejiang Fosun") (continued)

On 30 May 2012, Zhejiang Fosun filed a civil suit to Shanghai No. 1 Intermediate People's Court (the "Court") and received a notification of acceptance from the Court, pursuant to which Zhejiang Fosun had initiated a civil action against the relevant parties to protect its pre-emptive rights in the above-mentioned indirect transfers of equity interests in Shanghai Haizhimen by asking for the transactions to be invalidated.

On 4 June 2012, the Group was served with a document of summons issued by the Court in relation to the civil action, pursuant to which Greentown Jiahe, among others, is named as a defendant.

On 29 November 2012, a preliminary trial was held at the Court. On 24 April 2013, the Court issued its judgment (the "Judgment"), granting orders for (among other things):

1. the invalidation of the agreement to transfer 100% equity interests in Shanghai Zendai Wudaokou and Greentown Hesheng respectively from Shanghai Zendai Land and Greentown Jiahe to Shanghai Chang Ye as stipulated under the agreement dated 29 December 2011;

2. the invalidation of the equity transfer agreement in relation to the transfer of 100% equity interests in Shanghai Zendai Wudaokou by Shanghai Zendai Land to Shanghai Chang Sheng ("Shanghai Zendai Wudaokou Transfer") dated 29 December 2011;

3. the invalidation of the equity transfer agreement in relation to the transfer of 100% equity interests in Greentown Hesheng by Greentown Jiahe to Shanghai Chang Sheng ("Greentown Hesheng Transfer") dated 12 January 2012; and

4. the restatement of the ownership of Shanghai Zendai Wudaokou and Greentown Hesheng back to the state before the Shanghai Zendai Wudaokou Transfer and Greentown Hesheng Transfer, respectively.

The Company has reviewed the Judgment and SOHO China Limited had made an appeal to the Higher People's Court of Shanghai in relation to the Judgment. As of the date of these financial statements, the second trial is in process.

Having consulted with its legal advisers, the Company believes the Judgment cannot be enforced and will not become effective pending the results of the appeal. The Company considers that the Judgement does not have any material adverse effect on the operation of financial position of the Group.

37. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2014 RMB'000	2013 RMB'000
Sale of properties to a non-controlling shareholder	**–**	249,613
Sale of materials to joint ventures and associates (Note)	**4,621**	32,911
Construction service income from associates (Note)	**872**	2,143
Construction service income from joint ventures (Note)	**3,551**	3,820
Construction consulting service income from joint ventures and associates (Note)	**4,039**	29,543
Rental expenses paid/payable to:		
– shareholders' companies	**8,534**	8,624
– non-controlling shareholders	**64**	561
Purchases from shareholders' companies (Note)	**4,480**	7,956
Interior decoration service fees paid/payable to associates (Note)	**40,216**	12,962
Property management fees paid/payable to shareholders' companies	**135,697**	102,230
Interest income arising from amounts due from:		
– associates (Note)	**501,547**	270,612
– joint ventures (Note)	**133,408**	50,304
– non-controlling shareholders	**12,292**	12,124
Interest expense arising from amounts due to:		
– associates (Note)	**168,408**	49,914
– joint ventures (Note)	**19,944**	58,042
– non-controlling shareholders	**272,180**	90,924
Advertising expenses paid/payable to shareholders' companies	**70,000**	70,000
Comprehensive service income from joint ventures and associates (Note)	**129,269**	62,279
Hotel management fees paid/payable to shareholders' companies	**9,693**	9,627
Hotel service income from associates (Note)	**599**	1,270
Interior decoration service income from:		
– joint ventures and associates (Note)	**393,474**	266,981
– shareholders' companies	**1,816**	3,363
Health management service fee to shareholders' companies	**975**	1,118
Healthcare service fee to shareholders' companies	**4,393**	1,191
Educational service fee to shareholders' companies	**401**	69
Marketing service income from joint ventures and associates (Note)	**7,294**	8,442
Advertising income from joint ventures and associates (Note)	**4,678**	8,380
Landscape construction fee to associates (Note)	**65,882**	90,155

37. Related Party Disclosures (continued)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (continued)

Note: Purchases from shareholders' companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts. The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2014					
	Project-related		Non-project Related		Total	
	Interest Bearing RMB'000	Non-interest Bearing RMB'000	Interest Bearing RMB'000	Non-interest Bearing RMB'000	Interest Bearing RMB'000	Non-interest Bearing RMB'000
Due from						
Shareholders' Companies	–	6,350	–	2,208	–	8,558
Non-controlling shareholders	2,296,721	4,423,622	–	39,811	2,296,721	4,463,433
Associates	4,995,659	8,577,105	–	–	4,995,659	8,577,105
Joint ventures	984,016	5,772,112	–	–	984,016	5,772,112
Officers	–	59,110	–	–	–	59,110
	8,276,396	18,838,299	–	42,019	8,276,396	18,880,318
Due to						
Shareholder	–	10,380	–	–	–	10,380
Shareholders' Companies	–	14,081	–	11,700	–	25,781
Non-controlling shareholders	3,114,305	2,328,602	–	–	3,114,305	2,328,602
Associates	427,268	1,890,474	–	–	427,268	1,890,474
Joint ventures	1,133,817	912,781	–	–	1,133,817	912,781
Officers	–	6,964	–	–	–	6,964
	4,675,390	5,163,282	–	11,700	4,675,390	5,174,982

37. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

	2013					
	Project-related		Non-project Related		Total	
	Interest Bearing RMB'000	Non-interest Bearing RMB'000	Interest Bearing RMB'000	Non-interest Bearing RMB'000	Interest Bearing RMB'000	Non-interest Bearing RMB'000
Due from						
Shareholders' Companies	–	152,971	–	12,170	–	165,141
Non-controlling shareholders	2,197,909	4,283,694	315,447	46,722	2,513,356	4,330,416
Associates	5,000,323	8,330,852	–	–	5,000,323	8,330,852
Joint ventures	1,339,558	3,253,641	–	–	1,339,558	3,253,641
Officers	–	47,919	–	–	–	47,919
	8,537,790	16,069,077	315,447	58,892	8,853,237	16,127,969
Due to						
Shareholder	–	13,160	–	–	–	13,160
Shareholders' Companies	–	16,600	–	–	–	16,600
Non-controlling shareholders	1,308,315	2,457,796	–	1,894	1,308,315	2,459,690
Associates	1,475,925	2,747,517	–	–	1,475,925	2,747,517
Joint ventures	2,425,328	320,426	–	–	2,425,328	320,426
Officers	–	8,345	–	–	–	8,345
	5,209,568	5,563,844	–	1,894	5,209,568	5,565,738

In respect of project-related balances with related parties:

(a) The trade balances due from officers arise mainly from property sales and are with a normal credit term of two months.

(b) The trade balances due from Shareholders' Companies are mainly construction prepayments and trade receivables.

Construction prepayments are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(d) The trade balances due to Shareholders and officers are mainly pre-sale deposits.

37. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

(e) The trade balances due to shareholders' companies arise mainly from construction purchases and are with a normal credit term of one to two months after the construction costs incurred are verified and agreed. Typically as much as 85% of the construction costs incurred will be settled by the time the construction of a project is completed and up to 95% by the time the amount of the aggregate construction costs are finally agreed. A warranty fee of up to 5% of the aggregate construction cost will be withheld and settled within two to five years.

(f) The project-related balances due to non-controlling shareholders are mainly project advances from these non-controlling shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(g) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) related parties are unsecured and repayable on demand. The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB2,296,721 (2013: 2,197,909,000) at 31 December 2014 carried interest at variable rates from 0.35% to 6.0% (2013: At fixed rates from 7.31% to 7.82%) per annum.

(b) The project-related amounts due from associates of RMB4,995,659,000 (2013: RMB5,000,323,000) at 31 December 2014 carried interest at fixed rates ranging from 7.19% to 12.00% (2013: 7.19% to 12.00%) per annum.

(c) The project-related amounts due from joint ventures of RMB984,016,000 (2013: RMB1,339,558,000) at 31 December 2014 carried interest at fixed rates ranging from 7.52% to 10.00% (2013: 6.67% to 10.00%) per annum.

(d) The project-related amounts due to non-controlling shareholders of RMB3,114,305,000 (2013: RMB1,308,315,000) at 31 December 2014 carried interest at fixed rates ranging from 8.00% to 15.00% (2013: 7.34% to 15.00%) per annum.

37. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

(e) The project-related amounts due to associates of RMB49,491,000 (2013: RMB785,085,000) at 31 December 2014 carried interest at a fixed rate of 8.32% (2013: 0.35% to 15.00%) per annum.

(f) The project-related amounts due to associates of RMB377,777,000 (2013: RMB690,840,000) at 31 December 2014 carried interest at variable rates ranging from 0.35% to 6.85% (2013: 7.05% to 8.15%) per annum.

(g) The project-related amounts due to joint ventures of RMB634,314,000 (2013: RMB1,775,768,000) at 31 December 2014 carried interest at fixed rates ranging from 7.00% to 7.52% (2013: 7.19% to 10.00%) per annum.

(h) The project-related amounts due to joint ventures of RMB499,503,000 (2013: RMB649,560,000) at 31 December 2014 carried interest at a variable rate of 8.76% (2013: 0.35% to 8.76%) per annum.

(i) The non-project related amounts due from non-controlling shareholders of RMB315,447,000 at 31 December 2013 carried interest at variable rates ranging from 0.40% to 6.00% per annum.

(iii) (a) During the year, in addition to those disclosed in note 30, the Group made acquisitions from related parties as follows:

	2014 **RMB'000**	2013 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders	**427,364**	197,700
Acquisition of an associate from a non-controlling shareholder	–	160,520

On 11 July 2014, the Group entered into an agreement with a non-controlling shareholder to acquire 30% equity interest in Zhuji Yuedu Real Estate Co., Ltd. ("Zhuji Yuedu") for a consideration of RMB246,464,000.

On 17 October 2014, the Group entered into an agreement with a non-controlling shareholder to acquire 30% equity interest in Hangzhou Greentown Dongyou Real Estate Development Co., Ltd. ("Hangzhou Greentown Dongyou") for a consideration of RMB163,400,000.

On 10 July 2014 and 15 December 2014, the Group entered into an agreement with a non-controlling shareholder to acquire 20% and 15% equity interest respectively in Lin'an Greentown Real Estate Co., Ltd. ("Lin'an Greentown ") for a total consideration of RMB17,500,000.

On 31 August 2013, the Group entered into agreements with a non-controlling shareholder to acquire 20% equity interest of Wenzhou Greentown Real Estate Co., Ltd. and 30% equity interest of Wenzhou Lvjing Real Estate Co., Ltd. for a consideration of RMB77,200,000 and RMB112,500,000 respectively.

37. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in notes 30, the Group made acquisitions from related parties as follows: (continued)

On 20 August 2013, the Group entered into an agreement to acquire 30% equity interest in Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd. from an individual person for a consideration of RMB8,000,000.

On 21 March 2013, the Group entered into an agreement with a non-controlling shareholder to acquire 25% equity interest in Hangzhou Sunac Greentown for a approximately RMB160,520,000.

(b) During the year, the Group made disposals to related parties as follows:

	2014 **RMB'000**	2013 RMB'000
Disposal of subsidiaries to non-controlling shareholders	**91,150**	–
Partial disposal of interests in a subsidiary to a non-controlling shareholder	**–**	22,500

In July 2014, the Group entered into an agreement to dispose of its whole 51% equity interest in Changxing Greentown Real Estate Development Co., Ltd. ("Changxing Greentown") for a consideration of RMB58,000,000 to a non-controlling shareholder.

In September 2014, the Group entered into an agreement to dispose of its whole 51% equity interest in Qidong Greentown Xiangge Real Estate Co., Ltd. ("Qidong Greentown") for a consideration of RMB33,150,000 to a non-controlling shareholder.

In April 2013, the Group entered into an agreement to dispose of its 45% equity interest in Beijing Xingye Wanfa Real Estate Development Co., Ltd. for a consideration of RMB22,500,000 to a non-controlling shareholder.

(c) On 29 December 2014, the Company entered into a framework agreement with Wharf, a non-controlling shareholder of the Company, pursuant to which the Group and Wharf together with its subsidiaries will jointly develop a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC, on a 50:50 ownership basis, into residential properties. This company was established on 24 March 2015.

In 2013, in light of the Group's 40% interest in Green Magic and its wholly-owned subsidiary Dalian Wharf Greentown, Era Win Holdings Limited("Era Win"), a wholly-owned subsidiary of the Company charged its shares in Green Magic in favour of Wharf, a non-controlling shareholder of the Company, pursuant to which the Company and Era Win have agreed, among other things, to secure 40% of the obligations under the loan facility of RMB350,000,000 (equivalent to approximately HK$437,500,000) granted by a bank to Dalian Wharf Greentown and the loan facility of US$260,000,000 (equivalent to approximately HK$2,022,800,000) granted by certain banks to (after novation) Green Magic.

On 18 December 2013, the Company entered into a framework agreement with Wharf, a non-controlling shareholder of the Company, pursuant to which the Group and Wharf together with its subsidiaries would jointly develop a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC, on a 50:50 ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 28 February 2014 and this company was established in 2014.

37. Related Party Disclosures (continued)

(iv) Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the year was as follows:

	2014 RMB'000	2013 RMB'000
Short-term benefits	**33,161**	26,747
Post-employment benefits	**284**	292
	33,445	27,039

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. Statement of Financial Position of the Company

	2014 RMB'000	2013 RMB'000
ASSETS		
Property, plant and equipment	**362**	636
Investment in a subsidiary and amounts due from subsidiaries and related parties	**20,075,146**	18,385,985
Other receivables	**412,188**	613,580
Bank balances and cash	**9,524**	67,115
	20,497,220	19,067,316
LIABILITIES		
Other payables	**203,993**	203,735
Amounts due to related parties	**5,078,339**	2,841,177
Other taxes payable	**6,316**	6,293
Bank and other borrowings	**2,401,625**	2,365,189
Senior notes	**8,592,129**	8,558,184
	16,282,402	13,974,578
ASSETS LESS LIABILITIES	**4,214,818**	5,092,738
CAPITAL AND RESERVES		
Share capital	**208,850**	208,656
Reserves (Note)	**4,005,968**	4,884,082
	4,214,818	5,092,738

38. Statement of Financial Position of the Company (Continued)

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2013	4,769,945
Profit for the year	1,106,976
Dividends recognised as distributions	(1,077,319)
Exercise of share options	84,480
At 31 December 2013	4,884,082
Profit for the year	44,772
Dividends recognised as distributions	(928,301)
Exercise of share options	5,415
At 31 December 2014	4,005,968

39. Events After the End of the Reporting Period

The following significant events took place subsequent to 31 December 2014:

On 10 February 2015, the Company, along with certain offshore subsidiaries of the Company that act as guarantors, entered into a purchase agreement with China Orient Asset Management (International) Holding Limited and Credit Suisse International acting as purchasers in relation to the issue of the USD denominated senior notes (the "New Notes") by the Company. The 8% New Notes have an aggregate principal amount of USD200,000,000 and will mature on 24 March 2019. The listing of and permission to deal in the New Notes was approved by the Stock Exchange. The New Notes constituted a further issuance of, and be consolidated and form a single series with, the USD300,000,000 8.0% Second USD Senior Notes issued by the Company on 24 September 2013. The listing of and permission to deal in the New Notes became effective on 16 February 2015.

40. Other Matters

Sunac China Holdings Limited ("Sunac China") alleged in its announcement dated 31 December 2014 (the "Sunac Announcement") that, among other things, (i) Sunac Greentown Investment has agreed to dispose of its entire shareholding in Elegant Trend Limited, a direct wholly-owned subsidiary of Sunac Greentown Investment, to Lead Sunny Investments Limited, a wholly-owned subsidiary of Sunac China (the "Purported Offshore Disposal"), and (ii) Shanghai Sunac Greentown has agreed to dispose of its equity interests in certain PRC project companies to Tianjin Sunac Ao Cheng Investment Co., Ltd., a wholly-owned subsidiary of Sunac China (the "Purported Onshore Disposal", together with the Purported Offshore Disposal, the "Purported Disposals"). In the Sunac Announcement, Sunac China alleged that the Purported Offshore Disposal had been approved by the Company and the Purported Onshore Disposal had been approved by Greentown Investment Management Co., Ltd (a wholly-owned subsidiary of the Company).

On 5 January 2015, the Company made an announcement to refute Sunac China's allegations in the Sunac Announcement with respect to the Purported Disposals that while the Board had considered the Purported Disposals, the Board had not approved the Purported Disposals and the unilateral actions by Sunac China as alleged in the Sunac Announcement did not create a legally binding agreement with respect to the Purported Disposals.

The Company is discussing with Sunac China in good faith with a view to resolving the disagreement arising from the Purported Disposals amicably. Further announcement(s) will be made by the Company as and when appropriate.

The directors of the Company anticipate that the above mentioned matter does not have material adverse effect on the consolidated financial statements of the Group.

41. Particulars of Principal Subsidiaries of the Company

Particulars of the principal subsidiaries as at 31 December 2014 and 2013 are set out below:

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company Direct 2014	Direct 2013	Indirect 2014	Indirect 2013	Principal Activities	Legal Form
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd.	The PRC 6 January 1995	RMB895,000,000	–	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
上海綠城森林高爾夫別墅開發有限公司 Shanghai Greentown Woods Golf Villas Development Co., Ltd.	The PRC 19 June 2002	RMB196,080,000	–	–	**50% (i)**	50% (i)	Real estate development	Limited liability company
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	–	–	**50% (i)**	50% (i)	Real estate development	Limited liability company
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	–	–	**50% (i)**	50% (i)	Real estate development	Limited liability company
杭州休博園湖畔綠景休閑開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd.	The PRC 2 April 2008	RMB120,000,000	–	–	**50% (i)**	50% (i)	Real estate development	Limited liability company
寧波象山綠城房地產開發有限公司 Ningbo Xiangshan Greentown Real Estate Development Co., Ltd.	The PRC 19 February 2008	RMB100,000,000	–	–	**50% (i)**	50% (i)	Real estate development	Limited liability company
藍城房產建設管理集團有限公司（原名「綠城房產建設管理有限公司」） Bluetown Property Construction Management Group Co., Ltd. (Formerly known as "Greentown Property Construction Management Co., Ltd.")	The PRC 8 September 2010	RMB200,000,000	–	–	**35% (i)**	35% (i)	Project management	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	–	–	**49% (ii)**	49% (ii)	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	–	–	**80%**	80%	Real estate development	Sino-foreign equity joint venture

41. Particulars of Principal Subsidiaries of the Company (Continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company Direct 2014	Direct 2013	Indirect 2014	Indirect 2013	Principal Activities	Legal Form
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	–	–	**90%**	90%	Real estate development	Sino-foreign equity joint venture
浙江綠城天台山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB50,000,000	–	–	**100%**	100%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd.	The PRC 26 October 2000	RMB50,000,000	–	–	**55%**	55%	Real estate development	Limited liability company
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	–	–	**60%**	60%	Real estate development	Sino-foreign equity joint venture
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	–	–	**60%**	60%	Real estate development	Sino-foreign equity joint venture
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	**100%**	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 15 January 2001	RMB50,000,000	–	–	**80%**	80%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	–	–	**64%**	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Yuhang Jinteng	The PRC 25 December 2001	RMB100,000,000	–	–	**85%**	85%	Real estate development	Limited liability company

41. Particulars of Principal Subsidiaries of the Company (Continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company Direct		Indirect		Principal Activities	Legal Form
			2014	2013	2014	2013		
南通綠城房地產開發有限公司 Nantong Greentown Real Estate Development Co., Ltd.	The PRC 23 August 2007	RMB50,000,000	–	–	77%	77%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	–	–	80%	80%	Real estate development	Sino-foreign equity joint venture
舟山綠城聯海置業有限公司 Zhoushan Greentown Lianhai Real Estate Co., Ltd.	The PRC 5 June 2007	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
寧波太平洋實業有限公司 Ningbo Pacific Real Estate Co., Ltd.	The PRC 11 July 2003	RMB177,000,000	–	–	60%	60%	Real estate development	Foreign equity joint venture
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	55%	55%	Real estate development	Limited liability company
養生堂浙江千島湖房地產有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Co., Ltd.	The PRC 24 January 2005	RMB200,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州綠城海企房地產開發有限公司 Hangzhou Greentown Haiqi Real Estate Development Co., Ltd.	The PRC 23 November 2007	RMB1,000,000,000	–	–	100%	100%	Real estate development	Limited liability company
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang Real Estate Development Co., Ltd.	The PRC 3 February 2004	RMB50,000,000	–	–	70%	70%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Sino-foreign joint venture

41. Particulars of Principal Subsidiaries of the Company (Continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company Direct		Indirect		Principal Activities	Legal Form
			2014	2013	**2014**	2013		
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB1,200,000,000	**–**	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
北京萊福世紀置業有限公司 Beijing Laifu Century Property Co., Ltd.	The PRC 24 April 2007	RMB30,000,000	**–**	–	**100%**	100%	Real estate development	Limited liability company
杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd.	The PRC 1 December 2009	RMB503,823,400	**–**	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	**–**	–	**60%**	60%	Real estate development	Sino-foreign equity joint venture
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Real Estate Investment Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	**–**	–	**80%**	80%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown Real Estate Co., Ltd.	The PRC 12 December 2006	RMB77,600,000	**–**	–	**80%**	80%	Real estate development	Limited liability company
寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd.	The PRC 21 August 2003	RMB50,000,000	**–**	–	**60%**	60%	Real estate development	Sino-foreign equity joint venture
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 12 November 2002	RMB50,000,000	**–**	–	**70%**	70%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	**–**	–	**100%**	100%	Real estate development	Limited liability company
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort Co., Ltd.	The PRC 15 August 2006	RMB184,410,000	**–**	–	**100%**	100%	Real estate development	Limited liability company
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	**–**	–	**100%**	100%	Real estate development	Limited liability company

41. Particulars of Principal Subsidiaries of the Company (Continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company				Principal Activities	Legal Form
			Direct		Indirect			
			2014	2013	2014	2013		
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	–	–	60%	60%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
慈溪綠城房地產開發有限公司 Cixi Greentown Real Estate Development Co., Ltd.	The PRC 27 July 2009	RMB98,000,000	–	–	60%	60%	Real estate development	Limited liability company

41. Particulars of Principal Subsidiaries of the Company (Continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company Direct 2014	Direct 2013	Indirect 2014	Indirect 2013	Principal Activities	Legal Form
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB1,300,000,000	–	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	**80%**	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	**70%**	70%	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	**90%**	90%	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	–	–	**100%**	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	**51%**	51%	Real estate development	Limited liability company
北京綠城銀石置業有限公司 Beijing Greentown Yinshi Real Estate Co., Ltd.	The PRC 20 February 2008	RMB50,000,000	–	–	**100%**	100%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	–	–	**56%**	56%	Real estate development	Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	–	–	**51%**	51%	Real estate development	Limited liability company

41. Particulars of Principal Subsidiaries of the Company (Continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company Direct 2014	Direct 2013	Indirect 2014	Indirect 2013	Principal Activities	Legal Form
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	–	–	**60%**	60%	Real estate development	Limited liability company
慈溪綠城房地產發展有限公司 Cixi Greentown Property	The PRC 7 July 2011	RMB98,000,000	–	–	**100%**	100%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB305,000,000	–	–	**100%**	100%	Real estate development	Wholly foreign-owned enterprise
綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing	The PRC 30 August 2011	RMB250,000,000	–	–	**51%**	51%	Real estate development	Limited liability company
杭州綠城東友房產開發有限公司 Hangzhou Greentown Dongyou	The PRC 11 January 2013	RMB500,000,000	–	–	**100% (iii)**	70%	Real estate development	Sino-foreign equity joint venture
臨安綠城置業有限公司 Lin'an Greentown	The PRC 2 July 2009	RMB50,000,000	–	–	**100% (iv)**	65%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu	The PRC 31 October 2008	RMB300,000,000	–	–	**90% (v)**	60%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB100,000,000	–	–	**80% (vi)**	–	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye Real Estate Development Co., Ltd.	The PRC 20 January 2014	RMB100,000,000	–	–	**51% (vi)**	–	Real estate development	Limited liability company
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB500,000,000	–	–	**100% (vi)**	–	Real estate development	Sino-foreign equity joint venture

41. Particulars of Principal Subsidiaries of the Company (continued)

Name of Subsidiary	Place and Date of Registration	Registered Capital	Proportion of Ownership Interest/ Voting Rights Held by the Company				Principal Activities	Legal Form
			Direct		Indirect			
			2014	2013	**2014**	2013		
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf	The PRC 20 February 2014	USD 460,000,000	**–**	–	**50%** **(i), (ii), (vii)**	–	Real estate development	wholly foreign-owned enterprise
馬鞍山偉華置業發展有限公司 Ma'anshan Weihua	The PRC 11 June 2012	RMB106,000,000	**–**	–	**70%** **(vii)**	–	Real estate development	Limited liability company
長興綠城房地產開發有限公司 Changxing Greentown	The PRC 30 January 2008	RMB100,000,000	**–**	–	**–** **(viii)**	51%	Real estate development	Limited liability company
啟東綠城香格置業有限公司 Qidong Greentown	The PRC 27 October 2009	RMB65,000,000	**–**	–	**–** **(viii)**	51%	Real estate development	Limited liability company

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(ii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.

(iii) The Group acquired additional 30% equity interest in Hangzhou Greentown Dongyou from its non-controlling shareholder in 2014. Please refer to Note 37 for details.

(iv) The Group acquired additional 35% equity interest in Lin'an Greentown from its non-controlling shareholder in 2014. Please refer to Note 37 for details.

(v) The Group acquired additional 30% equity interest in Zhuji Yuedu from its non-controlling shareholder in 2014. Please refer to Note 37 for details.

(vi) These entities were newly established in 2014.

(vii) These entities became subsidiaries of the Group in 2014 as the Group acquired equity interest in it. Please refer to Note 30 for details.

(viii) In 2014, the Group disposed of its 51% equity interest in these entities to non-controlling shareholders respectively. Please refer to Note 37 for details.

The directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

Bluetown Construction Management	藍城房產建設管理集團有限公司 (Bluetown Property Construction Management Group Co., Ltd.), formerly known as 綠城房產建設管理有限公司 (Greentown Property Construction Management Co., Ltd.), a subsidiary of the Company
Board	The Board of Directors of the Company
CCCG	中國交通建設集團有限公司 (China Communications Construction Group (Limited)), a wholly state-owned company established on 8 December 2005 in the PRC
Company/Greentown	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
GFA	Gross floor area
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Wharf Group	Wharf and its subsidiaries
Year	The year ended 31 December 2014

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Design and Production by: iOne Financial Press Limited
Website: www.ione.com.hk