恒盛地產
GLORIOUS PROPERTY

恒盛地產控股有限公司
GLORIOUS PROPERTY HOLDINGS LIMITED

Stock Code: 00845

The Ultimacy of Life

築極致人生

ANNUAL REPORT 2014

TOTAL LAND BANK:

14.8 MILLION SQ.M.

AVERAGE LAND COST:

RMB 1,335 PER SQ.M.

CONTENTS

CORPORATE INFORMATION AND KEY DATES

Board of Directors

Executive Directors

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman and Chief Executive Officer)*
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong

Independent Non-Executive Directors

Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Audit Committee

Mr. Liu Shun Fai *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Remuneration Committee

Mr. Wo Rui Fang *(Chairman)*
Mr. Cheng Li Xiong
Mr. Liu Shun Fai

Nomination Committee

Mr. Cheng Li Xiong *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Corporate Governance Committee

Mr. Ding Xiang Yang *(Chairman)*
Mr. Cheng Li Xiong
Mr. Xia Jing Hua

Finance Committee

Mr. Cheng Li Xiong
Mr. Ding Xiang Yang
Mr. Xia Jing Hua

Company Secretary

Ms. Tai Wing Kwan, Catherine

Auditor

PricewaterhouseCoopers

Legal Advisers

Paul Hastings
Commerce and Finance Law Offices
Conyers Dill & Pearman

Principal Bankers

China Construction Bank
Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Shanghai

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

Suites 2501–2504, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong

Principal Place of Business in PRC

10/F, Sunshine Binjiang Centre
899 Ruining Road
Xuhui District
Shanghai, China

CORPORATE INFORMATION AND KEY DATES

Principal Share Registrar

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

Hong Kong Share Registrar

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

Contact

Investor Relations Department
Glorious Property Holdings Limited
Suites 2501–2504, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688
Email: ir@gloriousphl.com.cn

Key Dates

Closure of Register of Members
26 May 2015 to 29 May 2015

Annual General Meeting
29 May 2015

Choice of Language or Means of Receipt of Corporate Information

This annual report is now available in printed form and on the website of the Company. If shareholders who have received or chosen to receive this annual report by electronic means and

(i) wish to receive a printed copy; or

(ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's Hong Kong Share Registrar by email at gloriousphl.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Hong Kong Share Registrar by email or by post.

Website:

http://www.gloriousphl.com.cn

Stock Code:

00845

Prudent Operation

CHAIRMAN'S STATEMENT

Cheng Li Xiong
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the 2014 Annual Report of the Group.

Performance

In 2014, the Group achieved revenue of RMB4,263.3 million, representing a year-on-year ("YOY") decrease of 48.1%. Loss attributable to the owners of the Company for the year amounted to RMB2,996.0 million, while it was profit attributable to the owners of the Company of RMB292.1 million for 2013. Basic loss per share was RMB0.38 (2013: basic earnings per share of RMB0.04). The equity attributable to the owners of the Company decreased to RMB15,453.9 million, representing a YOY decrease of 16.2%. Net book value per share amounted to RMB1.98, representing a YOY decrease of 16.2%.

CHAIRMAN'S STATEMENT

Business Review

In 2014, emerging economies around the globe demonstrated a slower pace of economic growth amidst the continual recovery of the global economy in general. Against this backdrop, China's economy grew at 7.4%, representing a remarkable slowdown. In this connection, structural reforms were launched by the Chinese government aiming to provide internal forces to drive the economy, and the financial jargon "new norms", on the basis of structural reforms and adjustments, has become a trendy one. The property sector of China has also entered a stage of "new norms", with increasingly obvious features of policy adjustments, decelerating growth, structure adjustment and industry fragmentation. Despite the general drop in all market indicators, positive signals still exist, including the easing home mortgage policies, "bilateral austerity measures based on categories" adopted by the central government, relaxation of purchase restrictions at the level of local governments according to local conditions etc. Fuelled by positive policies, pickups were seen in some indicators in the fourth quarter of 2014, with prominent rebound in transaction volume for residential properties in major cities, narrowed quarter-to-quarter decrease in property prices, and buoyant market confidence.

CHAIRMAN'S STATEMENT

Property Sales

During the year, the Group's property sales amounted to RMB4,040.9 million, representing a YOY decrease of 44.7%. The gross floor area ("GFA") sold amounted to 268,856 sq.m., representing a YOY decrease of 53.4%. The average selling price was RMB15,030 per sq.m..

During the year, the Group realised property sales in 11 cities, in which second– and third-tier cities made up 61.5% and 79.6% of the total property sales and GFA sold respectively. As the volume of newly-launched properties was relatively less and the launch of some of the new projects was deferred, both the property sales and GFA sold of the Group recorded a YOY decrease.

Land Bank

During the year, the Group did not acquire any land bank. As at 31 December 2014, the Group had low-cost and high-quality land bank situated in 12 cities in Mainland China with a total land bank of 14.8 million sq.m.. The average land cost was RMB1,335 per sq.m. which could meet the development requirement of the Group over the next five years.

Nationwide Strategy

The Group engaged in property development and sales in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. Shanghai Region realised property contracted sales of RMB1,514.3 million and 50,458 sq.m. of contracted GFA sold in 2014. Sales and GFA sold in cities other than Shanghai Region were RMB2,526.7 million and 218,398 sq.m. respectively.

Professional Management

Aiming at sustainable and healthy development, the Group expedited the enhancements of its ability of professional development. During the year, the basic development mindset of "Stable Operations of Plans and Projects; Reasonable Targets and Financial Optimisation; Focus on Facilitation of Key Projects" was introduced, in response to the downturn of the property market.

Corporate Finance

During the year, the Group actively maintained the strategic cooperation with domestic banks in China and explored multiple financing means. The aggregate new bank loans amounted to RMB11,364 million and repayment of loans was RMB8,300 million for the year. As at 31 December 2014, the Group has certain borrowings that principal repayment and interest payments were delayed, thus breached certain facilities agreements and resulted in certain non-current borrowings being reclassified from non-current borrowings to current borrowings. Besides, there was an increase in current borrowings as the Group has more borrowings which are due for repayment within one year according to the relevant loan agreements. As a result, as at 31 December 2014, the Group's short-term debt ratio increased from 29.7% at the end of 2013 to 70.4% at the end of 2014. Management estimates that after taking the measures as set out in note 2(a) to the consolidated financial statements and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2015. Please refer to note 2(a) of the consolidated financial statements for the details about the aforementioned reclassification of the borrowings.

CHAIRMAN'S STATEMENT

As at the end of 2014, the Group had cash on hand of RMB1,365.7 million and unutilised credit facilities of RMB18,000 million. The gearing ratio increased from 87.4% at the year end of 2013 to 135.3% at the year end of 2014. The gearing ratio for 2014 was higher than that for 2013 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

Corporate Governance

The Group endeavors to enforce a high level of corporate governance which is vital to the development of the Group and is able to safeguard the benefit of the shareholders of the Company. Being a responsible enterprise, the corporate governance standards of the Group was founded on the principles of independence, accountability, transparency and credibility.

The Group has a Board of Directors with excellent working efficiency and they seek to maximise the benefit for shareholders through its audit committee, remuneration committee, nomination committee, corporate governance committee and finance committee that ensured the reporting system, the sufficiency of the internal control and the enhancement of the accountability mechanism.

Human Resources Management

The Group attaches great importance to human resources management, working strenuously on human resources planning and making efforts on recruitments, development of training programmes and performance appraisals. We hire high-calibre and well-suited individuals according to our strategic plans for operations, and provide competitive remuneration packages and fringe benefits. Through learning and coaching, we uplift employees' working ability and bring their ability into full play, maximising the proper matching of personal quality and work requirements. We also arrange performance appraisals as an effective means of uplifting the overall corporate performance.

Corporate Social Responsibility

While it is accountable to its shareholders and strives for maximisation of shareholders' interests, the Group is also keen to maintain and foster social benefits and to observe commercial ethics, safeguard labour rights and protect the environment. In 2014, the Group made its contribution in terms of charitable activities and donations.

Corporate Culture

An excellent corporate culture brings sustainable competitiveness and cohesion to an enterprise, directs its core competence and represents great significance to it. In 2014, our efforts in the incubation of corporate culture continued to adhere to the core values of integrity, dedication, expertise and devotion, steer towards the direction of striving for excellence, caring for people and contributing to the community, to foster continual uplifting of our corporate culture.

CHAIRMAN'S STATEMENT

Business Outlook

In 2015, China stepped into a stage of new norms in its economic development. It is now in a period of switching pace of economic growth, a period of agony amidst structural adjustments, and a period of digesting previous stimulus policies. While structural slowdown is inevitable, the pace of China's economic growth is still within a reasonable range. It can be anticipated that government policies on the property market will be more stable in 2015, with the continuation of the principle of "bilateral austerity measures based on categories". In most regions of China, the property market will continue to cool down, especially for those small and medium-sized cities with greater pressure of inventory stocks. While local governments maintain their strong desire to backup and rescue the market, purchase restrictions are not likely to be fully eliminated in first-tier cities and thus partial relaxation is possible. In view of this, the external environment for the operation of a property enterprise will tend to be expansionary but stable. Property developers may need to work out their own development strategies in response to market needs, in order to achieve sound results of operations, and survive and stand firm in the fierce market competition.

Based on market changes, the Group will formulate effective development measures and, on the back on its sound management system and stringent internal control system, continue to enhance its capability in terms of specialized development and execution, in order to foster the healthy and steady development of its businesses.

(1) **Strengthening general management with the focus on cash flow management**
We will ascertain our construction costs in a scientific and reasonable manner, optimise our debt structure, control our borrowing costs, foster the implementation of our cost-saving targets and measures, step up our efforts in sales and collection of trade receivables, and cut down on non-production costs and expenses.

(2) **Fostering strategic planning for projects and adjusting the pace of development**
We will ascertain our goals of project planning and structural adjustments, speed up the development of key projects, focus on key geographical regions namely, Shanghai, Beijing, Nanjing and Hefei, and strengthen cash inflow by means of faster sales and faster destocking. We will also proceed steadily with the disposal of non-performing assets.

(3) **Intensifying the realignment of functional bodies and manpower deployment**
We will establish our management systems and structures which cater to the market as well as our development goals. Scientific division of duties and an optimised structure of functional bodies will be in place in advocacy of a streamlined and multi-functional management team.

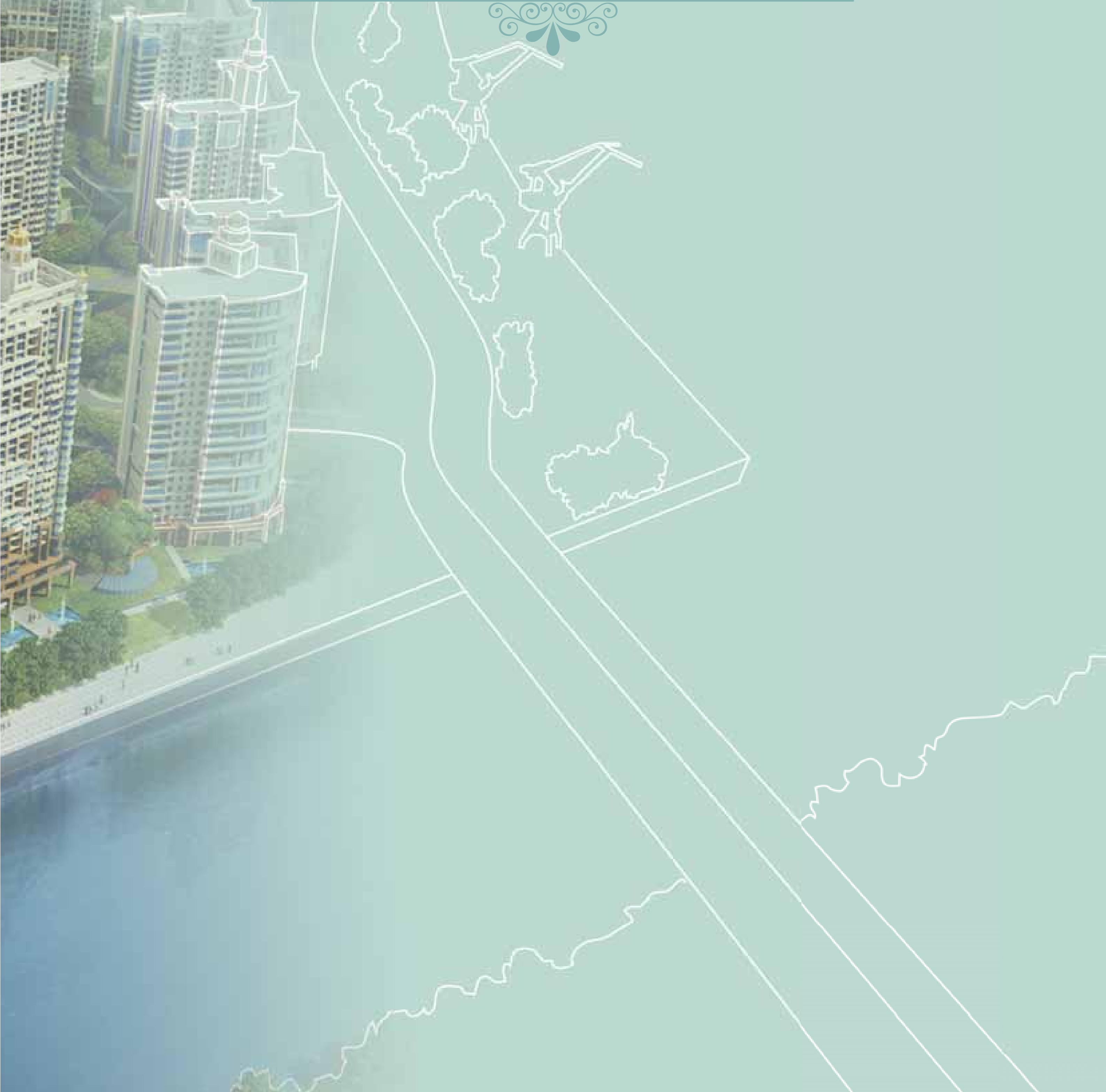
(4) **Implementing simplified management processes and enhancing work efficiency**
We will streamline our workflows, optimise our processes, change our practices and enhance our efficiency.

CHAIRMAN'S STATEMENT

Dear shareholders, despite the considerably large uncertainties underlying both the external and internal economic environment of China in 2015, it is expected that the implementation of austerity measures on the property market will be continued. We believe that the recovery of global economy, particularly U.S. economy and European economy will accelerate. The Chinese economy will experience difficulties, but it is also believed that it will maintain a steady growth and the property market of China will maintain its stable development. The Group will actively devise development strategies and measures in response to market changes. It will also insist on enhancing its control system, expediting its asset turnover and improving shareholders' return.

Cheng Li Xiong
Chairman
Hong Kong, 15 April 2015

Creation of Classics



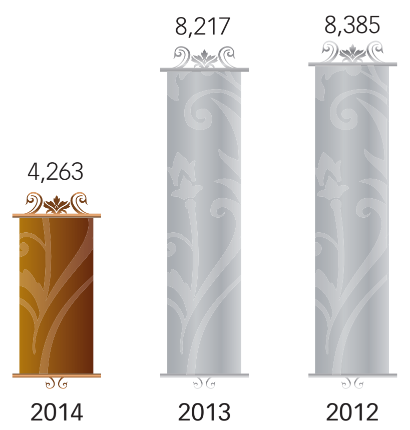
MANAGEMENT DISCUSSION AND ANALYSIS
Annual Highlights

Annual Highlights

- In 2014, the Group recorded a revenue of RMB4,263.3 million and the delivered gross floor area ("GFA") was 365,309 sq.m.
- In 2014, the Group achieved property sales of RMB4,040.9 million and the GFA sold was 268,856 sq.m.
- As at 31 December 2014, the Group had a total land bank of 14.8 million sq.m.. Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 23.4%, 49.1%, 3.5% and 24.0% of the total land bank respectively. The average land cost was RMB1,335 per sq.m.

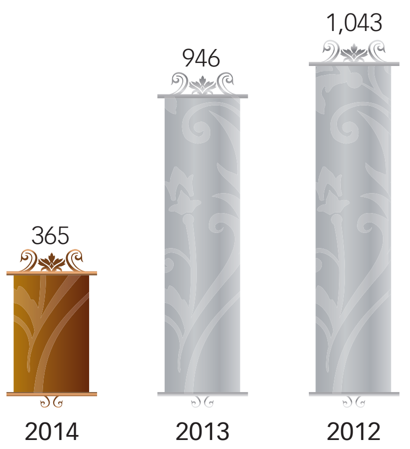
REVENUE

RMB (million)



GFA SOLD AND DELIVERED

('000 sq.m.)



MANAGEMENT DISCUSSION AND ANALYSIS
Market Review

Market Review

In 2014, "new norms" which is based on structural reforms and adjustments has become a keyword in China's economy. Into a stage of "new norms", China's property market experienced a period with increasingly obvious features of policy adjustments, decelerating growth, structural adjustments, compressed profits and industry fragmentation. As short-term market changes, the booming in 2013 was followed by the overall cool down in 2014, with remarkable downturns across first, second and third-tier cities and across high-end, mid-end and low-end products. All market indicators including diminished transaction volume, dipped prices, decelerated pace of investment, and decrease in new constructions were pointing down.

Since the beginning of the year, the sales of commodity properties in terms of amount and saleable area have shown negative growth, on a widening trend month after month, where the decrease has been more prominent for residential properties. From January to October, GFA sold for commodity properties was 884.94 million sq.m., representing a YOY decrease of 7.8%, where the decrease for October was 0.8 percentage points higher than the decrease for the period from January to September. This involved a drop of 9.5% in GFA sold for residential properties, a drop of 9.9% in GFA sold for office buildings, and an increase of 8.2% in GFA sold for properties for commercial uses. The sales amount of commodity properties was RMB5,638.5 billion or a decrease of 7.9%, which is 1 percentage point higher than the period from January to September. This involved a drop of 9.9% in sales amount for residential properties, a drop of 20.4% in sales amount for office buildings, and an increase of 8.3% in sales amount for properties for commercial uses.

Property prices, which are the most important indicator of the property market, did not sustain their existing level but demonstrated a prominent downward trend in 2014. In 70 large and medium-sized cities, indices and indicators for property prices were weakening, with a general downward trend both in individual cities and on a nationwide scale, and across first-hand and second-hand properties. Regarding the quarter-to-quarter change in commodity property prices in those 70 cities, 69 showed a quarter-to-quarter decrease in the prices of newly-built residential commodity properties, while the remaining one city showed no change. The quarter-to-quarter changes ranged from a minimum of 0.4% to a maximum of 1.9%. For second-hand residential properties, the quarter-to-quarter changes in prices were all negative, ranging from a minimum of 0.5% and a maximum of 2.0%.

In response to the continual downturn of the property market, the Group introduced the basic development mindset of "Stable Operations of Plans and Projects; Reasonable Targets and Financial Optimisation; Focus on Facilitation of Key Projects". It expedited destocking and cash inflow, continued to foster the standardization of products, and achieved effective control over development and operation costs. Meanwhile, the fuelled pace and shortened cycle of project development promptly provided the Group with more sales resources in order to achieve its goal of sustainable and healthy development and speed up the enhancement of its capability in terms of specialized development.

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review

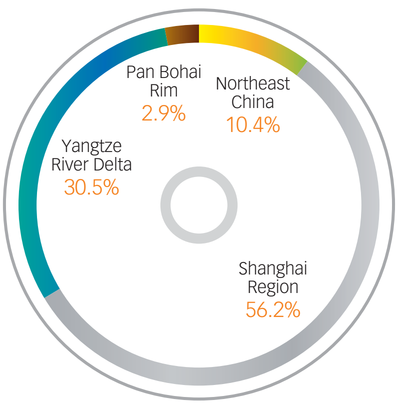
I. Revenue

For the year ended 31 December 2014, the Group recorded a consolidated revenue of RMB4,263.3 million, representing a decrease of 48.1% from RMB8,217.2 million in 2013. The sold and delivered GFA decreased by 61.4% to 365,309 sq.m. in 2014 from 945,952 sq.m. in 2013. The average selling price recognised increased by 34.4% to RMB11,671 per sq.m. in 2014 from RMB8,687 per sq.m. in 2013.

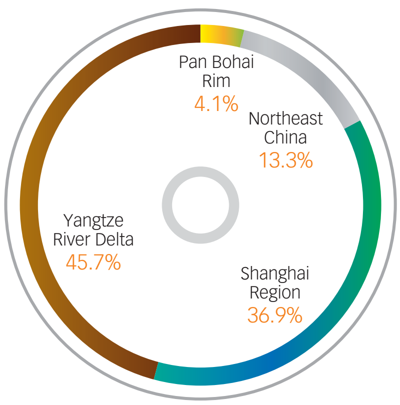
In 2014, the Group recognised revenue for a total of 19 projects. Seven projects located in the first-tier cities (Shanghai and Beijing) accounted for 58.3% of the Group's total revenue while the other 12 projects located in the second- and third-tier cities accounted for 41.7% of the total revenue. In 2014, 56.2% of the revenue was contributed by projects in the Shanghai Region, 30.5% by projects in the Yangtze River Delta (excluding Shanghai), 2.9% by projects in the Pan Bohai Rim and 10.4% by projects in Northeast China.

In 2014, the recognised average selling prices for all regions of the Group increased as compared to 2013, thus causing the Group's overall average recognised selling price to increase from RMB8,687 per sq.m. in 2013 to RMB11,671 per sq.m. in 2014. In particular, the recognised average selling price of Shanghai Region, which contributed the largest proportion of the Group's revenue in 2014, increased by 25.9% from RMB14,114 per sq.m. in 2013 to RMB17,766 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2014 was a mixture of commodity properties and social security housing while for 2013 it was solely social security housing being delivered and recognised, thus resulted in a higher average selling price for the Shanghai Region for the current year.

PERCENTAGE OF REVENUE BY REGION IN 2014



PERCENTAGE OF GFA SOLD AND DELIVERED BY REGION IN 2014



Business Review (Continued)

I. Revenue (Continued)

Projects sold and delivered in 2014 and 2013 included:

Projects sold and delivered	City	2014 Revenue (RMB'000)	2014 GFA sold and delivered (sq.m.)	2014 Average selling price recognised (RMB per sq.m.)	2013 Revenue (RMB'000)	2013 GFA sold and delivered (sq.m.)	2013 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	4,456	1,277	3,489	74,260	4,541	16,353
Chateau De Paris	Shanghai	—	—	N/A	416	92	4,522
Shanghai Park Avenue	Shanghai	—	—	N/A	790	170	4,647
Shanghai Bay	Shanghai	557,198	10,110	55,114	1,469,745	27,916	52,649
Shanghai City Glorious	Shanghai	1,803,298	114,728	15,718	1,674,838	195,472	8,568
Royal Lakefront	Shanghai	29,880	8,686	3,440	55,058	3,848	14,308
Sunshine Bordeaux	Beijing	22,382	2,612	8,569	21,826	2,532	8,620
Glorious Artstyle Townhouse	Beijing	62,692	5,991	10,464	601,399	70,815	8,493
Royal Mansion	Beijing	5,716	242	23,620	8,641	331	26,106
Tianjin Royal Bay Seaside	Tianjin	34,528	6,324	5,460	342,655	64,821	5,286
No.1 City Promotion	Wuxi	10,377	1,676	6,192	544,241	86,646	6,281
Nantong Glorious Chateau	Nantong	1,240	225	5,511	4,348	933	4,660
Nantong Villa Glorious	Nantong	77,163	10,557	7,309	63,095	10,725	5,883
Nantong Royal Bay	Nantong	652,725	48,410	13,483	789,244	66,814	11,813
Hefei Villa Glorious	Hefei	56,533	9,776	5,783	601,035	94,530	6,358
Hefei Royal Garden	Hefei	503,618	96,160	5,237	404,735	78,613	5,148
Sunny Town	Shenyang	34,626	3,990	8,678	135,357	18,014	7,514
Harbin Villa Glorious	Harbin	214,674	21,715	9,886	334,657	46,113	7,257
Harbin Royal Garden	Harbin	142,267	14,638	9,719	288,873	38,595	7,485
Changchun Villa Glorious (East)	Changchun	6,203	1,282	4,838	36,838	8,957	4,113
Dalian Villa Glorious	Dalian	43,765	6,910	6,334	765,143	125,474	6,098
Total		**4,263,341**	**365,309**	**11,671**	8,217,194	945,952	8,687

Business Review (Continued)

II. Property Sales

In 2014, the Group achieved property sales of RMB4,040.9 million, representing a YOY decrease of 44.7%. The GFA sold was 268,856 sq.m., representing a YOY decrease of 53.4%.

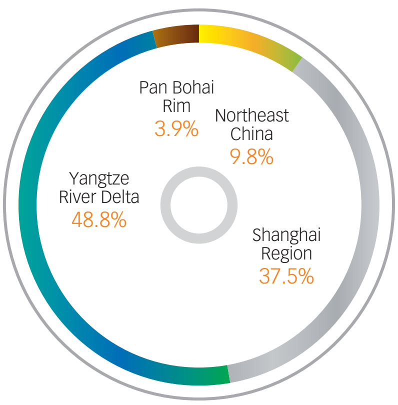
Yangtze River Delta was the region that achieved the largest amount of the Group's property sales in 2014. It accounted for 48.8% of the Group's total property sales, amounting to RMB1,972.9 million and representing a YOY decrease of 40.1%. Properties of Nanjing Royal Bay contributed a significant portion of the property sales to the Yangtze River Delta in 2014. Property sales of Shanghai Region, although decreased by 41.5% as compared to 2013, contributed RMB1,514.3 million to the Group's total property sales, which represented approximately 37.5% of the Group's total property sales for 2014. Property sales of Northeast China decreased by 61.5% as compared to 2013 as there was no major launch of new projects in 2014.

Property sales for 2014 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB1,557.4 million and RMB2,483.5 million respectively, which accounted for 38.5% and 61.5% to the Group's total property sales for 2014.

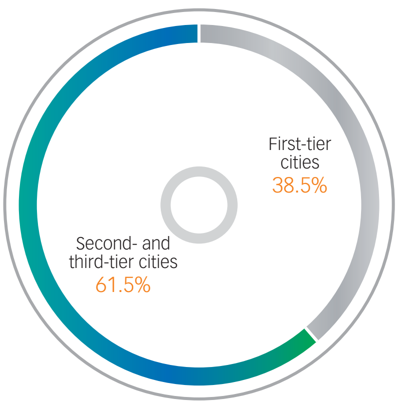
Property sales and GFA sold by region in 2014 and 2013 were as follows:

Region	Property sales *(RMB'000)*			GFA sold *(sq.m.)*		
	2014	2013	Change (%)	**2014**	2013	Change (%)
Shanghai Region	**1,514,257**	2,590,440	-41.5%	**50,458**	94,051	-46.3%
Yangtze River Delta	**1,972,947**	3,293,479	-40.1%	**146,843**	264,878	-44.6%
Pan Bohai Rim	**157,885**	398,826	-60.4%	**17,220**	47,770	-63.9%
Northeast China	**395,858**	1,028,692	-61.5%	**54,335**	170,455	-68.1%
Total	**4,040,947**	7,311,437	-44.7%	**268,856**	577,154	-53.4%

PERCENTAGE OF PROPERTY SALES BY REGION IN 2014



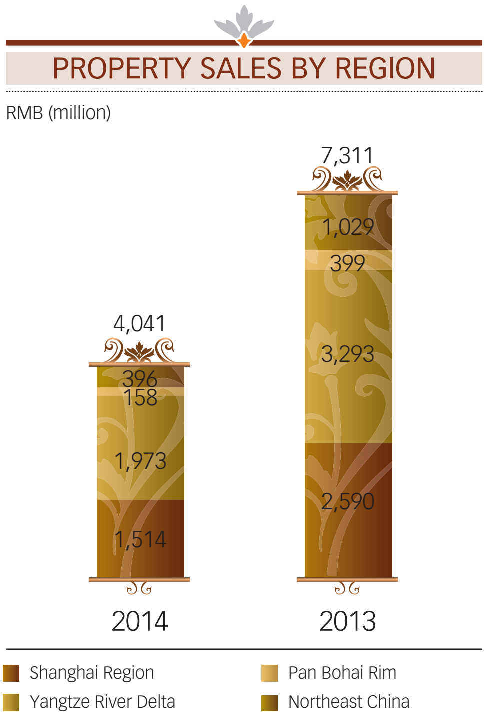
PERCENTAGE OF PROPERTY SALES IN FIRST-, SECOND- AND THIRD-TIER CITIES IN 2014



MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

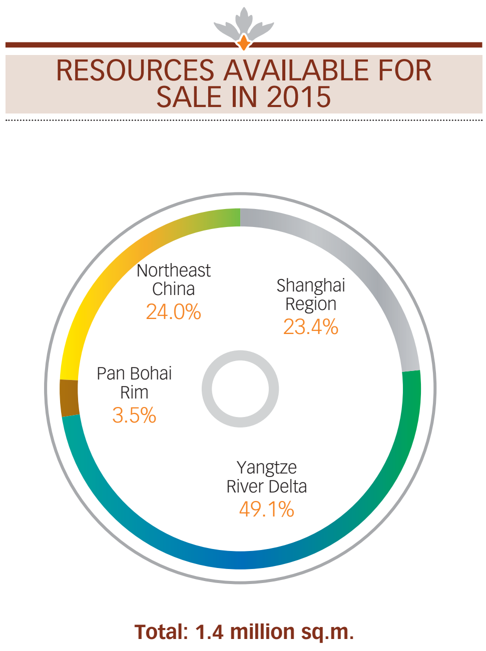
Business Review (Continued)

II. Property Sales (Continued)



In 2015, the Group expects to launch properties from 21 projects to the market for sale with a saleable GFA of approximately 1.4 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 23.4%, 49.1%, 3.5% and 24.0% respectively of the Group's saleable GFA which are expected to be available for sale in 2015. In terms of saleable GFA, Yangtze River Delta and Northeast China will be the major regions in contributing to the sales of the Group in 2015.



Business Review (Continued)

II. Property Sales (Continued)

Details of the projects which are expected to be available for sale in 2015 are as follows:

City		Project	Saleable GFA (sq.m.)	Interests attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Bay	81,714	100%
2	Shanghai	Sunshine Venice	21,722	100%
3	Shanghai	Shanghai City Glorious	138,348	100%
4	Shanghai	Glorious Xinyamingdi	80,594	100%
	Subtotal		322,378	
Yangtze River Delta				
5	Nanjing	Nanjing Royal Bay	105,827	60%
6	Nantong	Nantong Villa Glorious	28,644	100%
7	Nantong	Nantong Glorious Chateau	100,000	100%
8	Nantong	Nantong Royal Bay	51,162	100%
9	Hefei	Hefei Villa Glorious	1,610	100%
10	Hefei	Hefei Royal Garden	103,396	100%
11	Hefei	Hefei Bashangjie Project	98,661	100%
12	Wuxi	No.1 City Promotion	185,728	100%
	Subtotal		675,028	
Pan Bohai Rim				
13	Beijing	Royal Mansion	298	100%
14	Beijing	Sunshine Bordeaux	4,406	100%
15	Tianjin	Sunshine Holiday	34,057	100%
16	Tianjin	Tianjin Royal Bay Seaside	8,738	100%
	Subtotal		47,499	
Northeast China				
17	Shenyang	Sunny Town	13,813	100%
18	Dalian	Dalian Villa Glorious	16,911	100%
19	Changchun	Changchun Villa Glorious	235,717	100%
20	Harbin	Harbin Villa Glorious	27,518	100%
21	Harbin	Harbin Royal Garden	36,430	100%
	Subtotal		330,389	
Total			**1,375,294**	

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review (Continued)

III. Construction and Development

In 2014, the total residential GFA completed by the Group was approximately 0.35 million sq.m. and approximately 0.76 million sq.m. was added to the new construction area.

During the year, the Group entirely fostered the establishment of standardisation system and further strengthened its project management, construction management, cash flow management and capital management. The management efficiency and project control were further enhanced. By reinforcing the management capabilities of the cost management center and project management center and establishing a sturdy mechanism in project quality management, the Group endeavoured to strike a sustainable balance between project quality enhancement and progress of projects.

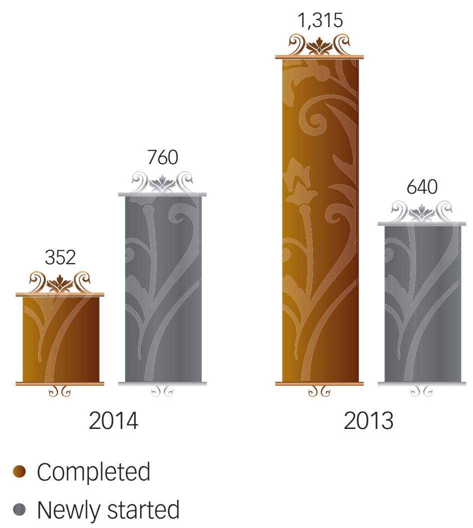
IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources.

The Group did not acquire any new land parcel during 2014.

GFA COMPLETED/NEWLY STARTED

('000 sq.m.)



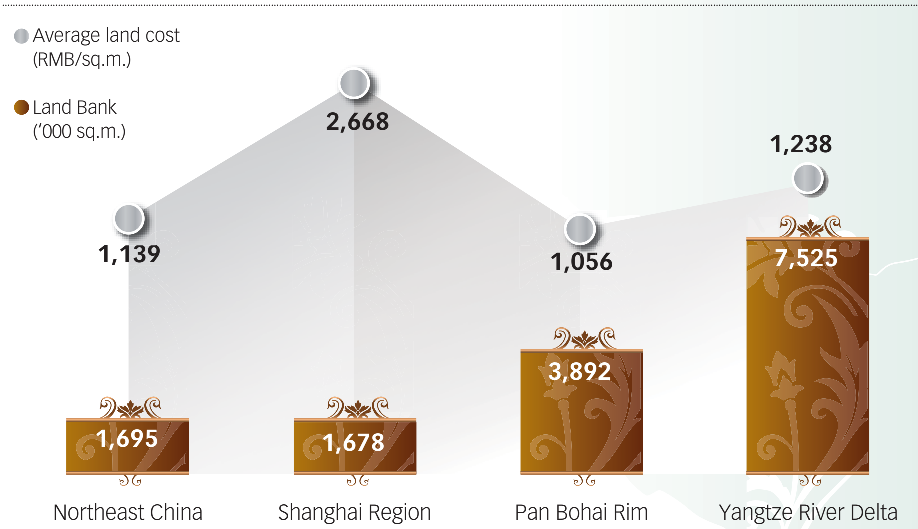
MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review (Continued)

IV. Land Bank (Continued)

Distribution of land bank by region as at 31 December 2014 was as follows:

BREAKDOWN OF LAND BANK BY REGION



As at 31 December 2014, the total land bank of the Group was 14.8 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,335 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 20.9% was in first-tier cities and 79.1% in second- and third-tier cities.

NORTHEAST CHINA

11.5%

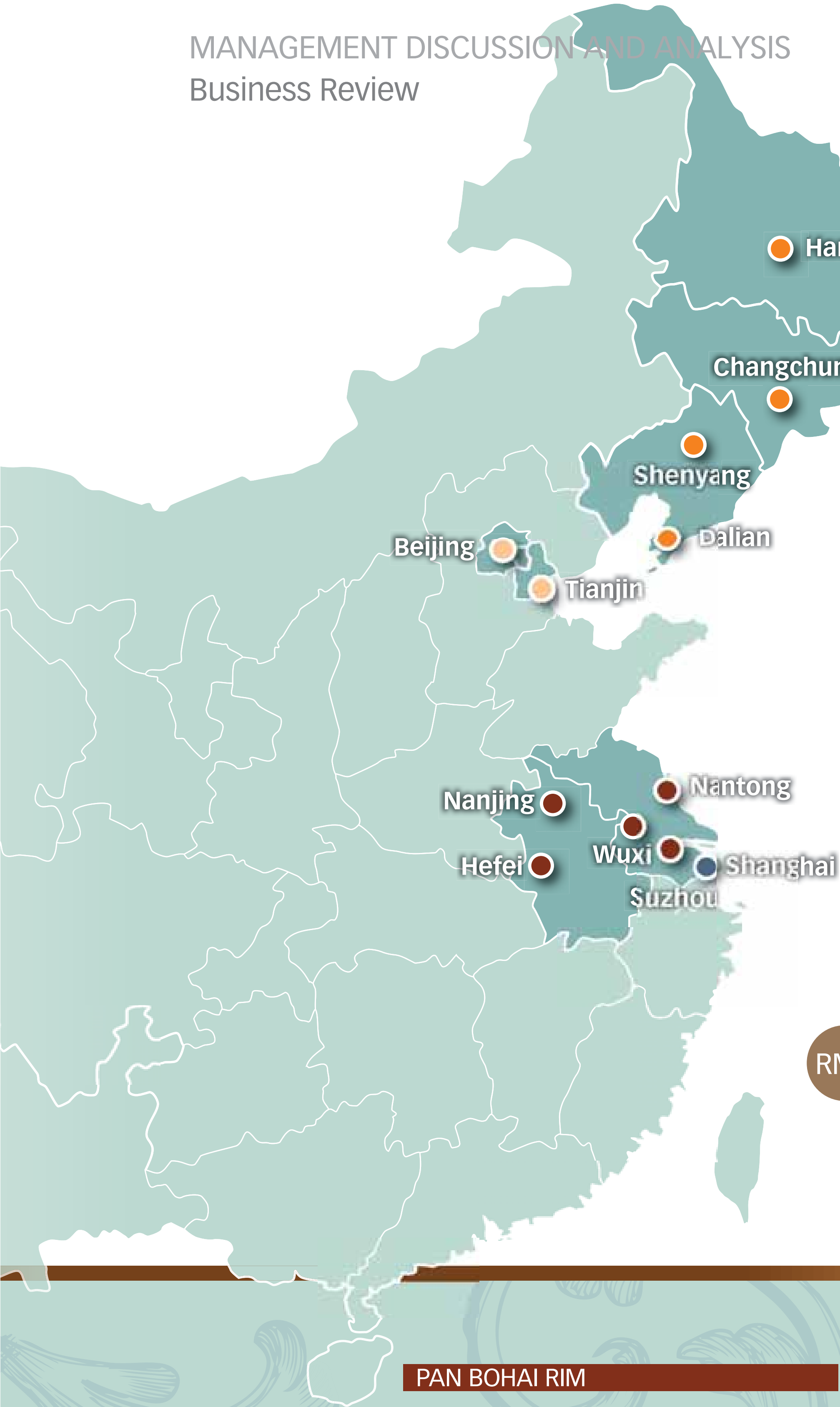
PERCENTAGE OF LAND BANK

SHANGHAI REGION

11.3%

PERCENTAGE OF LAND BANK

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review



TOTAL LAND BANK :

14.8

MILLION SQ.M.

AVERAGE LAND COST :

RMB 1,335

PER SQ.M.

PAN BOHAI RIM

26.3%

PERCENTAGE OF LAND BANK

YANGTZE RIVER DELTA

50.9%

PERCENTAGE OF LAND BANK

Business Review (Continued)

IV. Land Bank (Continued)

Details of land bank by project as at 31 December 2014 were as follows:

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	494,582	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Glorious Xinyamingdi	Shanghai	Fengxian District	Residential	81,760	15,228	100%
	Subtotal				1,677,752	2,668	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,144,373	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	238,094	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,252,177	881	100%
15	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	111,793	1,207	100%
16	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	663,913	6,013	60%
	Subtotal				7,524,829	1,238	

Business Review (Continued)

IV. Land Bank (Continued)

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Pan Bohai Rim							
17	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
18	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
19	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
20	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
21	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
	Subtotal				3,892,469	1,056	
Northeast China							
22	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	27,453	979	100%
23	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
24	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	358,471	868	100%
25	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
26	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
	Subtotal				1,695,035	1,084	
Total					**14,790,085**	**1,335**	

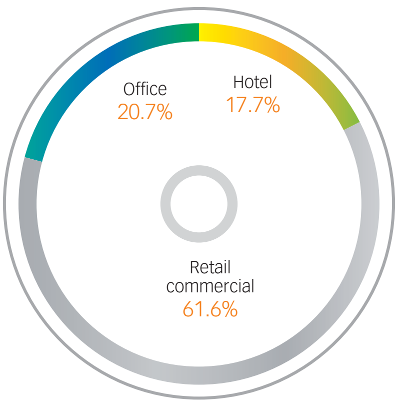
Business Review (Continued)

V. Development of Commercial Properties

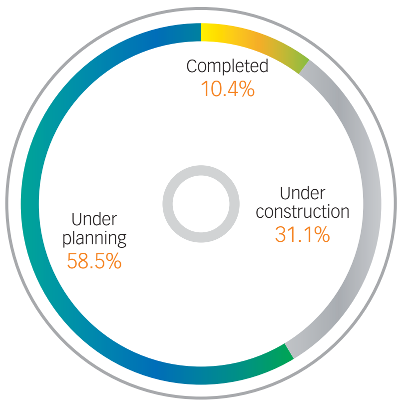
The Group will steadily foster the development of its commercial properties. As at 31 December 2014, approximately 288,000 sq.m. of commercial properties were completed by the Group, and around 914,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2014, retail commercial properties, high-end office buildings and high-end hotels accounted for 61.6%, 20.7% and 17.7% of the total commercial properties of the Group by GFA respectively. The Group plans to retain the ownership of most of the commercial properties to secure stable rental income.

TYPES OF COMMERCIAL PROPERTIES



DEVELOPMENT STAGES OF COMMERCIAL PROPERTIES



Total GFA of 2.7 million sq.m. is planned for commercial properties

Business Review (Continued)

V. Development of Commercial Properties (Continued)

Major commercial projects under construction are as follows:

City	Project	Property type	GFA *(sq.m.)*
Shanghai	Shanghai Bay	Commercial, serviced apartment, office and hotel	202,389
Shanghai	Shanghai City Glorious	Commercial	3,307
Shanghai	Caohejing Project	Office	100,399
Wuxi	No. 1 City Promotion	Commercial	15,381
Nantong	Nantong Royal Bay	Commercial	74,851
Nantong	Nantong Glorious Plaza	Commercial, office and hotel	299,183
Hefei	Hefei Royal Garden	Commercial	25,978
Tianjin	Tianjin Glorious Plaza	Commercial	25,180
Shenyang	Shenyang Glorious Plaza	Commercial	82,000
Changchun	Changchun Villa Glorious	Commercial	85,400
Total			**914,068**

MANAGEMENT DISCUSSION AND ANALYSIS
Future Outlook

Future Outlook

In 2015, emerging economies may demonstrate further slowdown in economic growth, while the global economic recovery is expected to continue. With its new norms of economic development, China is now in a period of switching pace of economic growth, a period of agony amidst structural adjustments, and a period of digesting previous stimulus policies. While structural slowdown will be inevitable, the pace of China's economic growth will remain in a reasonable range. Annual GDP growth is expected to be around 7.3%.

Under the new norms of economic conditions, the Central Politburo of China pointed to the following: adhering to the general theme of making progress while preserving stability, adhering to the core idea of enhancing the quality and effectiveness of economic development in proactively adapting to the new norms of economic development, maintaining economic performance at reasonable ranges, attaching greater importance to the change of approaches and adjustment of structures, grasping the gist of reforms, highlighting an innovative-driven approach, strengthening risk control, enhancing protection of people's livelihood, promoting sustainable and healthy economic development an promoting social harmony and stability.

In view of this, "making progress while preserving stability" will probably remain the general theme of China's economy in 2015. Against this backdrop, it is expected that government policies on the property market will be easing in general; the principle of "bilateral austerity measures based on categories" will continue to apply; the cooling down of property markets in most regions of China will continue, especially for those small and medium-sized cities with greater pressure of inventory stocks; local governments will maintain their strong desire to backup and rescue the market; purchase restrictions are not likely to be fully eliminated in first-tier cities and thus partial relaxation will be possible.

Under the general theme of making progress while preserving stability for the macro-economy, it is expected that the property market will dive to its trough and turn around for its recovery. The market concentration rate in the property market will elevate and the industry consolidation will intensify. Property developers have to assess risks and opportunities in various markets and optimise the layout in different cities according to their respective market positioning and strategic planning. Meanwhile, it is necessary to pay close attention to market changes, to have insights into future trends and to grasp the policy trends so as to deliver products of reasonable prices that can fulfill market demand.

In 2015, the Group will address the continual downturn of the property market and facilitate recovery of its results of operations by way of the four strategies as follows:

(1) **Strengthening general management with the focus on cash flow management**
We will ascertain our construction costs in a scientific and reasonable manner, optimise our debt structure, control our borrowing costs, foster the implementation of our cost-saving targets and measures, step up our efforts in sales and collection of trade receivables, and cut down on non-production costs and expenses.

(2) **Fostering strategic planning for projects and adjusting the pace of development**
We will ascertain our goals of project planning and structural adjustments, speed up the development of key projects, focus on key geographical regions namely, Shanghai, Beijing, Nanjing and Hefei, and strengthen cash inflow by means of faster sales and faster destocking. We will also proceed steadily with the disposal of non-performing assets.

(3) **Intensifying the realignment of functional bodies and manpower deployment**
We will establish our management systems and structures which cater to the market as well as our development goals. Scientific division of duties and an optimised structure of functional bodies will be in place in advocacy of a streamlined and multi-functional management team.

(4) **Implementing simplified management processes and enhancing work efficiency**
We will streamline our workflows, optimise our processes, change our practices and enhance our efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Review

Financial Review

For the year ended 31 December 2014, the Group recorded a consolidated revenue of RMB4,263.3 million, representing a decrease of 48.1% compared to RMB8,217.2 million in 2013. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2014 of RMB2,996.0 million, while there was a profit attributable to the owners of the Company of RMB292.1 million for 2013. The loss attributable to the owners of the Company for 2014 was mainly due to the significant decrease in revenue and gross profit margin of the properties sold and delivered in the current year and the provision for impairment of the Group's properties increased significantly as compared to 2013, as well as the fair value loss of the investment properties recorded by the Group for the first time in current year and the provision for impairment of certain of the Group's other receivables.

Results for the year ended 31 December 2014 are as follows:

RMB'000	**2014**	2013
Revenue	**4,263,341**	8,217,194
Cost of sales	**(5,219,106)**	(7,166,239)
Gross (loss)/profit	**(955,765)**	1,050,955
Other income	**70,544**	101,634
Other (losses)/gains, net	**(164,689)**	298,587
Selling and marketing expenses	**(137,245)**	(269,759)
Administration expenses	**(1,297,265)**	(471,108)
Finance costs	**(140,828)**	(2,548)
Share of profit/(loss) of an associate	**1,202**	(2,879)
Share of loss of a joint venture	**(11,523)**	(7,068)
(Loss)/profit before income tax	**(2,635,569)**	697,814
Income tax expenses	**(530,838)**	(409,284)
(Loss)/profit for the year	**(3,166,407)**	288,530
(Loss)/profit attributable to:		
— the owners of the Company	**(2,995,989)**	292,074
— non-controlling interests	**(170,418)**	(3,544)
(Loss)/profit for the year	**(3,166,407)**	288,530

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Review

Financial Review (Continued)

Revenue

For the year ended 31 December 2014, the Group recorded a consolidated revenue of RMB4,263.3 million, representing a decrease of 48.1% compared to RMB8,217.2 million in 2013. During the year, the Group delivered properties of 365,309 sq.m., as compared to 945,952 sq.m. for the year ended 31 December 2013. Due to the higher proportion of properties delivered in the first-tier cities in current year, average selling price recognised increased by 34.4% from RMB8,687 per sq.m. in 2013 to RMB11,671 per sq.m. in 2014.

Revenue for 2014 was all contributed by old projects. Shanghai City Glorious was the largest contributor to the Group's revenue for year ended 31 December 2014. It delivered a total GFA of 114,728 sq.m., contributing revenue of RMB1,803.3 million, representing 31.4% and 42.3% of the Group's delivered GFA and revenue respectively. On the other hand, each of the three projects, namely Nantong Royal Bay, Shanghai Bay in Shanghai and Hefei Royal Garden, contributed over 10.0% of the Group's revenue for 2014, adding a total of RMB1,713.5 million to the Group's 2014 consolidated revenue.

In 2014, the recognised average selling prices for all regions of the Group increased as compared to 2013, thus causing the Group's overall average recognised selling price to increase from RMB8,687 per sq.m. in 2013 to RMB11,671 per sq.m. in 2014. In particular, the recognised average selling price of Shanghai Region, which contributed the largest proportion of the Group's revenue in 2014, increased from RMB14,114 per sq.m. in 2013 to RMB17,766 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2014 was a mixture of commodity properties and social security housing while for 2013 it was solely social security housing being delivered and recognised, thus resulted in a higher average selling price for Shanghai Region for the current year.

Cost of Sales

The cost of sales for the year ended 31 December 2014 was RMB5,219.1 million, representing a decrease of 27.2% compared to RMB7,166.2 million in 2013. The cost of sales for the year ended 31 December 2014 included a provision for impairment of certain property development projects which amounted to RMB1,138.8 million (2013: RMB285.6 million). Excluding the provision for impairment, the Group's average cost of sales in 2014 was RMB11,169 per sq.m., which was 53.5% higher than that of RMB7,274 per sq.m. in 2013.

Components of the consolidated cost of sales for the year are as follows:

	2014		2013	
	RMB'000	**RMB per sq.m.**	RMB'000	RMB per sq.m.
Construction costs	**2,515,619**	**6,886**	4,047,549	4,280
Land costs	**851,316**	**2,330**	1,626,380	1,719
Capitalised interests	**477,317**	**1,307**	741,846	784
Business taxes and other levies	**236,035**	**646**	464,911	491
Sub-total	**4,080,287**	**11,169**	6,880,686	7,274
Provision for impairment of properties under development and completed properties held for sale	**1,138,819**	**N/A**	285,553	N/A
Total	**5,219,106**		7,166,239	

The higher average cost of sales was mainly due to the higher proportion of properties sold and delivered in Shanghai Region in 2014 and the continuous rise of all cost components of the Group's projects.

Financial Review (Continued)

Gross (Loss)/Profit

The Group recorded a consolidated gross loss of RMB955.8 million for 2014, while it was a gross profit of RMB1,051.0 million for 2013. The Group's gross profit margin was negative 22.4% for the year ended 31 December 2014, as compared to 12.8% for 2013. The Group recorded a consolidated gross loss and negative gross profit margin mainly because the increase in the average selling price was smaller than the increase in the average cost of sales for the properties sold and delivered in the current year, while at the same time the provision for impairment of the Group's properties increased significantly from RMB285.5 million for 2013 to RMB1,138.8 million for 2014. Excluding the effect of the provision for impairment, the Group recorded gross profit of RMB183.1 million and a gross profit margin of 4.3% for 2014, which decreased significantly as compared to 2013's gross profit of RMB1,336.5 million and gross profit margin of 16.3%, mainly due to the lower revenue and higher unit costs in 2014.

Other Income

Other income for the year ended 31 December 2014 was RMB70.5 million (2013: RMB101.6 million), mainly included interest income of RMB33.0 million (2013: RMB69.7 million).

Other (Losses)/Gains, Net

Other (losses)/gains, net for the year ended 31 December 2014 was a net loss of RMB164.7 million (2013: net gain of RMB298.6 million), which primarily included a fair value loss on the Group's investment properties of RMB143.2 million (2013: fair value gain of RMB187.5 million) and an exchange loss of RMB21.4 million (2013: exchange gain of RMB111.1 million).

Selling and Marketing Expenses

Selling and marketing expenses for the year ended 31 December 2014 were RMB137.2 million, representing a decrease of 49.1% as compared to RMB269.8 million in 2013. In 2014, the Group had less number of new project launches, and for the purpose of coping with the more difficult market environment, the Group continued to implement cost-saving initiatives such that less general marketing activities were conducted. As a result, selling and marketing expenses decreased significantly as compared to 2013.

Administrative Expenses

Administrative expenses for the year ended 31 December 2014 was RMB1,297.3 million, representing an increase of 175.4% compared to RMB471.1 million for 2013. The significant increase in administrative expenses was mainly due to the inclusion of provision for impairment to certain of the Group's other receivables of RMB894.3 million (2013: RMB45.0 million). Excluding the effect of these provisions for impairment, the Group's administrative expenses for 2014 was 14.5% lower that of 2013 as a result of lower business level of the Group in the current year and at the same time it continued to implement cost-saving initiatives.

Finance Costs

Gross finance costs for the year ended 31 December 2014 were RMB2,653.0 million, representing an increase of 6.1% from RMB2,501.4 million for 2013. For the year ended 31 December 2014, finance costs of RMB2,512.2 million (2013: RMB2,498.9 million) had been capitalised, leaving RMB140.8 million (2013: RMB2.5 million) charged directly to the consolidated statement of comprehensive income.

(Loss)/Profit Before Income Tax

The Group recorded a loss before income tax of RMB2,635.6 million for the year ended 31 December 2014, as compared to a profit before income tax of RMB697.8 million for 2013. The Group recorded a loss before income tax for 2014 mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and other receivables, and the fair value loss for investment properties for the current year.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Review

Financial Review (Continued)

Income Tax Expenses

Income tax expenses for the year ended 31 December 2014 was RMB530.8 million, representing an increase of 29.7% as compared to RMB409.3 million for 2013. Despite that the Group recorded a loss before income tax for 2014 while it was a profit before income tax for 2013, the income tax expenses for the current year was higher than that of 2013 mainly because (1) there was a reversal of overprovided income tax of RMB150.9 million during 2013 but no such reversal existed for the current year; (2) in 2014, the Group made a further provision for deferred tax liability as a result of reclassification adjustment related to certain of the Group's properties; and (3) even though the Group recorded a loss before income tax, the Group was still required to make provision for income tax expenses for the current year mainly because a significant amount of expenses of certain loss-making subsidiaries and certain corporate level expenses were not allowed to off-set taxable profits of those profit-making subsidiaries within the Group.

(Loss)/Profit Attributable to the Owners of the Company

The Group recorded a loss attributable to the owners of the Company of RMB2,996.0 million for the year ended 31 December 2014, as compared to a profit attributable to the owners of the Company of RMB292.1million for 2013. The Group recorded a loss a loss attributable to the owners of the Company for 2014 mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and other receivables, and the fair value loss for investment properties for the current year.

Current Assets and Liabilities

As at 31 December 2014, the Group held total current assets of approximately RMB39,544.7 million (2013: RMB38,018.9 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development increased slightly by 3.5% from RMB21,794.2 million as at 31 December 2013 to RMB22,560.7 million as at 31 December 2014. Despite the continuous progress of the Group's property development projects that had resulted in an increase in the carrying value of properties under development in 2014, the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties during the year. Trade and other receivables and prepayments increased by 9.6% from RMB7,310.6 million as at 31 December 2013 to RMB8,014.8 million as at 31 December 2014. The increase was the net effect of (1) the Group had fully paid the land premium for the newly acquired land parcel in Shanghai Fengxian District of RMB1,200.0 million, and (2) the provision for impairment for certain of the Group's other receivables of RMB894.3 million during the year ended 31 December 2014. Trade and other receivables and prepayments comprised prepayments for land premium for which the relevant land use right certificates were yet to be obtained and prepayment for construction costs. Completed properties held for sale decreased by 10.5% from RMB5,643.2 million as at 31 December 2013 to RMB5,051.1 million as at 31 December 2014. The lower balance of completed properties held for sale was mainly due to the Group's continuous effort to sell the remaining units of existing projects in 2014.

Total current liabilities as at 31 December 2014 amounted to RMB28,578.2 million, compared with RMB18,705.3 million as at 31 December 2013. The increase in current liabilities was mainly due to (1) the reclassification of certain non-current borrowings with net carrying value of approximately RMB6,463.0 million to become current liabilities as at 31 December 2014 as a result of the Group breaching certain clauses of the related facility agreements; and (2) the increase in current borrowings as the Group had more borrowings which are due for repayment within one year according to the loan agreements. Please refer to note 2(a) of the consolidated financial statements for the details about the aforementioned reclassification of the borrowings.

As at 31 December 2014, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.4 (2013: 2.0). The lower current ratio in 2014 mainly resulted from the significantly increased current borrowings as mentioned in the preceding paragraph.

MANAGEMENT DISCUSSION AND ANALYSIS
Financial Review

Financial Review (Continued)

Liquidity and Financial Resources

During the year ended 31 December 2014, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2014, the Group had cash and cash equivalents of RMB449.2 million as compared to RMB1,547.3 million as at 31 December 2013.

As at 31 December 2014, the Group's total borrowings amounted to RMB22,270.0 million, representing an increase of 16.7% compared to RMB19,085.4 million as at 31 December 2013. As at 31 December 2014, the Group's borrowings comprised the following:

RMB'000	**2014**	2013
Bank borrowings	**17,976,744**	14,900,580
Senior Notes due 2015[1]	**1,835,700**	1,829,070
Senior Notes due 2018[1]	**2,447,600**	2,438,760
Other borrowings	**213,200**	225,200
Sub-total	**22,473,244**	19,393,610
Adjusted by: unamortised loan arrangement fees and accrued interests	**(203,244)**	(308,231)
Total borrowings	**22,270,000**	19,085,379

Note:

(1) Please refer to note 21 to the consolidated financial statements for the definition of Senior Notes due 2015 and Senior Notes due 2018.

The maturities of the Group's borrowings as at 31 December 2014 were as follows:

RMB'000	**2014**	2013
Within 1 year	**15,673,876**	5,316,571
After 1 and within 2 years	**6,536,124**	6,423,597
After 2 and within 5 years	**30,000**	7,305,211
After 5 years	**30,000**	40,000
Total	**22,270,000**	19,085,379

As at 31 December 2014, the Group had total banking facilities of RMB35,977 million (2013: RMB32,510 million) consisting of used banking facilities of RMB17,977 million (2013: RMB14,901 million) and unused banking facilities of RMB18,000 million (2013: RMB17,609 million).

Financial Review (Continued)

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2014 and 2013 were as follows:

RMB'000	**2014**	2013
Total borrowings	**22,270,000**	19,085,379
Less: cash and bank balances	**(1,365,658)**	(2,952,781)
Net debt	**20,904,342**	16,132,598
Total equity attributable to the owners of the Company	**15,453,892**	18,449,881
Gearing ratio	**135.3%**	87.4%

The gearing ratio for 2014 was higher than that for 2013 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2014, the Group's short-term debt ratio was 70.4% (2013: 27.9%). The higher short-term debt ratio was mainly due to the significantly increased current borrowings as a result of the reasons as set out in the section "Current Assets and Liabilities" above.

Financial Review (Continued)

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all of the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$300.0 million Senior Notes due 2015 and the US$400.0 million Senior Notes due 2018. As at 31 December 2014, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2014**	2013
Cash and bank balances:		
US$	**979**	2,527
HK$	**2,217**	4,789
Total	**3,196**	7,316
Borrowings:		
US$	**4,548,431**	4,353,213
Total	**4,548,431**	4,353,213
Trade and other payables:		
US$	**3,060**	9,145
HK$	**37,949**	10,208
Total	**41,009**	19,353

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash balances were denominated in RMB.

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2014 would have been approximately RMB229.3 million lower/higher (2013: post-tax profit RMB218.3 million higher/lower).

Financial Review (Continued)

Interest Rate Risk

The Group holds interest bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed rates and expose the Group to fair value interest-rate risk. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk arising from the Group's interest bearing assets.

The Group's interest rate risk mainly arises from its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

As at 31 December 2014, the Group's total borrowings amounted to RMB22,270.0 million (2013: RMB19,085.4 million), of which RMB19,788.3 million (2013: RMB12,845.4 million) bears fixed interest rate.

As at 31 December 2014, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB5.4 million higher/lower (2013: post tax profit RMB7.7 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

Pledge of Assets

As at 31 December 2014, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	**2014**	2013
Construction in progress	**1,713,334**	1,196,131
Investment properties	**7,835,200**	4,310,390
Properties under development	**8,710,759**	7,900,757
Completed properties held for sale	**1,746,761**	2,110,521
Non-current assets classified as held for sale	**1,022,456**	—
Total	**21,028,510**	15,517,799

As at 31 December 2014, equity interests of certain of the Company's subsidiaries and a joint venture and certain bank deposits had been pledged for the Group's borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligation of such purchasers. Such guarantees terminate upon the earlier of: (i) the issuance of the real estate ownership certificate which is generally available within an average period of one to two years upon the completion of the registration of the guarantee; or (ii) the full repayment of the mortgage loan by the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage.

As at 31 December 2014, the amount of outstanding guarantees for mortgages was RMB7,194.3 million (2013: RMB6,866.0 million).

Financial Review (Continued)

Capital and Operating Lease Commitments

As at 31 December 2014, the Group had capital commitments as follows:

RMB'000	**2014**	2013
Land use rights	**870,884**	1,614,661
Property development expenditures	**5,264,609**	6,981,262
Construction materials	**31,818**	6,054
Total	**6,167,311**	8,601,977

As at 31 December 2014, the future aggregate minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings were as follows:

RMB'000	**2014**	2013
No later than 1 year	**19,434**	22,861
Later than 1 year and no later than 5 years	**11,765**	28,043
Total	**31,199**	50,904

Employee and Remuneration Policy

As at 31 December 2014, the Group had a total of 1,033 employees (2013: 1,170 employees). Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2014 amounted to RMB147.1 million (2013: RMB169.1 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted annual bonus. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

Effective Teamwork

CORPORATE SOCIAL RESPONSIBILITY REPORT

Environmental Protection and Promotion

The Group endeavors to construct premium residential projects and actively integrates environmental considerations into them. The Group also promotes the concept of caring for the nature and environmental conservation, so as to promote green management and create a pleasant environment.

Since the establishment of the Group, it has strictly complied with laws and regulations regarding environmental protection and adopted innovative and effective environmental technologies to ensure each of its projects meets the highest construction standards and ethics in respect of environmental protection. Regarding the project design and construction, the Group has formulated corresponding energy-saving and green building specifications which are applied to procedures in project construction and has conducted regular reviews on these measures. During the stage of planning and design, the Group has actively promoted material saving and the extensive use of environmental friendly construction materials so as to protect the environment and improve air quality within the community. During the construction stage, the Group has emphasized the importance of minimising greenhouse gas emission in order to reduce air and noise pollutions and lessen the impact on the surrounding environment.

The Group has been awarded honors on promoting environmental protection and green management over the years, such as awards in environmental design, energy saving and environmental protection etc. In the past, Nantong Royal Bay of the Group received the "Green Building Design Rating Label – Grade 2", recognising the achievement of the Group's efforts on environmental protection.

Staff Development and Personal Growth

The Group strongly believes that employees are the most valuable assets of an enterprise and regards human resources as its corporate wealth. The Group actively organises various cultural activities in respect of staff culture, sports and

CORPORATE SOCIAL RESPONSIBILITY REPORT

arts, to promote physical and mental well-being of employees. In addition, the Group provides comprehensive and sound training and job promotion opportunities, organises outward bound activities, establishes mutual assistance system to its staff, fostering team spirit and cohesion among them.

Through different training courses, the Group enhanced staff's professional knowledge in corporate operations, occupational skills, team building and quality management. The Group organised and commenced training sessions on management capability to enrich staff's expertise in management. The Group also organised various kinds of cultural activities to provide communication opportunities among staff, which was vital to team building and staff relationship establishment.

Social Charity and Services

The Group actively fulfills its social responsibility through various means to help the needy in the society and to commit to its corporate citizenship.

In the past, the Group organised a number of charitable visits, including visit to children welfare house to bring love and donations to the physically challenged children there. The Group also organised a volunteer team to visit elderly home and brought care and blessings to the elderly.

To promote the concept of healthy lifestyle and encourage the community to lead a healthy life, the Group organised a variety of sports and cultural activities including tennis competition for homeowners, themed photo contest, renovation competition for homeowners, and storytelling contest for juniors, which attracted the participation of many families in the community. The diversity of the activities also satisfy physical, mental and social needs of householders of all ages to create harmonious community.

BIOGRAPHIES OF DIRECTORS

Directors

Executive Directors

Mr. Cheng Li Xiong (程立雄)

Mr. Cheng Li Xiong, aged 45, is the chairman of the board of directors of the Company (the "Board") and an executive director of the Company. Mr. Cheng is also a director of a number of subsidiaries of the Company. He is in charge of the overall strategy and investment of the Company. Mr. Cheng joined the Group on 1 September 2001 as the general manager of the Company's subsidiary, Shanghai Haosen Property Co., Ltd. Mr. Cheng was appointed as the executive vice chairman of the Company on 28 August 2012. On 26 November 2012, he ceased to be the executive vice chairman and chief executive officer of the Board and was appointed as the chairman of the Board of the Company. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). Mr. Cheng has more than 21 years of experience in the planning, development, construction and management of land and property. Mr. Cheng is also a qualified property valuer in the PRC. Mr. Cheng graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Ding Xiang Yang (丁向陽)

Mr. Ding Xiang Yang, aged 47, is the vice chairman of the Board, chief executive officer and an executive director of the Company. Mr. Ding is also a director of a number of subsidiaries of the Company. With more than 13 years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Group's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. On 30 May 2014, Mr. Ding was appointed as the chief executive officer of the Company. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company.

Mr. Xia Jing Hua (夏景華)

Mr. Xia Jing Hua, aged 43, is an executive director, chief financial officer and a vice president of the Company, responsible for devising the financial strategies, the overall financial and asset management of the Group. Mr. Xia is also a director of a number of subsidiaries of the Company. On 30 May 2014, Mr. Xia was appointed as the chief financial officer of the Company. Mr. Xia joined the Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of the Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than 15 years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively. In 2012, Mr. Xia completed the CEIBS Executive MBA Programme and was awarded the degree of Master of Business Administration by China Europe International Business School.

Mr. Yan Zhi Rong (嚴志榮)

Mr. Yan Zhi Rong, aged 54, is an executive director of the Company. Mr. Yan is also a director of a number of subsidiaries of the Company. With more than 16 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

BIOGRAPHIES OF DIRECTORS

Independent Non-Executive Directors

Mr. Liu Shun Fai (廖舜輝)

Mr. Liu Shun Fai, aged 44, is an independent non-executive director of the Company. Mr. Liu is currently the executive director, chief financial officer and company secretary of AMVIG Holdings Limited, a company listed on the Hong Kong Stock Exchange. Mr. Liu has more than 22 years of experience in auditing and accounting. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang (沃瑞芳)

Mr. Wo Rui Fang, aged 74, is an independent non-executive director of the Company. From 1965 to 1993, Mr. Wo worked at the Design Administration Bureau (設計管理局) of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice-mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then rejoined the Design Administration Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction (建設部執業資格註冊中心). Mr. Wo has accumulated more than 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

Mr. Han Ping (韓平)

Mr. Han Ping, aged 46, is an independent non-executive director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of 6 years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 21 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC.

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2014 (the "Review Period").

The Board and the management of the Company are committed to achieving and maintaining high standards of corporate governance which they believe are crucial to the development of the Company and the benefits of its shareholders.

As a responsible business enterprise, the corporate governance standards of the Company are built on the principles of independence, accountability, transparency and honesty.

Corporate Governance

Compliance with Corporate Governance Code

The Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the Review Period, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The chairman (the "Chairman") of the Board of the Company did not attend the annual general meeting of the Company held on 30 May 2014 (the "2014 AGM") due to other business engagements. Mr. Ding Xiang Yang, the vice chairman of the Board and the executive director (the "Director") of the Company (who was appointed as the chief executive officer of the Company effective from the conclusion of the 2014 AGM), chaired the 2014 AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the Review Period.

Board Composition

During the Review Period and up to the date of this report, the Board consists of the following directors:

Executive Directors:

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman and Chief Executive Officer)*
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong
Mr. Liu Ning *(Resigned as the executive Director and the chief executive officer of the Company on 5 February 2014)*
Mr. Yu Xiu Yang *(Retired as the executive Director of the Company with effect from the conclusion of the 2014 AGM)*

Board Composition (Continued)

Independent Non-Executive Directors:

Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping
Mr. Yim Ping Kuen *(Retired as an independent non-executive Director of the Company with effect from the conclusion of the 2014 AGM)*

Biographical details of the Directors are set out on pages 42 to 43 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

All Directors of the Company bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning.

The Company has three independent non-executive Directors (the "INED(s)"), at least one of whom has appropriate financial management expertise in compliance with the Listing Rules. The Company has received annual independence confirmations from all the INEDs and concluded that all of them are independent pursuant to Rule 3.13 of the Listing Rules.

The INEDs serve on the audit committee, the remuneration committee and the nomination committee of the Company. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Company's strategy, performance and management process, taking into account the interests of all shareholders.

Details of emoluments of the Directors are set out in note 31 to the consolidated financial statements.

Roles and Responsibilities of the Board

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. It is responsible for formulating strategies and management policies of the Company, approving the strategic objectives of the Company and ensuring the availability of necessary financial and other resources to meet such objectives. The Board also constantly supervises and reviews the Company's regulations and rules. The Directors perform their duties in a faithful and diligent manner and act in the best interests of the Company and its shareholders as a whole.

Moreover, the Board is also responsible for presenting a clear and balanced assessment of the Company's performance and prospects, preparing accounts that give a true and fair view of the Company's financial position on a going concern basis and disclosing other inside information.

CORPORATE GOVERNANCE REPORT

Roles and Responsibilities of the Board (Continued)

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily management, operations and administration of the Company.

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Company and its subsidiaries (together, the "Group") from their risk exposure arising from the business of the Group.

Chairman and Chief Executive Officer

The Chairman, Mr. Cheng Li Xiong, has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. Mr. Ding Xiang Yang, the vice-chairman and chief executive officer of the Company, is responsible for the day-to-day management of the Group's business (previously responsible by Mr. Liu Ning prior to his resignation as the executive Director and the chief executive officer of the Company on 5 February 2014). Mr. Ding also ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. In addition, he ensures that all Directors are properly briefed on issues to be discussed at the Board meetings.

Board Meetings

The Company held four Board meetings during the Review Period.

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily management and operations of the Group have been delegated to the management of the Group.

Notices of Board meetings were given to all Directors at least 14 days prior to the meetings and all Directors are entitled to include items which they think fit for discussion in the agenda of the meetings.

Draft and final versions of the minutes of the Board and the committees' meetings were sent to the Directors and the committees' members for their comment and records respectively in a timely manner.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference. Currently, the Audit Committee comprises three INEDs, namely, Mr. Liu Shun Fai (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Audit Committee are, among others, as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors, and any questions of resignation or dismissal of external auditors;

2. to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

Audit Committee (Continued)

3. to monitor the integrity of the Company's financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

4. to review the Company's financial controls, internal control and risk management systems;

5. to consider major investigation findings on internal control matters as delegated by the Board or on the Committee's own initiative, as well as management's response to these findings; and

6. to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

The terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

Two meetings were held by the Audit Committee during the Review Period. The following is a summary of the work of the Audit Committee during 2014:

1. reviewed the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2013;

2. reviewed the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2014;

3. reviewed the external auditor's audit findings and other audit issues;

4. reviewed the effectiveness of the internal control system; and

5. reviewed the external auditor's remuneration.

On 15 April 2015, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Group's consolidated financial statements for the year ended 31 December 2014 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2014.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two INEDs, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Mr. Liu Shun Fai and one executive Director, namely Mr. Cheng Li Xiong. The main duties of the Remuneration Committee are, among others, as follows:

1. to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors of the Company;

2. to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors of the Company or any associate company of any of them;

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

4. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and

6. to conform any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

The terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

A meeting was held during the Review Period to review, consider and make recommendation of the remuneration packages proposed for all Directors of the Company.

Remuneration of Directors and Senior Management

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 31 to the financial statements.

Pursuant to B.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the Review Period is set out below:

Remuneration band (RMB)	Number of persons
500,001 to 1,000,000	–
1,000,001 to 2,000,000	1
2,000,001 to 3,000,000	–
3,000,001 to 4,000,000	–
4,000,001 to 5,000,000	–

Note: Mr. Jiang Yong Jin, Mr. Ding Yan Lin and Mr. Zheng Qun Guo had ceased to be the members of the senior management of the Company as at 28 March 2014, being the date of the 2013 annual report of the Company. Since then and up to the date of this annual report, the Company has no senior management.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 1 April 2012 with written terms of reference. On 29 August 2013, the Board approved and adopted the board diversity policy and revised terms of reference of the Nomination Committee, which are in line with the Listing Rules relating to the board diversity effective from 1 September 2013. Currently, the Nomination Committee comprises one executive Director, namely Mr. Cheng Li Xiong (chairman of the Nomination Committee) and two INEDs, namely, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Nomination Committee are, among others, as follows:

1. to review the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to review the balance between executive and non-executive Directors (including INEDs) on the Board;

3. to review the board diversity policy and the measurable objectives that the Board has adopted for implementing this policy, and monitor the progress on achieving the objectives and make the relevant disclosure in the corporate governance report;

4. to assess the independence of the INEDs;

5. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the Chairman and the chief executive;

6. to determine the policy, procedures and criteria for the nomination of the Directors.

CORPORATE GOVERNANCE REPORT

Nomination Committee (Continued)

The terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

A meeting was held by the Nomination Committee during the Review Period to discuss and review the structure, size and composition (including the skills, knowledge and experience) of the Board of the Company.

Board Diversity Policy

On 29 August 2013, the Company adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to the talents, skills, knowledge, age, industry experience, race, gender and other qualities. These differences will be considered in determining the optimum composition of the Board. All appointments of the members of the Board will also be based on meritocracy while taking into account diversity.

The Nomination Committee will review and assess annually all measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including but not limited to, those described above.

The Nomination Committee will report annually, in the corporate governance report of the Company's annual report, a summary of the Policy, the measurable objectives that the Board has adopted for implementing the Policy, and the progress made towards achieving these objectives.

The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy and also recommend any proposed changes to the Board for approval.

Each of the Board members possesses different skills, knowledge and experience, including land and property development, construction and management, corporate operational and strategic management, financial strategies and asset management, project budgeting management and construction design of project. The Board is characterised by significant diversity in terms of skills, knowledge, age and industry experience, etc.

Corporate Governance Committee

The corporate governance committee of the Company (the "CG Committee") was established on 1 April 2012 with written terms of reference. Currently, the CG Committee comprises three executive Directors, namely, Mr. Ding Xiang Yang (chairman of the CG Committee), Mr. Cheng Li Xiong and Mr. Xia Jing Hua. The main duties of the CG Committee are, among others, as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of Directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

Corporate Governance Committee (Continued)

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

5. to review the Company's compliance with all the applicable provisions in the Corporate Governance Code and the disclosure in the Corporate Governance Report.

The terms of reference of the CG Committee are available on the website of the Company at www.gloriousphl.com.cn.

A meeting was held by the CG Committee during the Review Period. The meeting was held to review, consider and discuss the following matters regarding the corporate governance of the Company:

1. reviewed the Company's policies and practices on corporate governance;

2. reviewed and recommended the training and continuous professional development of the Directors; and

3. reviewed the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as included in the Annual Report 2013.

Finance Committee

The Board established a finance committee (the "Finance Committee") in April 2010 with delegated authority to review and approve certain financial matters of the Group. Currently, the Finance Committee comprises Mr. Cheng Li Xiong (chairman of the Board), Mr. Ding Xiang Yang (vice chairman of the Board and chief executive officer of the Company) and Mr. Xia Jing Hua (chief financial officer of the Company), and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the pre-IPO share option scheme and the share option scheme (details of which are described in the section headed "Share Option Schemes" of this annual report).

CORPORATE GOVERNANCE REPORT

Attendance Record at Meetings

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting, CG Committee meeting, 2014 AGM and the Extraordinary General Meeting during the Review Period are set out in the following table:

	Number of meetings attended/Number of meetings held						
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	CG Committee	2014 AGM	Extraordinary General Meeting
Executive Directors							
Mr. Cheng Li Xiong	4/4	—	1/1	1/1	1/1	0/1	0/1
Mr. Ding Xiang Yang	4/4	—	—	—	1/1	1/1	1/1
Mr. Liu Ning (Note 1)	0/0	—	—	—	—	0/0	0/0
Mr. Xia Jing Hua	4/4	—	—	—	1/1	1/1	1/1
Mr. Yan Zhi Rong	3/4	—	—	—	—	1/1	1/1
Mr. Yu Xiu Yang (Note 2)	1/2	—	—	—	0/0	0/1	0/0
Independent Non-executive Directors							
Mr. Yim Ping Kuen (Note 3)	1/2	1/1	—	—	—	0/1	0/0
Mr. Liu Shun Fai	4/4	2/2	1/1	—	—	1/1	0/1
Mr. Wo Rui Fang	4/4	2/2	1/1	1/1	—	1/1	1/1
Mr. Han Ping	4/4	2/2	—	1/1	—	1/1	1/1

Note 1: Resigned as the executive Director and the chief executive officer of the Company on 5 February 2014
Note 2: Retired as the executive Director of the Company with effect from the conclusion of the 2014 AGM
Note 3: Retired as an INED of the Company with effect from the conclusion of the 2014 AGM

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid out in the articles of association of the Company. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the INEDs.

All Directors are appointed based on their merits and experiences relevant to the business of the Group. Each of the executive Directors has entered into a service contract with the Company with no specific term (except Mr. Yu Xiu Yang, the executive Director retired as the executive Director of the Company with effective from the conclusion of the 2014 AGM, who had entered into a service contract with the Company for a term of three years commencing on 20 May 2011). Each of the INEDs has entered into an appointment letter with the Company for a term of one year commencing on 2 October 2013, which was renewed for one year from 2 October 2014. In accordance with the provisions of the Corporate Governance Code and the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the annual general meeting upon his retirement by rotation.

Appointment, Re-election and Removal of Directors (Continued)

The Board reviews its own structure, size, composition and diversity regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company has established a Nomination Committee on 1 April 2012. One of the responsibilities of the Nomination Committee is to review the structure, size, composition and diversity (including the skills, knowledge, experience, etc) of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. It is also responsible for recommending the appointment of Directors for the Board's approval.

New Directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a Director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

Directors' Induction and Continuous Professional Development

Pursuant to the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he is sufficiently aware of his responsibilities under the Listing Rules and other relevant regulatory requirements.

All Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional and regulatory bodies in Hong Kong and overseas so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, all Directors are also provided with written materials to develop and refresh their professional skills; the Company Secretary also organises and arranges various seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Review Period, the Company organised for the Directors and executives an in-house workshop on the Listing Rules, the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO") and the Companies Ordinance (Cap. 622, Laws of Hong Kong).

Directors' Induction and Continuous Professional Development (Continued)

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a Director of a listed company in compliance with the new requirement of the Corporate Governance Code on continuous professional development during the Review Period:

Name of Director	Corporate Governance/ Updates on laws, rules and regulations Read materials	In-house workshop
Executive Directors		
Mr. Cheng Li Xiong	✓	✓
Mr. Ding Xiang Yang	✓	✓
Mr. Liu Ning (Note 1)	✘	✘
Mr. Xia Jing Hua	✓	✓
Mr. Yan Zhi Rong	✓	✓
Mr. Yu Xiu Yang (Note 2)	✘	✘
Independent Non-executive Directors		
Mr. Yim Ping Kuen (Note 3)	✘	✘
Mr. Liu Shun Fai	✓	✓
Mr. Wo Rui Fang	✓	✓
Mr. Han Ping	✓	✓

Note 1: Resigned as the executive Director and the chief executive officer of the Company on 5 February 2014
Note 2: Retired as the executive Director of the Company with effect from the conclusion of the 2014 AGM
Note 3: Retired as an INED of the Company with effect from the conclusion of the 2014 AGM

Company Secretary

The company secretary is responsible to the Board for ensuring that board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions. The company secretary is also directly responsible for the compliance of the Group with the continuing obligations of the Listing Rules, SFO, Companies Ordinance, the Code on Takeovers and Mergers and other applicable laws, rules and regulations.

The company secretary of the Company is Ms. Tai Wing Kwan Catherine, who is an employee of the Company and has day-to-day knowledge of the Company. Ms. Tai is a solicitor in Hong Kong and she is familiar with the Companies Ordinance and other applicable laws, rules and regulations.

Ms. Tai is also well aware of the requirement under Rule 3.29 of the Listing Rules and had complied with such requirement during the Review Period.

Ms. Tai reports to the Chairman of the Board regularly.

Shareholders' Rights

How shareholders can convene an extraordinary general meeting

Pursuant to the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such a requisition must be signed by the Shareholder(s).

The procedures by which enquires may be put to the Board and sufficient contact details to enable these enquires to be property directed

Shareholders and other stakeholders may at any time send their enquiries and concerns in writing through our Investor Relations Department whose contact details are as follows:

Address:	Suites 2501–2504, 25/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
Telephone:	(852) 3101 4888
Facsimile:	(852) 3101 4688
Email:	ir@gloriousphl.com.cn

If necessary, the Investor Relations Department will forward the enquires or concerns to the Company Secretary or other senior management of the Company as appropriate within their area of responsibilities for handling.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for shareholders to propose a person for election as a Director

As regards to the procedures for proposing a person for election as Director (other than the retiring Director of the Company or a person recommended by the Board), please refer to the procedures made available under the Corporate Governance section of the Company's website at http://ir.gloriousphl.com.cn/html/ir_gov.php.

Procedures and sufficient contact details for putting forward proposals at shareholders' meetings

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "How shareholders can convene an extraordinary general meeting" above.

CORPORATE GOVERNANCE REPORT

Internal Controls

The Board is responsible for overseeing the Company's system of internal control and is committed to managing business risks and maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets. The management is responsible for designing and implementing the internal control system to achieve the aforesaid objectives.

Under its terms of reference, the Audit Committee performs review of the Company's financial controls, internal control and risk management systems and is responsible for discussing with the management the Company's internal control system.

During the Review Period, the Directors, through the Audit Committee as well as by themselves, conducted periodic reviews of the effectiveness of the Group's internal control system, including financial, operational and compliance controls and risk management functions, and the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting functions. The Directors generally satisfied with the effectiveness of the Group's internal control system.

The internal audit department of the Company performs regular audit reviews and report of the key controls of the Company to the Board and the Audit Committee. The responsible heads of departments will be notified of the control deficiencies noted for rectification.

To maintain an effective internal control system, all departments of the Company have formulated operational management guidelines, which clearly define the functions and responsibilities of each department and scope of power of each position.

External Auditor

The Company has engaged PricewaterhouseCoopers ("PwC") as its external auditor. In order to maintain PwC's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards, the Audit Committee, under its terms of reference, pre-approves all audit services to be provided by PwC and discusses with PwC the nature and scope of their audit and reporting obligations before the audit commences.

The aggregate remuneration in respect of services provided by PwC for the year ended 31 December 2014 was RMB10.6 million, of which RMB10.4 million represents annual audit fees and RMB0.2 million represents fees for certain audit related services.

The responsibilities of the Independent auditor with respect of the consolidated financial statements for the year ended 31 December 2014 are set out in the section "Independent Auditor's Report" on pages 69 and 70.

Directors' Responsibilities for Financial Statements

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2014 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

Shareholders' Meetings

All shareholders of the Company have the right to be informed and participate in material matters of the Company as prescribed by laws and the articles of association of the Company.

The Company regards the annual general meeting as an important event as it provides an invaluable opportunity for the Board to communicate with the shareholders.

During the Review Period, the Company held the annual general meeting on 30 May 2014 to enable the shareholders (i) to consider and approve the audited financial statements and the reports of the Directors and the auditor for the year ended 31 December 2013, (ii) to re-elect the retiring Directors, (iii) to authorise the Board to fix the remuneration of all Directors, (iv) to re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the Board to fix its remuneration and (v) to consider and pass other special businesses in the meeting.

During the Review Period, the Company held an extraordinary general meeting on 7 August 2014 for the purpose of, among other things, approving the revision of the annual cap for the construction services agreement dated 19 October 2011 (the "Old Construction Services Agreement") for the year ended 31 December 2014 in relation to the purchase of construction and related services from 上海地通建設（集團）有限公司 (Shanghai Ditong Construction (Group) Co., Ltd.*) ("Shanghai Ditong") under the Old Construction Services Agreement, to approve and ratify the execution of the construction services agreement dated 10 June 2014 (the "New Construction Services Agreement") entered into between the Company and Shanghai Ditong and to approve the proposed annual caps for the three years ending 31 December 2017 in relation to the purchase of construction and related services from Shanghai Ditong under the New Construction Services Agreement.

Communication with Shareholders and Investors

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions.

The goal of the Company's communication activities is to provide a true and fair view of the Company to the public. To further enhance the Company's relationship with its shareholders and investors and to ensure that all investors have a better understanding of the Company, the Company has established an Investor Relations Department to handle regular contact with investors.

Important events regarding financial results, business development and operations are also announced on a timely basis to investors through the Company's website www.gloriousphl.com.cn.

To maintain and improve the visibility of the Company in the financial community, the Company has participated in various investors' conferences during the Review Period. Going forward, the Company will continue to leverage on various channels and platforms including press conferences, analyst briefings and industry conferences, where necessary, to ensure the timely release of important messages to the public.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The directors (the "Directors") of Glorious Property Holdings Limited (the "Company") are pleased to submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2014.

Principal Activities

The Company acts as an investment holding company. The Group is principally engaged in the development and sale of high quality properties in key economic cites in the PRC. As at 31 December 2014, the Group had property development projects in prime locations of key economic cities in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

An analysis of the Group's revenue and total assets during the year, by reportable operating segment, is set out in note 5 to the consolidated financial statements.

Subsidiaries of the Company

A list of the subsidiaries of the Company, together with their places of operation and incorporation, issued capital and registered capital, is set out in note 11 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2014 are set out in the accompanying consolidated statement of comprehensive income on page 74 of this annual report.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2014.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 160 and 161 of this annual report.

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

During the year ended 31 December 2014, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

Major Suppliers and Customers

For the year ended 31 December 2014, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 71.3% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 47.8% of the Group's total purchases.

For the year ended 31 December 2014, the aggregate sales attributable to the Group's five largest customers accounted for 3.6% of the Group's total sales.

During the year ended 31 December 2014, apart from the interest of the father of Mr. Zhang Zhi Rong (who is the ultimate controlling shareholder of the Company and the brother-in-law of Mr. Ding Xiang Yang, the executive Director of the Company) in 上海地通建設（集團）有限公司 (Shanghai Ditong Construction (Group) Co., Ltd,* ("Shanghai Ditong")), as described in the section headed "Continuing Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the directors, who owns more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.

* *For identification purpose only*

Donations

There is no charitable donations made by the Group during the year (2013: RMB1.7 million).

Property, Plant and Equipment

Details of movements in property, plant and equipment, investment properties, properties under development and completed properties held for sale and non-current assets classified as held for sale of the Group during the year are set out in notes 6, 7, 12, 13 and 18 to the consolidated financial statements.

Borrowings

Particulars of the borrowings of the Group as at 31 December 2014 are set out in note 21 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB2,512.2 million (2013: RMB2,498.9 million).

Major Properties

Major properties of the Group as at 31 December 2014 are set out on pages 162 to 168 of this annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2014 are set out in notes 24 and 25 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2014, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB4,320.1 million (2013: RMB4,941.4 million).

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

REPORT OF THE DIRECTORS

Directors

The Directors of the Company who held office during the year and as at the date of this annual report are:

Executive Directors:

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice-chairman and Chief Executive Officer)*
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong
Mr. Liu Ning *(Resigned as an executive Director and the chief executive officer of the Company on 5 February 2014)*
Mr. Yu Xiu Yang *(Retired as an executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 30 May 2014 (the "2014 AGM")*

Independent Non-Executive Directors:

Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping
Mr. Yim Ping Kuen *(Retired as an independent non-executive Director of the Company (the "INED") with effect from the conclusion of the 2014 AGM)*

In accordance with the articles of association of the Company, Messrs. Cheng Li Xiong, Liu Shun Fai and Han Ping are due to retire from the Board by rotation at the 2015 annual general meeting of the Company. All the retiring Directors, being eligible, offer themselves for re-election.

Directors' Interests in Arrangements or Contracts of Significance

Save for the contracts disclosed in the section headed "Continuing Connected Transactions" below, no arrangements or contract of significance (as defined in Appendix 16 to the Listing Rules) in relation to the Group's business to which the Company or its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year.

Directors' Interests in Competing Business and Deed of Non-Compete Undertaking

As at 31 December 2014, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

In order to protect the Group's interests and its current business activities, the controlling shareholders of the Company, namely, Best Era International Limited and Mr. Zhang Zhi Rong, had entered into a deed of non-compete undertaking on 9 September 2009 ("Deed of Non-compete Undertaking") in favour of the Company, under which each of Best Era International Limited and Mr. Zhang Zhi Rong has undertaken and covenanted with the Company that pursuant to the terms and conditions of the Deed of Non-compete Undertaking, they shall not and shall procure their respective associates not to directly or indirectly engage or otherwise be interested in the business of the development, sales, leasing and investment of properties in the PRC (other than through the Group) or business which is the same or similar to that carried on by the Group from time to time.

Directors' Interests in Competing Business and Deed of Non-Compete Undertaking (Continued)

The Company has received a confirmation from Best Era International Limited and Mr. Zhang Zhi Rong in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2014.

The INEDs have also reviewed and confirmed the compliance with, and the enforcement of, the Deed of Non-compete Undertaking by Best Era International Limited and Mr. Zhang Zhi Rong during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2014, the Directors and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the SFO which (a) were recorded in the register required to be kept under Section 352 of the SFO; or (b) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

Name of Director	Number of ordinary shares Personal interests[1]	Corporate interests	Total	Approximate % of shareholding[2]
Mr. Cheng Li Xiong	15,500,000[3]	—	15,500,000	0.20
Mr. Ding Xiang Yang	15,000,000	—	15,000,000	0.19
Mr. Xia Jing Hua	5,000,000	—	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	—	5,000,000	0.06

Notes:

(1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the pre-IPO share option scheme of the Company to subscribe for shares in the Company.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2014 (i.e. 7,792,645,623 ordinary shares).

(3) Ms. Wu Yi Wen is the beneficial owner of 500,000 ordinary shares of the Company and is the spouse of Mr. Cheng Li Xiong, the Chairman and the executive Director of the Company. By virtue of the SFO, Mr. Cheng is deemed to be interested in the said shares. Mr. Cheng is also interested in options to subscribe for 15,000,000 shares of the Company.

All of the interests disclosed above represent long positions in the shares of the Company.

Apart from the aforesaid, as at 31 December 2014, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

Directors' Rights to Acquire Shares or Debentures

As at 31 December 2014, the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this annual report.

Apart from the aforesaid, at no time during the year ended 31 December 2014 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholder's Interests in the Share Capital of the Company

As at 31 December 2014, the interests of substantial shareholders (other than the Directors or the chief executive of the Company) in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[4]
Mr. Zhang Zhi Rong	Interests in controlled corporations/ Beneficial owner[3]	5,329,216,436	Long position	68.39
Best Era International Limited[1]	Beneficial owner	4,978,923,436	Long position	63.89
China Life Insurance (Group) Company[2]	Interests in controlled corporations	778,914,000	Long position	10.00
China Life Insurance (Overseas) Co. Ltd.[2]	Beneficial owner	778,914,000	Long position	10.00

Notes:

(1) Best Era International Limited is owned as to 100% by Mr. Zhang Zhi Rong, who is a sole director of Best Era International Limited.

(2) China Life Insurance (Overseas) Co. Ltd. is owned as to 100% by China Life Insurance (Group) Company.

(3) Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively as at 31 December 2014, representing in aggregate 5,314,216,436 shares or approximately 68.20% of the issued share capital of the Company. Mr. Zhang Zhi Rong is also interested in options to subscribe for 15,000,000 shares (representing 0.19% of the total issued share capital of the Company).

(4) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2014 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 2014, the Company was not aware of any persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its Directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants and retain the participants whose contributions are important to the long term growth and profitability of the Group. As at 31 December 2014, the total number of shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme was 69,000,000 shares, which is equivalent to approximately 0.89% of the total issued share capital of the Company.

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company also approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the year ended 31 December 2014, no share options had been granted under the Share Option Scheme.

Particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 39 to the consolidated financial statements. The following table discloses details of the Company's outstanding share options held by the Directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the year ended 31 December 2014:

		Number of underlying shares comprised in share options							
Name of Grantee	Date of grant	Balance as at 01/01/2014	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31/12/2014	Exercise price per share HK$	Exercise period
Category 1: Directors									
Mr. Cheng Li Xiong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note 1
Mr. Ding Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note 1
Mr. Liu Ning (Note 2)	09/09/2009	5,000,000	—	—	—	(5,000,000)	—	1.76	Note 1
Mr. Xia Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note 1
Mr. Yan Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note 1
		45,000,000	—	—	—	(5,000,000)	40,000,000		
Category 2: Other employees (in aggregate)	09/09/2009	29,000,000	—	—	—	—	29,000,000	1.76	Note 1
Total:		74,000,000	—	—	—	(5,000,000)	69,000,000		

REPORT OF THE DIRECTORS

Share Option Schemes (Continued)

Note 1:

Each of the grantees to whom the options have been granted under the Pre-IPO Share Option Scheme is entitled to exercise:

(i) up to 20% of the shares that are subject to the options granted to the relevant grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on 2 October 2009 (the "Listing Date") and ending on the first anniversary of the Listing Date;

(ii) up to 40% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the first anniversary of the Listing Date and ending on the second anniversary of the Listing Date;

(iii) up to 60% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;

(iv) up to 80% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date; and

(v) such number of shares subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the fourth anniversary of the Listing Date and ending on 8 September 2019.

Note 2:

Mr. Liu Ning resigned as the executive Director and the chief executive officer of the Company on 5 February 2014 and therefore the options to subscribe for 5,000,000 shares of the Company previously granted to Mr. Liu lapsed on the same date.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following transactions are continuing connected transactions which are subject to the requirements under Chapter 14A of the Listing Rules. These continuing connected transactions also constitute related party transactions as set out in note 37 to the consolidated financial statements. Details of such transactions are as follows:

Shanghai Ditong entered into a framework construction services agreement (the "Old Construction Services Agreement") on 19 October 2011 with the Company, pursuant to which Shanghai Ditong agreed to provide construction and related services to the Group according to the tender documents and the construction contracts signed between Shanghai Ditong and the Group from time to time. The Old Construction Services Agreement was effective for three years from 1 January 2012 to 31 December 2014.

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company) holds a controlling stake in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the construction services provided to the Group by Shanghai Ditong constitute continuing connected transactions of the Company. For the year ended 31 December 2014, the original annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the Old Construction Services Agreement (the "2014 Annual Cap") was RMB681.2 million.

Due to the significant increase in construction costs including material, machineries and labour costs which was not contemplated when the 2014 Annual Cap was determined back in 2011, an ordinary resolution in respect of the revision of the 2014 Annual Cap was proposed and approved at the extraordinary general meeting of the Company held on 7 August 2014. The revised 2014 Annual Cap was RMB1,423 million.

On the other hand, Shanghai Ditong renewed the Old Construction Services Agreement with the Company on 10 June 2014 (the "New Construction Services Agreement"), pursuant to which Shanghai Ditong has agreed to provide construction and related services to the Group according to the tender documents and the construction contracts signed between Shanghai Ditong and the Group from time to time. The New Construction Services Agreement is effective for three years from 1 January 2015 to 31 December 2017. The new annual cap for the transactions contemplated under the New Construction Services Agreement for each of the three years ending 31 December 2017 are RMB1,590 million, RMB1,190 million and RMB540 million respectively.

For the year ended 31 December 2014, the revised 2014 Annual Cap for the continuing connected transactions between the Group and Shanghai Ditong under the Old Construction Services Agreement was RMB1,423 million and the actual transacted amount was approximately RMB1,157.0 million.

Continuing Corporate Governance Measures

The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the "Guidelines") on 15 April 2010, for the selection of potential bidders for the property projects carried out by the Group and review of construction services provided by Shanghai Ditong.

The Guidelines contain (a) an independent mechanism to govern and monitor the selection process of potential bidders for construction company; and (b) independent review procedures for the monitoring of the quality of construction work completed by Shanghai Ditong (applicable where Shanghai Ditong is selected to provide construction services to the Group after going through the selection process).

The Board has confirmed that the Group has complied with the independent mechanism contained in the Guidelines and has carried out the independent review procedures set out in the Guidelines to monitor the quality of the construction work completed by Shanghai Ditong during the year ended 31 December 2014.

The INEDs of the Company have reviewed the transactions conducted between the Group and Shanghai Ditong under the Old Construction Services Agreement during the year ended 31 December 2014. The INEDs had also reviewed the terms of the Old Construction Services Agreement pursuant to a meeting of the INEDs held on 15 April 2015. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2014 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement 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 also issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed by the Group 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 Hong Kong Stock Exchange.

In accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information", the auditor has also reported to the Board that for the year ended 31 December 2014, nothing has come to their attention that the continuing connected transactions, which were governed by the Old Construction Services Agreement, (i) have not received the approval of the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) have not been entered into, in all material respects, in accordance with the relevant agreement governing such transactions; and (iv) have exceeded the relevant cap amount for the financial year ended 31 December 2014 as set out in the circulars dated 4 November 2011 and 2 July 2014 published by the Company in respect of the continuing connected transactions.

Related Party Transactions

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 37 to the consolidated financial statements. Those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules are set out in the section headed "Continuing Connected Transactions" above and the Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

Changes of Director's Information pursuant to Rule 13.51B(1) of the Listing Rules

With effect from 30 March 2015, Mr. Liu Shun Fai, the INED of the Company, has been appointed as the executive director of AMVIG Holdings Limited, a company listed on the Hong Kong Stock Exchange.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2014 interim report of the Company.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Directors' Service Contracts

None of the Directors has entered into a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Director's Remuneration

Directors' remuneration is determined by reference to the Director's duties and responsibilities, their individual performance, the financial results of the Group and the prevailing market benchmark.

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2014 are set out in note 31 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Pension Schemes

Details of the Group's pension schemes are set out in note 2(u) to the consolidated financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year and up to the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Corporate Governance

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 44 to 57 of this annual report.

REPORT OF THE DIRECTORS

Auditor

The financial statements for the financial year ended 31 December 2014 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the 2015 annual general meeting of the Company. A resolution for the re–appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Cheng Li Xiong
Chairman

Hong Kong, 15 April 2015

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

Independent Auditor's Report
To the shareholders of Glorious Property Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 159, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the 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 Hong Kong 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 conducting the audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, it is not possible to form an opinion on the consolidated financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the consolidated financial statements.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

INDEPENDENT AUDITOR'S REPORT

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in note 2 to the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB2,995,989,000 and had a net operating cash outflow of approximately RMB3,534,225,000 during the year ended 31 December 2014. In addition, as at 31 December 2014 and up to the date of this report, loan principal repayments and interest payments of RMB1,093,293,000 (relating to certain current and non-current borrowings of the Group amounting to RMB8,571,278,000 and RMB4,691,500,000) were not repaid in accordance with the scheduled payment dates. These constituted events of defaults which resulted in cross-default of certain borrowings amounted to RMB8,573,300,000 as at 31 December 2014, of which RMB6,717,600,000 had original contractual repayment dates beyond 31 December 2015. Partly as a result of the above cross-default, the Group's current borrowings increased to RMB15,673,876,000 as at 31 December 2014, while its cash and cash equivalents amounted to RMB449,247,000 only as at the same date. These conditions, together with others matters described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate delayed repayments to financial institutions, which are set out in note 2 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of or extension of repayment of existing current and other borrowings upon maturity; (ii) whether the Group is able to obtain additional new sources of financing as and when needed; (iii) the successful implementation of the plan to dispose of certain properties of the Group; (iv) the successful implementation of its operation plan to accelerate the Group's pre-sales and sales of its properties under development and completed properties and the collection of the outstanding sales proceeds, and to control costs and contain capital expenditures; and (v) successfully maintaining relationship with the Group's existing lenders and to strictly comply with the terms and obligations under the facility agreements so as to ensure that there will be no default in the future and that no action will be taken by those lenders to demand immediate repayment in respect of defaults in the past.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

Disclaimer of Opinion

Because of the potential interaction of the uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 April 2015

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

RMB'000	Note	**2014**	2013
Non-current assets			
Property, plant and equipment	6	**1,798,175**	1,385,038
Investment properties	7	**10,685,010**	12,278,106
Intangible assets	8	**1,800**	1,800
Investment in an associate	9	**2,808**	1,606
Investment in a joint venture	10	**3,794**	15,317
Loan to a joint venture	10	**1,422,370**	1,843,081
Deferred income tax assets	23	**466,670**	430,833
		14,380,627	15,955,781
Current assets			
Properties under development	12	**22,560,732**	21,794,177
Completed properties held for sale	13	**5,051,105**	5,643,228
Inventories	14	**—**	5,143
Trade and other receivables and prepayments	15	**8,014,779**	7,310,623
Prepaid taxes		**324,939**	312,990
Restricted cash	16	**916,411**	1,405,492
Cash and cash equivalents	17	**449,247**	1,547,289
		37,317,213	38,018,942
Non-current assets classified as held for sale	18	**2,227,522**	—
		39,544,735	38,018,942
Total assets		**53,925,362**	53,974,723
Current liabilities			
Advanced proceeds received from customers		**3,724,250**	4,365,089
Trade and other payables	19	**4,787,417**	4,599,206
Income tax payable		**4,391,753**	4,423,563
Borrowings	21	**15,673,876**	5,316,571
Obligations under finance lease	22	**933**	868
		28,578,229	18,705,297
Net current assets		**10,966,506**	19,313,645
Total assets less current liabilities		**25,347,133**	35,269,426

The notes on pages 77 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

RMB'000	Note	**2014**	2013
Non-current liabilities			
Borrowings	21	**6,596,124**	13,768,808
Deferred income tax liabilities	23	**2,170,854**	1,745,788
Obligations under finance lease	22	**17,890**	17,758
		8,784,868	15,532,354
Net assets		**16,562,265**	19,737,072
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	24	**68,745**	68,745
Share premium	24	**7,822,982**	7,822,982
Reserves		**7,562,165**	10,558,154
		15,453,892	18,449,881
Non-controlling interests		**1,108,373**	1,287,191
Total equity		**16,562,265**	19,737,072

Approved by the Board on 15 April 2015 and signed on its behalf by

Ding Xiang Yang
Director

Xia Jing Hua
Director

The notes on pages 77 to 159 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 December 2014

RMB'000	Note	**2014**	2013
Non-current assets			
Interests in subsidiaries	11	**9,446,530**	9,448,942
Property and equipment	6	**4**	27
		9,446,534	9,448,969
Current assets			
Prepayments	15	**190**	188
Cash and cash equivalents	17	**2,425**	30,386
		2,615	30,574
Current liabilities			
Trade and other payables	19	**9,838**	18,173
Amounts due to subsidiaries	20	**501,990**	97,989
Borrowings	21	**4,548,431**	—
		5,060,259	116,162
Net current liabilities		**(5,057,644)**	(85,588)
Total assets less current liabilities		**4,388,890**	9,363,381
Non-current liabilities			
Borrowings	21	**—**	4,353,213
Net assets		**4,388,890**	5,010,168
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	24	**68,745**	68,745
Share premium	24	**7,822,982**	7,822,982
Reserves	25	**(3,502,837)**	(2,881,559)
Total equity		**4,388,890**	5,010,168

Approved by the Board on 15 April 2015 and signed on its behalf by

Ding Xiang Yang
Director

Xia Jing Hua
Director

The notes on pages 77 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

RMB'000	Note	**2014**	2013
Revenue	5	**4,263,341**	8,217,194
Cost of sales	28	**(5,219,106)**	(7,166,239)
Gross (loss)/profit		**(955,765)**	1,050,955
Other income	26	**70,544**	101,634
Other (losses)/gains, net	27	**(164,689)**	298,587
Selling and marketing expenses	28	**(137,245)**	(269,759)
Administrative expenses	28	**(1,297,265)**	(471,108)
Finance costs	29	**(140,828)**	(2,548)
Share of profit/(loss) of an associate	9	**1,202**	(2,879)
Share of loss of a joint venture	10	**(11,523)**	(7,068)
(Loss)/profit before income tax		**(2,635,569)**	697,814
Income tax expenses	32	**(530,838)**	(409,284)
(Loss)/profit for the year		**(3,166,407)**	288,530
(Loss)/profit for the year attributable to:			
— the owners of the Company		**(2,995,989)**	292,074
— non-controlling interests		**(170,418)**	(3,544)
		(3,166,407)	288,530
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the year		**(3,166,407)**	288,530
Total comprehensive (loss)/income for the year attributable to:			
— the owners of the Company		**(2,995,989)**	292,074
— non-controlling interests		**(170,418)**	(3,544)
		(3,166,407)	288,530
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in RMB per share)			
— Basic	33	**(0.38)**	0.04
— Diluted	33	**(0.38)**	0.04
Dividend	34	**—**	—
Dividend per share (expressed in RMB per share)	34	**—**	—

The notes on pages 77 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Year ended 31 December 2014									
	Attributable to the owners of the Company									
RMB'000	**Share capital (note 24)**	**Share premium (note 24)**	**Merger reserve (note 25(b))**	**Statutory reserve (note 25(c))**	**Other reserve (note 25(d))**	**Employee share-based compen-sation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2014	**68,745**	**7,822,982**	**(770,477)**	**307,317**	**264,317**	**201,795**	**10,555,202**	**18,449,881**	**1,287,191**	**19,737,072**
Total comprehensive loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(2,995,989)**	**(2,995,989)**	**(170,418)**	**(3,166,407)**
Transfer to statutory reserve	**—**	**—**	**—**	**6,404**	**—**	**—**	**(6,404)**	**—**	**—**	**—**
Changes in ownership interests in subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(8,400)**	**(8,400)**
Balance at 31 December 2014	**68,745**	**7,822,982**	**(770,477)**	**313,721**	**264,317**	**201,795**	**7,552,809**	**15,453,892**	**1,108,373**	**16,562,265**

	Year ended 31 December 2013									
	Attributable to the owners of the Company									
RMB'000	Share capital (note 24)	Share premium (note 24)	Merger reserve (note 25(b))	Statutory reserve (note 25(c))	Other reserve (note 25(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2013	68,745	7,822,982	(770,477)	304,829	264,317	195,058	10,265,616	18,151,070	1,290,735	19,441,805
Total comprehensive income for the year	—	—	—	—	—	—	292,074	292,074	(3,544)	288,530
Employee share-based compensation (note 38)	—	—	—	—	—	6,737	—	6,737	—	6,737
Transfer to statutory reserve	—	—	—	2,488	—	—	(2,488)	—	—	—
Balance at 31 December 2013	68,745	7,822,982	(770,477)	307,317	264,317	201,795	10,555,202	18,449,881	1,287,191	19,737,072

The notes on pages 77 to 159 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

RMB'000	Note	2014	2013
Cash flows from operating activities			
Cash (used in)/generated from operations	35	**(990,065)**	43,606
Income tax paid		**(185,368)**	(565,704)
Interest paid		**(2,358,792)**	(2,067,253)
Net cash used in operating activities		**(3,534,225)**	(2,589,351)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(435,574)**	(316,562)
Payments for the construction of investment properties		**(710,102)**	(785,918)
Proceeds from disposals of property, plant and equipment		**1,339**	5,524
Interest received		**33,017**	22,054
Net cash used in investing activities		**(1,111,320)**	(1,074,902)
Cash flows from financing activities			
Capital outflow to non-controlling shareholder of subsidiaries		**(8,400)**	—
Proceeds from borrowings		**11,363,783**	16,932,744
Repayment of borrowings		**(8,299,989)**	(12,977,760)
Advances from third parties		**320,100**	—
Repayment to third parties		**(332,100)**	(439,590)
Decrease in restricted cash		**504,112**	703,321
Net cash generated from financing activities		**3,547,506**	4,218,715
Net (decrease)/increase in cash and cash equivalents		**(1,098,039)**	554,462
Cash and cash equivalents at beginning of the year		**1,547,289**	992,749
Exchange (losses)/gains on cash and bank balances		**(3)**	78
Cash and cash equivalents at end of the year	17	**449,247**	1,547,289

The notes on pages 77 to 159 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

1 General information

Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of real estate projects in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

These financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These financial statements have been approved for issue by the Board on 15 April 2015.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 below.

(i) Going concern basis

For the year ended 31 December 2014, the Group reported a net loss attributable to the owners of the Company of RMB2,995,989,000 (2013: profit attributable to owners of the Company of RMB292,074,000) and net operating cash outflow of RMB3,534,225,000 (2013: RMB2,589,351,000). Total borrowings increased from RMB19,085,379,000 as at 31 December 2013 to RMB22,270,000,000 as at 31 December 2014. Cash and cash equivalents reduced by RMB1,098,042,000 during the year to RMB449,247,000 as at 31 December 2014.

As at 31 December 2014, certain borrowings whose principal repayment amounts of RMB149,578,000 and interest payable amounts of RMB46,413,000 relating to borrowings with total principal amounts of RMB1,489,578,000, were overdue. As these loan principal balances are all due for repayment within one year, such overdue has not resulted in their reclassification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Going concern basis *(Continued)*

However, as stipulated in the relevant loans and financing agreements in respect of certain other borrowings of the Group ("Other Borrowings"), under which the carrying amount of whose principal amounted to RMB8,573,300,000, comprising amounts with contractual repayment dates within the next twelve months, in one to two years and in two to five years of approximately RMB1,855,700,000, RMB2,470,000,000 and RMB4,247,600,000 respectively, failure to repay any borrowings and/or their relevant interest leading to default on the Group's borrowings or giving rise to an event of default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above cross-default events, the carrying amount of the latter balances of these Other Borrowings of RMB2,470,000,000 and RMB4,247,600,000, totalling RMB6,717,600,000, have been reclassified as current liabilities as at 31 December 2014.

After taking into account these adjustments, the Group's borrowings due for repayment within one year had increased from RMB5,316,571,000 as at 31 December 2013 to RMB15,673,876,000 as at 31 December 2014.

In addition, subsequent to 31 December 2014, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of the respective agreements, which amounted to RMB500,000,000 and RMB397,302,000, respectively, relating to borrowings with principal balances totalling RMB13,113,200,000, comprising current and non-current borrowings of RMB8,421,700,000 and RMB4,691,500,000 respectively as at 31 December 2014.

The Group has subsequently fully settled all the overdue principal and interest repayment amounts, except for RMB130,255,000, relating to borrowings with principal amounts totalling RMB2,106,578,000 as at 31 December 2014 for which revised repayment schedules have been agreed with the lenders. In March 2015, the Group has also obtained a release letter from one of the lenders of the Other Borrowings waiving its rights to enforce the immediate repayment of the relevant outstanding loan principal amounts totalling RMB4,290,000,000 as at 31 December 2014. Because of the aforementioned actions taken, management considers the possibility of the lenders of the borrowings in respect of which there were delay in principal and interest repayments enforcing their rights of immediate repayment to be remote. Consequently, management also considers the possibility of the relevant lenders exercising their rights of immediate repayment due to cross-default provisions to be remote.

The deteriorating performance of the Group in terms of operating loss and cash flow, the decrease in cash and cash equivalents and the significant amount of borrowings due for repayment within one year as at 31 December 2014, together with the aforementioned default in borrowings as a result of either delay in repayment of principal and interests or breaches of covenants giving rise to cross-default terms indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Going concern basis *(Continued)*

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) In March 2015, the Group entered into an agreement with a PRC financial institution which agreed to increase the uncommitted lending limit to the Group from approximately RMB2,000,000,000 to approximately RMB4,000,000,000, under which additional loan can be drawn upon further approval by the financial institution;

(ii) The Group has been actively negotiating with a number of commercial banks for renewal and extension of bank loans and credit facilities. Subsequent to the year end and up to the date of the approval of these consolidated financial statements, loans with aggregate principal amounts of RMB1,194,500,000 have been successfully obtained or renewed. Management estimates that after the measures taken and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the borrowings repayable between the date of approval of these consolidated financial statements and 31 December 2015 would be reduced from the current borrowings of RMB15,673,876,000 as reflected on the consolidated balance sheet as at 31 December 2014;

(iii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) The Group is starting to realise the value of certain of the properties previously classified as investment properties. As a result of such plan, investment properties amounting to RMB2,227,522,000 have been reclassified as "non-current assets classified as held for sale" as at 31 December 2014. Management is committed to the sale and expects that most if not all of these assets can be successfully sold within year 2015 in order to generate cash flows to help meeting the Group's financial obligations;

(v) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. Subsequent to the year end and up to the date of approval of these consolidated financial statements, there were RMB907,308,000, and RMB288,285,000 contracted sales for the properties under development and completed properties respectively;

(vi) The Group has put in measures to speed up the collection of outstanding sales proceeds including both the initial down payments as well as the mortgage payments for the property sales. As at 31 December 2014, the Group has outstanding sales proceeds of RMB1,071,800,000 receivable from the customers for sales contracts executed before year-end; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Going concern basis *(Continued)*

(vii) The Group will take active measures to control administrative costs through various channels including human resources optimization and management remuneration adjustment and containment of capital expenditures.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2014. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2014. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful negotiations with the lenders for the renewal of or extension for repayments of existing current and other borrowings upon maturity;

(ii) Obtaining additional new sources of financing as and when needed;

(iii) Successful implementation of the plan to sell certain of its properties which were previously classified as investment properties to generate cash flows;

(iv) Successful implementation of its operational plans described above to accelerate its pre-sales and sales of its properties under development and completed properties and collection of outstanding sales proceeds; and to control costs and contain capital expenditure so as to generate adequate cash flows; and

(v) Successfully maintaining relationship with the Group's existing lenders and to strictly comply with the terms and obligations under the facility agreements so as to ensure that there will be no default in the future and that no action will be taken by those lenders to demand immediate repayment in respect of defaults in the past.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2014:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK (IFRIC) – Int 21	Levies

The adoption of the above new standards and amendments has no significant impact to the Group's results and financial position for all periods presented in this report.

(iii) New Standards, amendments to standards and interpretation that have been issued but are not effective

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted by the Group:

HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
HKAS 27	Equity Method in Separate Financial Statements
HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 11 (Amendment)	Joint Arrangements
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKFRSs Amendment	Annual Improvements 2010–2012 Cycle
HKFRSs Amendment	Annual Improvements 2011–2013 Cycle
HKFRSs Amendment	Annual Improvements 2012–2014 Cycle

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to stale whether these would have a significant impact on its results of operations and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(iv) New Hong Kong Companies Ordinance (Cap. 622)

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

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

(i) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between companies comprising the Group are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(i) Subsidiaries *(Continued)*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profits or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of loss of an associate" in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistent with the policies adopted by the Group.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial positions of all the companies comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each balance sheet of the companies comprising the Group are translated at the closing rate at the date of that balance sheet;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Group companies *(Continued)*

— Income and expenses for each statement of comprehensive income of the companies comprising the Group are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date; in which case income and expenses are translated at the rate on the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's equity holders are reclassified to the profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of comprehensive income. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to the profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(d) Property, plant and equipment *(Continued)*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Building	The shorter of remaining lease term or useful lives
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Plant and machinery	10 years
Leasehold improvements	Over the lease terms of 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "administrative expenses" in the consolidated statement of comprehensive income.

Construction in progress are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to building within property, plant and equipment.

No depreciation is provided for construction in progress. The carrying amount of properties under construction is written down immediately to its recoverable amount if the assets carrying amount are greater than their estimated recoverable amount (note 2(g)).

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Group is classified as investment property. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such case, the operating leases are accounted for as if they were finance leases. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent and professionally qualified valuer, changes in fair values are recorded in the consolidated statement of comprehensive income as part of "other (losses)/ gains, net".

Property that is currently being constructed or developed for future use as investment property is classified as investment properties and stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date at which fair value becomes reliably measurable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(e) Investment properties *(Continued)*

If an item of completed properties held for sale becomes an investment property as a result of change in its use, any difference between the carrying amount and the fair value of this property at the date of transfer is recognised in the consolidated statement of comprehensive income as part of "other (losses)/ gains, net".

(f) Intangible assets

Intangible assets mainly represent the licence which was recorded at cost of acquisition on initial recognition. The licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licence over its estimated useful life of 5 years.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Non-current assets classified as held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale within the next twelve months is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the polices set out elsewhere in note.

(i) Financial assets

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(i) Financial assets *(Continued)*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(j) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(k) Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(l) Inventories

Inventories consist of construction materials and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

Cash and cash equivalent includes cash on hand and at banks and deposits held at call with banks with original maturities of three months or less. Bank deposits which are restricted to use are not included in the cash and cash equivalents.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective method.

(q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

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.

(t) Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates position taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities, and the Group recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(t) Current and deferred income tax *(Continued)*

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC governments.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate monthly income and HK$1,250 (adjusted to HK$1,500 starting 1 June 2014). The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(v) Share-based payments

The Group operates two equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash received for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and that when specific criteria have been met for each of the Group's activities as described below.

(i) Sales of properties

Revenue from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advance proceeds received from customers under current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(w) Revenue recognition *(Continued)*

(ii) Rental income from operating leases

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

Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(x) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(y) Finance leases

The Group leases certain properties. Leases of properties where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The properties acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

(z) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

2 Summary of significant accounting policies *(Continued)*

(aa) Financial guarantee

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(ab) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(ac) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

3 Financial risk management

(a) Financial risk factors

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB, mainly including the Senior Notes due 2015 and the Senior Notes due 2018. As at 31 December 2014, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	**2014**	2013
Cash and bank balances:		
US$	**979**	2,527
HK$	**2,217**	4,789
	3,196	7,316

RMB'000	**2014**	2013
Borrowings:		
US$	**4,548,431**	4,353,213
	4,548,431	4,353,213

RMB'000	**2014**	2013
Trade and other payables:		
US$	**3,060**	9,145
HK$	**37,949**	10,208
	41,009	19,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Foreign currency exchange risk *(Continued)*

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

As at 31 December 2014, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2014 would have been approximately RMB229.3 million lower/higher (2013: post-tax profit RMB218.3 million higher/lower).

(ii) Interest rate risk

The Group holds interest bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed rates and expose the Group to fair value interest rate risk. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk arising from the Group's interest bearing assets.

The Group's interest rate risk mainly arises from its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

As at 31 December 2014, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB5,364,000 higher/lower (2013: post-tax profit RMB7,652,000 lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The Group is not exposed to material equity securities price risk and commodity price risk as the Group has no investments in securities that are exposed to price risk.

(iv) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from cash deposits, trade and other receivables and loan to a joint venture. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group specifically analyses the recoverability of such receivables, including the debtors' financial conditions and any other known information. As at 31 December 2014, apart from certain other receivables amounting to RMB909,323,000 (2013: RMB15,000,000) that full provision for impairment has been made, no provision for impairment is required for all other trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk *(Continued)*

Loan to a joint venture is generally supported by the underlying assets and the Group monitors the credibility of joint venture continuously.

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 38.

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2015 on the basis that: (1) bank financing will continue to be available; (2) proceeds from pre-sales in 2015 will be more than that of 2014; (3) construction payments will be satisfied by receipt of the relevant proceeds from pre-sales; (4) available project loan facility will be no less than that of 2014; and (5) there will be no breach of debt covenants in 2015. Management will closely monitor the situation to ensure that appropriate alternative actions are taken, such as to accelerate the sales of completed properties, if any of the above conditions are not fully fulfilled.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources for the development of properties for sale, implementing cost control measures, introducing strategic partners to the Group's property development projects and seeking other funding alternatives. The Group will assess the relevant future costs and benefits and pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheets for borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk *(Continued)*

Group

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2014					
Borrowings, including interest payable	**19,150,193**	**7,189,850**	**38,340**	**32,533**	**26,410,916**
Obligation under finance lease	**989**	**1,058**	**3,174**	**41,546**	**46,767**
Trade and other payables	**4,611,019**	**—**	**—**	**—**	**4,611,019**
Total	**23,762,201**	**7,190,908**	**41,514**	**74,079**	**31,068,702**
At 31 December 2013					
Borrowings, including interest payable	7,091,215	7,643,497	8,331,387	44,966	23,111,065
Obligation under finance lease	920	920	3,243	42,604	47,687
Trade and other payables	4,438,339	—	—	—	4,438,339
Total	11,530,474	7,644,417	8,334,630	87,570	27,597,091

Company

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2014					
Borrowings, including interest payable	**5,669,771**	**—**	**—**	**—**	**5,669,771**
Trade and other payables	**9,838**	**—**	**—**	**—**	**9,838**
Total	**5,679,609**	**—**	**—**	**—**	**5,679,609**
At 31 December 2013					
Borrowings, including interest payable	560,915	2,346,520	2,494,411	—	5,401,846
Trade and other payables	18,173	—	—	—	18,173
Total	579,088	2,346,520	2,494,411	—	5,420,019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk *(Continued)*

The table above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties as the directors consider the likelihood of default in payments by the purchasers is minimal. As at 31 December 2014, the maximum exposure for these guarantees are RMB7,194,310,000 (2013: RMB6,866,047,000) (note 38). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

(b) Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios at 31 December 2014 and 2013 were as follows:

RMB'000	**2014**	2013
Total borrowings (note 21)	**22,270,000**	19,085,379
Less: cash and bank balances	**(1,365,658)**	(2,952,781)
Net debt	**20,904,342**	16,132,598
Total equity attributable to the owners of the Company	**15,453,892**	18,449,881
Gearing ratio	**135.3%**	87.4%

The gearing ratio for 2014 was higher than that for 2013 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2014, the Group's short term debt ratio is 70.4% (2013: 27.9%). The higher short-term debt ratio was mainly due to the significantly increased current borrowings as a result of the reasons as set out in note 2(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

3 Financial risk management *(Continued)*

(c) Fair value estimation

The Group does not have any financial instruments that are measured in the balance sheet at fair value.

The carrying amounts of the Group's financial assets and liabilities (including cash and cash equivalents, trade and other receivables, trade and other payables) approximate their fair values due to their short maturities.

4 Critical accounting estimates and judgements

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

(a) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in Note 2(a) to the consolidated financial statements.

(b) Classification for non-current assets classified as held for sale

Management considers the classification from investment properties to non-current assets classified as held for sale based on the fact that these investment properties are available for immediate sales in their present condition subject to terms that are usual and customary for sales. Management made judgement whether the sales are highly probable to be recognised within 12 months from the date of the classification.

(c) Impairment assessment of trade and other receivables

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade receivables. The policy for provision for impairment on other receivables of the Group is based on the evaluation of collectability of receivable and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

4 Critical accounting estimates and judgements *(Continued)*

(d) Provision for impairment of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

As at 31 December 2014, based on management's best estimates, the Group has made a provision for impairment of RMB1,424,372,000 (2013: RMB285,553,000) for properties under development and completed properties held for sale.

(e) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 7.

(f) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules, by using a single best estimate of the most likely outcome approach. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(g) Revenue recognition on properties sold

When the inflow of economic benefits associated with the property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to purchasers, the Group recognised revenue in respect of the properties sold.

Management made judgement on whether the economic benefits associated with the property sales transaction will flow to the Group. Likelihood of inflow of economic benefits to the Group is demonstrated by the purchaser's commitment to pay, which in turn is supported by substantial investment that gives the purchaser a stake in the property sufficient that the risk of loss through default motivates the purchaser to honour the obligation to the Group. Inflow of economic benefits associated with the property sales transaction is also assessed by considering location of the property and the prevailing market price of similar properties.

Management has also made judgement on when significant risks and rewards of ownership of properties are transferred to purchasers. Risk and rewards of ownership of properties are transferred to purchasers upon which the construction of relevant properties has been completed and upon which the beneficial interest in the properties has been passed to the purchasers.

The judgement on the likelihood of inflow of economic benefits associated with the property sales transaction and the transfer of risks and rewards of ownership of properties would affect the Group's profit for the year and the carrying value of completed properties held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

4 Critical accounting estimates and judgements *(Continued)*

(h) Income tax and deferred income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Segment information

The Executive Directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the business from geographical perspective and assess the performance of property development in four reportable operating segments, namely Shanghai Region, Yangtze River Delta (excluding Shanghai), Pan Bohai Rim and Northeast China. "Others" segment represents corporate support functions.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets mainly represent interest expenses incurred at corporate which have been capitalised on qualifying assets of the subsidiaries.

Sales between segments are carried out in terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

5 Segment information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2014						
Total revenue	**2,398,196**	**1,301,656**	**125,317**	**441,536**	**—**	**4,266,705**
Inter-segment revenue	**(3,364)**	**—**	**—**	**—**	**—**	**(3,364)**
Revenue (from external customers)	**2,394,832**	**1,301,656**	**125,317**	**441,536**	**—**	**4,263,341**
Segment results	**346,085**	**(416,963)**	**(100,533)**	**(85,629)**	**(74,969)**	**(332,009)**
Depreciation	**(8,871)**	**(2,839)**	**(3,167)**	**(2,523)**	**(1,963)**	**(19,363)**
Fair value changes of investment properties	**(46,708)**	**(53,711)**	**38,306**	**(81,131)**	**—**	**(143,244)**
Provision for impairment of properties under development and completed properties held for sale	**(17,233)**	**(322,446)**	**(434,862)**	**(364,278)**	**—**	**(1,138,819)**
Provision for impairment of other receivables and prepayments	**(721,240)**	**(173,083)**	**—**	**—**	**—**	**(894,323)**
Interest income	**23,719**	**4,799**	**3,894**	**471**	**134**	**33,017**
Finance costs	**(69,122)**	**(6,978)**	**(3,617)**	**(7,494)**	**(53,617)**	**(140,828)**
Income tax expenses	**(524,034)**	**49,741**	**(13,838)**	**(42,252)**	**(455)**	**(530,838)**
Year ended 31 December 2013						
Total revenue	3,281,836	2,406,698	974,521	1,560,868	—	8,223,923
Inter-segment revenue	(6,729)	—	—	—	—	(6,729)
Revenue (from external customers)	3,275,107	2,406,698	974,521	1,560,868	—	8,217,194
Segment results	1,152,228	(61,316)	(292,091)	(22,024)	17,748	794,545
Depreciation and amortisation	(9,654)	(3,657)	(3,108)	(2,433)	(1,962)	(20,814)
Fair value changes of investment properties	42,432	255,449	80,538	(190,916)	—	187,503
Provision for impairment of properties under development and completed properties held for sale	(14,471)	(161,971)	(109,111)	—	—	(285,553)
Provision for impairment of other receivables and prepayments	—	—	(30,000)	—	(15,000)	(45,000)
Interest income	39,967	27,014	830	780	1,090	69,681
Finance costs	(2,501)	(3)	—	(44)	—	(2,548)
Income tax expenses	(442,237)	(64,673)	62,584	35,042	—	(409,284)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

5 Segment information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2014							
Total segment assets	**36,786,974**	**25,299,724**	**6,552,595**	**6,390,017**	**8,135,383**	**(35,270,602)**	**47,894,091**
Total segment assets include:							
Investment in an associate	**2,808**	**—**	**—**	**—**	**—**	**—**	**2,808**
Investment in a joint venture	**3,794**	**—**	**—**	**—**	**—**	**—**	**3,794**
Non-current assets classified as held for sale	**1,613,632**	**—**	**174,990**	**438,900**	**—**	**—**	**2,227,522**
Deferred income tax assets							**466,670**
Other unallocated corporate assets							**5,564,601**
Total assets							**53,925,362**
Additions to:							
Property, plant and equipment	**434,321**	**150**	**37**	**1,066**	**—**	**—**	**435,574**
Investment properties	**346,344**	**213,711**	**92,484**	**125,131**	**—**	**—**	**777,670**
At 31 December 2013							
Total segment assets	33,377,638	26,085,406	6,037,854	6,626,588	8,305,395	(31,517,270)	48,915,611
Total segment assets include:							
Investment in an associate	1,606	—	—	—	—	—	1,606
Investment in a joint venture	15,317	—	—	—	—	—	15,317
Deferred income tax assets							430,833
Other unallocated corporate assets							4,628,279
Total assets							53,974,723
Additions to:							
Property, plant and equipment	314,891	1,512	78	51	30	—	316,562
Investment properties	362,528	697,551	159,662	262,916	—	—	1,482,657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

5 Segment information *(Continued)*

RMB'000	**2014**	2013
Segment results	**(332,009)**	794,545
Fair value changes of investment properties	**(143,244)**	187,503
Depreciation and amortisation	**(19,363)**	(20,814)
Provision for impairment of properties under development and completed properties held for sale	**(1,138,819)**	(285,553)
Provision for impairment of other receivables and prepayments	**(894,323)**	(45,000)
Operating (loss)/profit	**(2,527,758)**	630,681
Interest income	**33,017**	69,681
Finance costs	**(140,828)**	(2,548)
(Loss)/profit before income tax	**(2,635,569)**	697,814

Analysis of revenue by category

RMB'000	**2014**	2013
Sales of properties	**4,263,341**	8,217,194
Total	**4,263,341**	8,217,194

The Group has a large number of customers. No revenue from a customer exceeds 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

6 Property, plant and equipment

Group

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2013								
Cost	73,873	26,738	88,884	6,943	17,926	6,361	968,163	1,188,888
Accumulated depreciation	(8,257)	(17,411)	(47,242)	(3,809)	(7,939)	(2,115)	—	(86,773)
Net book amount	65,616	9,327	41,642	3,134	9,987	4,246	968,163	1,102,115
Year ended 31 December 2013								
Opening net book amount	65,616	9,327	41,642	3,134	9,987	4,246	968,163	1,102,115
Additions	20	534	4,628	219	—	—	311,161	316,562
Disposals	—	(129)	(1,599)	(28)	(5,115)	(4,237)	—	(11,108)
Depreciation	(3,089)	(2,117)	(13,183)	(1,034)	(3,106)	(2)	—	(22,531)
Closing net book amount	62,547	7,615	31,488	2,291	1,766	7	1,279,324	1,385,038
At 31 December 2013								
Cost	73,893	26,524	89,902	7,126	8,028	11	1,279,324	1,484,808
Accumulated depreciation	(11,346)	(18,909)	(58,414)	(4,835)	(6,262)	(4)	—	(99,770)
Net book amount	62,547	7,615	31,488	2,291	1,766	7	1,279,324	1,385,038
Year ended 31 December 2014								
Opening net book amount	**62,547**	**7,615**	**31,488**	**2,291**	**1,766**	**7**	**1,279,324**	**1,385,038**
Additions	**8**	**367**	**1,048**	**141**	**—**	**—**	**434,010**	**435,574**
Disposals	**—**	**(148)**	**(996)**	**—**	**—**	**—**	**—**	**(1,144)**
Depreciation	**(3,093)**	**(3,343)**	**(13,000)**	**(1,092)**	**(764)**	**(1)**	**—**	**(21,293)**
Closing net book amount	**59,462**	**4,491**	**18,540**	**1,340**	**1,002**	**6**	**1,713,334**	**1,798,175**
At 31 December 2014								
Cost	**73,901**	**26,715**	**89,225**	**7,267**	**8,028**	**11**	**1,713,334**	**1,918,481**
Accumulated depreciation	**(14,439)**	**(22,224)**	**(70,685)**	**(5,927)**	**(7,026)**	**(5)**	**—**	**(120,306)**
Net book amount	**59,462**	**4,491**	**18,540**	**1,340**	**1,002**	**6**	**1,713,334**	**1,798,175**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

6 Property, plant and equipment *(Continued)*

Company

RMB'000	Computer and office equipment	Total
At 1 January 2013		
Cost	116	116
Accumulated depreciation	(66)	(66)
Net book amount	50	50
Year ended 31 December 2013		
Opening net book amount	50	50
Disposals	—	—
Depreciation	(23)	(23)
Closing net book amount	27	27
At 31 December 2013		
Cost	116	116
Accumulated depreciation	(89)	(89)
Net book amount	27	27
Year ended 31 December 2014		
Opening net book amount	**27**	**27**
Depreciation	**(23)**	**(23)**
Closing net book amount	**4**	**4**
At 31 December 2014		
Cost	**116**	**116**
Accumulated depreciation	**(112)**	**(112)**
Net book amount	**4**	**4**

Construction in progress comprises land costs, construction costs, borrowing costs and professional fees incurred during the development period.

As at 31 December 2013 and 2014, all construction in progress were pledged as collateral for the Group's borrowings (note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

6 Property, plant and equipment *(Continued)*

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet and the consolidated statement of comprehensive income:

RMB'000	**2014**	2013
Properties under development	**1,930**	2,222
Selling and marketing expenses	**1,439**	1,563
Administrative expenses	**17,924**	18,746
	21,293	22,531

Building includes the following amounts where the Group is a lessee under a finance lease:

RMB'000	**2014**	2013
Cost — capitalised finance leases	**24,524**	24,524
Accumulated depreciation	**(5,825)**	(5,212)
	18,699	19,312

The Group leases building under non-cancellable finance lease agreement. The lease term is 40 years.

7 Investment properties

RMB'000	**2014**	2013
At beginning of the year	**12,278,106**	10,607,946
Additions	**777,670**	1,253,538
Transfer from completed properties held for sale	**—**	229,119
Transfer to non-current assets classified as held for sale (note 18)	**(2,227,522)**	—
Fair value changes (included in "other (losses)/ gains, net")	**(143,244)**	187,503
At end of the year	**10,685,010**	12,278,106

The following amounts have been recongised in the consolidated statement of comprehensive income:

RMB'000	**2014**	2013
Rental income	**37,169**	35,968
Direct operating expenses attributable to investment properties that generate rental income	**(5,743)**	(6,150)
Net rental income (note 26)	**31,426**	29,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

As at 31 December 2014, the Group had no unprovided contractual obligations for future repairs and maintenance (2013: Nil).

Historically, all of the Group's investment properties were held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. During the year ended 31 December 2014, in order to help generate sufficient financial resources to meet the Group's financial obligations, the expected manner of recovery of certain of the Group's investment properties has changed such that the carrying amount of those investment properties will be recovered through sale. Consequently, the related deferred tax has been re-measured by considering the related temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (note 23).

An independent valuation of the Group's investment properties was performed by the valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to determine the fair value of the investment properties as at 31 December 2014 and 2013. The revaluation gains or losses are included in "Other (losses)/gains, net" in the consolidated statement of comprehensive income (note 27). The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31 December 2014 using		
RMB'000	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements			
Investment properties:			
Shops/shopping malls	—	—	**1,523,564**
Car parks	—	—	**164,000**
Complexes, including shops, car parks, offices and hotels	—	—	**8,997,446**

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3)

RMB'000	Shops/ shopping malls	Car parks	Complexes, including shops, car parks, offices and hotels	Total
At 1 January 2014	3,503,160	164,000	8,610,946	12,278,106
Additions	221,510	1,001	555,159	777,670
Transfer from completed properties held for sale	—	—	—	—
Transfer to non-current assets classified as held for sale (note 18)	(2,227,522)	—	—	(2,227,522)
Fair value changes	26,416	(1,001)	(168,659)	(143,244)
At 31 December 2014	1,523,564	164,000	8,997,446	10,685,010

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. As at 31 December 2014, the fair values of the properties have been determined by Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in Level 2 and 3 fair values are analysed at each reporting date.

Valuation techniques

Fair values of completed shops/shopping malls are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For completed car parks and shops/shopping malls at initial stage of construction, the fair values are generally derived using the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market, with adjustments to valuer's interpretation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Valuation techniques *(Continued)*

Fair values of investment properties under development are generally derived using residual approach that uses the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs (level 3)

As at 31 December 2014, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (completed)	307,344	Income approach (term and reversionary method)	Vacancy rate	7%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4.5% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB4 – RMB19 per day per square meter	The higher the rental value, the higher the fair value
Shops/shopping malls (under construction)	553,100	Residual approach	Rental value	RMB1 – RMB3 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	3.5% – 6%	The higher the yields, the lower the fair value
			Comparable's unit selling price	RMB29,000 per square meter	The higher the unit selling price, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
			Vacancy rate	0% – 30%	The higher the vacancy rate, the lower the fair value
			Estimated costs to completion	RMB4,500 – RMB6,400 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	12% – 30%	The higher the profit margin required, the lower the fair value
Shops/shopping malls – first-tier cities (completed)	103,460	Comparison approach	Comparable's unit selling price	RMB31,300 – RMB32,900 per square meter	The higher the unit selling price, the higher the fair value
Shops/shopping malls – first-tier cities (under planning)	291,660	Comparison approach	Comparable's unit selling price	RMB10,500 – RMB14,700 per square meter	The higher the unit selling price, the higher the fair value
Shops/shopping malls – second-tier cities (under planning)	268,000	Comparison approach	Comparable's unit selling price	RMB1,700 – RMB2,100 per square meter	The higher the unit selling price, the higher the fair value
Car parks	164,000	Comparison approach	Comparable's unit selling price	RMB210,000 – RMB300,000 per lot	The higher the unit selling price, the higher the fair value
Complexes, including car parks, shops, offices and hotels – first-tier cities (under construction)	6,878,446	Residual approach	Rental value	RMB10 – RMB18 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	6% – 6.5%	The higher the yields, the lower the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
			Estimated costs to completion	RMB6,900 – RMB8,600 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	7% – 50%	The higher the vacancy rate, the lower the fair value
			Comparable's unit selling price (for office portion)	RMB50,300 – RMB58,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for carparks)	RMB210,000 – RMB350,000 per lot	The higher the unit selling price, the higher the fair value
Complexes, including car parks, shops, offices and hotels – second-tier cities (under construction)	2,119,000	Residual approach	Estimated costs to completion	RMB4,900 – RMB5,700 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% – 20% of property value	The higher the profit margin required, the lower the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
			Average daily room rate ("ADR") (for hotel portion)	RMB614 per room per day	The higher the ADR, the higher the fair value
			Discount rate (for hotel portion)	11%	The higher the discount rate, the lower the fair value
			Comparable's unit selling price (for retail portion)	RMB25,000 – RMB28,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for office portion)	RMB13,400 – RMB14,600 per square meter	The higher the unit selling price, the higher the fair value

As at 31 December 2013, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Description	Fair value at 31 Dec 2013 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (completed)	2,079,070	Income approach (term and reversionary method)	Vacancy rate	0% – 10%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4.5% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB1 – RMB18 per day per square meter	The higher the rental value, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

Description	Fair value at 31 Dec 2013 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (under construction)	851,000	Residual approach	Rental value	RMB1 – RMB6 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	4% – 6%	The higher the yields, the lower the fair value
			Vacancy rate	0% – 30%	The higher the vacancy rate, the lower the fair value
			Estimated costs to completion	RMB3,200 – RMB4,500 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	10% – 12%	The higher the profit margin required, the lower the fair value
Shops/shopping malls (under planning)	237,000	Comparison approach	Comparable's unit selling price	RMB1,400 – RMB2,000 per square meter	The higher the unit selling price, the higher the fair value
Shops/shopping malls (under planning)	336,090	Comparison approach	Comparable's unit selling price	RMB10,000 – RMB24,000 per square meter	The higher the unit selling price, the higher the fair value
Car parks	164,000	Comparison approach	Comparable's unit selling price	RMB210,000 – RMB300,000 per lot	The higher the unit selling price, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

Description	Fair value at 31 Dec 2013 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Complexes, including car parks, shops, offices and hotels (under construction)	8,610,946	Residual approach	Rental value	RMB4 – RMB28 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	5.5% – 7%	The higher the yields, the lower the fair value
			Estimated costs to completion	RMB5,400 – RMB7,800 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% – 25% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	0% – 40%	The higher the vacancy rate, the lower the fair value
			Average daily room rate ("ADR") (for hotel portion)	RMB608 per room per day	The higher the ADR, the higher the fair value
			Discount rate (for hotel portion)	11.5%	The higher the discount rate, the lower the fair value
			Comparable's unit selling price	RMB12,000 – RMB56,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for car parks)	RMB210,000 – RMB300,000 per lot	The higher the unit selling price, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

7 Investment properties *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

The Group's interests in investment properties at their carrying amounts are analysed as follows:

RMB'000	**2014**	2013
In the PRC, held on:		
Leases of 10-50 years	**9,276,546**	9,353,145
Leases of over 50 years	**1,408,464**	2,924,961
	10,685,010	12,278,106

As at 31 December 2014, investment properties of carrying value with RMB7,835,200,000 (2013: RMB4,310,390,000) were pledged as collateral for the Group's borrowings (note 21).

8 Intangible assets

RMB'000	**2014**	2013
At beginning of the year	**1,800**	2,305
Amortisation charge	**—**	(505)
At end of the year	**1,800**	1,800
At end of the year		
Cost	**4,300**	4,300
Accumulated amortisation	**(2,500)**	(2,500)
Net book amount	**1,800**	1,800

In 2013, amortisation charge of RMB505,000 was included in "administrative expenses" in the consolidated statement of comprehensive income, while there was no amortisation charge for 2014. There was no impairment of the Group's intangible assets during the year (2013: Nil).

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31 December 2014

9 Investment in an associate

RMB'000	**2014**	2013
Investment in an associate	**2,808**	1,606

The Group's investment in an associate represents the 45% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) ("Shanghai Chuangmeng"). Shanghai Chuangmeng is an entity established in the PRC.

Set out below is the summarised financial information for Shanghai Chuangmeng which is accounted for using the equity method:

RMB'000	**2014**	2013
Assets		
Non-current assets	**2,825**	1,283
Current assets	**7,833**	9,605
	10,658	10,888
Liabilities		
Current liabilities	**4,418**	7,319
Net assets	**6,240**	3,569
Income	**21,248**	33,626
Expenses, including income tax	**(18,577)**	(40,024)
Profit/(loss) for the year	**2,671**	(6,398)

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in an associate:

RMB'000	**2014**	2013
Net assets at 1 January	**3,569**	9,967
Profit/(loss) for the year	**2,671**	(6,398)
Net assets at 31 December	**6,240**	3,569
Interest in an associate (45%)	**2,808**	1,606
Carrying value at 31 December	**2,808**	1,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

10 Investment in a joint venture and loan to a joint venture

RMB'000	**2014**	2013
Investment in a joint venture	**3,794**	15,317
Loan to a joint venture (a)	**1,422,370**	1,843,081

The Group's investment in a joint venture represents the 60% equity interest in Glorious Jiangxu (Nanjing) Property Development Co., Ltd. (恒盛江旭(南京)房地產開發有限公司) ("Nanjing Jiangxu"). Nanjing Jiangxu is an entity established in the PRC.

Set out below is the summarised financial information for Nanjing Jiangxu which is accounted for using the equity method:

Summarised balance sheet

RMB'000	**2014**	2013
Current		
Cash and cash equivalents	**384,212**	717,113
Other current assets (excluding cash)	**6,400,923**	4,908,042
Total current assets	**6,785,135**	5,626,155
Financial liabilities (excluding trade payables)	**(1,944,280)**	(1,640,962)
Other current liabilities (including trade payables)	**(2,444,651)**	(1,031,556)
Total current liabilities	**(4,388,931)**	(2,672,518)
Non-current		
Assets	**8,279**	6,950
Financial liabilities	**(2,398,160)**	(2,935,059)
Other liabilities	**—**	—
Total non-current liabilities	**(2,398,160)**	(2,935,059)
Net assets	**6,323**	25,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

10 Investment in a joint venture and loan to a joint venture *(Continued)*

Summarised statement of comprehensive income

RMB'000	2014	2013
Depreciation	(788)	(505)
Interest income	3,081	1,227
Other expenses	(21,498)	(12,503)
Loss for the year	(19,205)	(11,781)

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in a joint venture:

RMB'000	2014	2013
Net assets at 1 January	25,528	37,309
Loss for the year	(19,205)	(11,781)
Net assets at 31 December	6,323	25,528
Interest in a joint venture (60%)	3,794	15,317
Carrying value at 31 December	3,794	15,317

(a) The loan to a joint venture is unsecured, has no fixed terms of repayment and bears interest that is agreed with Nanjing Jiangxu and its joint venture partner by making reference to the latest benchmark lending rate published by the People's Bank of China. As at 31 December 2014, the annual interest rate is 13% (2013: 13%). The carrying value of the loan to a joint venture approximates its fair value. It is determined based on discounted cash flows using the lending rate and is within level 2 of the fair value hierarachy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

11 Interests in subsidiaries — Company

RMB'000	**2014**	2013
Unlisted shares, at cost	**—**	—
Advances to subsidiaries (a)	**9,446,530**	9,448,942
	9,446,530	9,448,942

(a) The advances to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries.

Particulars of the subsidiaries of the Company as at 31 December 2014 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2013	2014	Principal activities
Directly held:						
Incorporated in the British Virgin Islands (the "BVI") and with principal operations in Hong Kong:						
Bright New Investments Limited (明新投資有限公司)	2 May 2007	Limited company	US$50,000	100%	**100%**	Investment holding
Indirectly held:						
Incorporated in the BVI and with principal operations in Hong Kong:						
Achieve Triumph Limited (達凱有限公司)	6 April 2011	Limited company	US$1	100%	**100%**	Investment holding
Allied Honest Holdings Limited	30 March 2006	Limited company	US$1,000	100%	**100%**	Investment holding
Better Score Limited	25 February 2009	Limited company	US$1	100%	**100%**	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US$1,000	100%	**100%**	Investment holding
East Plus Enterprises Limited (東和企業有限公司)	25 November 2010	Limited company	US$1	100%	**100%**	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	Limited company	US$1,000	100%	**100%**	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US$50,000	100%	**100%**	Investment holding
Jolly Rich Limited (怡富有限公司)	25 March 2011	Limited company	US$1	100%	**100%**	Investment holding
May Gain Limited (美盈有限公司)	6 April 2011	Limited company	US$1	100%	**100%**	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US$1,000	100%	**100%**	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	Limited company	US$1,000	100%	**100%**	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2013	2014	Principal activities
Incorporated in Hong Kong and with principal operations in Hong Kong:						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Limited company	HK$1	100%	**100%**	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK$10,000	100%	**100%**	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK$1	100%	**100%**	Provision of corporate services
Gold Radiant Investments Limited (富谷投資有限公司)	11 April 2011	Limited company	HK$1	100%	**100%**	Investment holding
Greater Base Limited (基鉅有限公司)	3 March 2009	Limited company	HK$1	100%	**100%**	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Triumph One Investments Limited (美堡投資有限公司)	11 April 2011	Limited company	HK$1	100%	**100%**	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Incorporated in Singapore and with principal operations in Singapore:						
Wachovian II Co Pte. Ltd.	14 August 2007	Limited company	SGD10	100%	**100%**	Investment holding
Incorporated in the PRC and with principal operations in the PRC:						
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	Limited company	US$111,880,000	100%	**100%**	Property development and investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	Limited company	US$99,960,000	100%	**100%**	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發(南通)有限公司)	22 July 2005	Limited company	US$112,990,000	100%	**100%**	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US$128,990,000	100%	**100%**	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US$99,800,000	100%	**100%**	Property development and investment holding

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11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2013	2014	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Nantong Jigui Real Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	Limited company	US$113,990,000	100%	**100%**	Property development and investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (南通基鉅基礎設施建設有限公司)	27 April 2009	Limited company	US$3,000,000	100%	**100%**	Investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US$114,800,000	100%	**100%**	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	Limited company	US$102,750,000	100%	**100%**	Property development and investment holding
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司)	2 August 2006	Limited company	US$99,800,000	100%	**100%**	Property development and investment holding
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	100%	**100%**	Property development
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐(南通)置業發展有限公司)	12 January 2010	Limited company	RMB802,000,000	100%	**100%**	Property development
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海(哈爾濱)置業有限公司)	5 November 2010	Limited company	RMB100,000,000	100%	**100%**	Property development
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富升地產投資(北京)有限公司)	23 July 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂(合肥)房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	100%	**100%**	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信(北京)房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	100%	**100%**	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟(蘇州)置業有限公司)	17 March 2005	Limited company	RMB170,000,000	100%	**100%**	Property development
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛匯鑫(長春)置業有限公司)	7 May 2010	Limited company	RMB250,000,000	100%	**100%**	Property development

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11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2013	2014	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Plaza (Nantong) Property Development Co., Ltd. (恒盛廣場(南通)房地產開發有限公司)	12 December 2007	Limited company	RMB460,000,000	100%	**100%**	Property development
Glorious Property Investment (Changchun) Co., Ltd. (恒盛地產投資(長春)有限公司)	25 August 2011	Limited company	RMB50,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資(哈爾濱)有限公司)	3 August 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資(合肥)有限公司)	23 July 2010	Limited company	RMB250,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Nanjing) Co., Ltd. (恒盛地產投資(南京)有限責任公司)	21 May 2013	Limited company	RMB30,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Nantong) Co., Ltd. (恒盛地產投資(南通)有限公司)	28 May 2010	Limited company	RMB420,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資(上海)有限公司)	21 June 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Tianjin) Co., Ltd. (恒盛地產投資(天津)有限公司)	2 December 2010	Limited company	RMB40,000,000	100%	**100%**	Investment holding
Glorious Qingshi Property Development (Beijing) Co., Ltd. (恒盛青石地產置業(北京)有限公司)	16 May 2011	Limited company	RMB12,000,000	60%	**—**	Property development
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉(上海)實業有限公司)	24 September 2008	Limited company	RMB100,000,000	100%	**100%**	Wholesale of construction materials
Glorious (Shanghai) Commercial Operation and Management Co., Ltd. (恒盛(上海)商業經營管理有限公司)	25 May 2011	Limited company	RMB10,000,000	100%	**100%**	Culture, advertising planning, investment holding and advisory
Glorious Shuntianlong (Shanghai) Concrete Co., Ltd. (恒盛順添隆(上海)混凝土有限公司)	14 November 2008	Limited company	RMB30,000,000	100%	**—**	Trading of concrete
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建(天津)房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	100%	**100%**	Property development
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛煒達(南通)房地產開發有限公司)	12 January 2010	Limited company	RMB3,370,000,000	100%	**100%**	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞(無錫)有限公司)	7 September 2004	Limited company	RMB1,197,911,767	100%	**100%**	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海(哈爾濱)置業有限公司)	19 December 2007	Limited company	RMB660,000,000	100%	**100%**	Property development

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11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2013	2014	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Yangguang Xindi (Beijing) Property Co., Ltd. (恒盛陽光鑫地(北京)置業有限公司)	25 February 2003	Limited company	RMB129,000,000	100%	**100%**	Property development
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (恒盛陽光鑫地(大連)置業有限公司)	3 November 2009	Limited company	RMB300,000,000	70%	**70%**	Property development
Glorious Yangguang Xindi (Liaoning) Property Co., Ltd. (恒盛陽光鑫地(遼寧)置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	100%	**100%**	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地(天津)投資有限公司)	19 May 2003	Limited company	RMB806,039,565	100%	**100%**	Property development and investment holding
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐(合肥)房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	100%	**100%**	Property development
Glorious Zhuoda (Nantong) Property Development Co., Ltd. (恒盛焯達(南通)房地產開發有限公司)	21 June 2011	Limited company	RMB183,000,000	100%	**100%**	Property development
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資(大連)有限公司)	3 December 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Jiangsu Arts and Cultural Property Holdings Ltd. (江蘇演藝文化產業股份有限公司)	8 May 2004	Limited company	RMB50,000,000	54%	**54%**	Cultural and property development
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司)	16 January 2007	Limited company	RMB88,670,000	100%	**100%**	Investment holding
Jiangsu Glorious Dadi Culture Co., Ltd. (江蘇恒盛大地文化有限責任公司)	28 June 2011	Limited company	RMB10,000,000	54%	**54%**	Property development
Ma'anshan Glorious Yudong Property Development Co., Ltd. (馬鞍山恒盛裕東房地產開發有限公司)	4 March 2011	Limited company	RMB100,000,000	100%	**—**	Property development
Nanjing Rongxiang Wenhua Real Estate Development Co. Ltd. (南京熔祥文華置業有限公司)	1 July 2014	Limited company	RMB1	—	**100%**	Property development
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	100%	**100%**	Wholesale of mechanical equipments and building materials
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	100%	**100%**	Property development
Shanghai Glorious Shengtong Investment Partnership Enterprise (Limited Partnership) (上海恒盛勝通投資合夥企業)(有限合夥)	13 June 2012	Limited partnership	—	100%	**100%**	Investment management
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	100%	**100%**	Property development
Shanghai Hengran Property Development Co., Ltd. (上海恒冉房地產開發有限公司)(a)	21 January 2014	Limited company	RMB51,000,000	—	**100%**	Property development

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11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2013	2014	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	100%	**100%**	Property development
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	100%	**100%**	Property development
Shanghai Junjie Business Consulting Co., Ltd. (上海雋捷商務諮詢有限公司)	28 December 2010	Limited company	RMB1,000,000	100%	**100%**	Business consulting and wholesale of construction materials
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	100%	**100%**	Interior and exterior decoration and renovation
Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司)	26 May 2008	Limited company	RMB20,000,000	100%	**100%**	Property development
Shanghai Ranjuan Decoration Engineering Co., Ltd. (上海冉娟裝潢工程有限公司)	28 December 2010	Limited company	RMB5,000,000	100%	**100%**	Interior and exterior decoration and renovation
Shanghai Rongxi Business Trading Co., Ltd (上海榮熙商貿有限公司)	24 June 2010	Limited company	RMB1,000,000	—	**100%**	Trading of mechanical equipments and construction materials
Shanghai Rongxiang Property Development Co., Ltd. (上海熔祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	100%	**100%**	Property development
Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產開發有限公司)	19 June 2001	Limited company	RMB601,000,000	100%	**100%**	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	100%	**100%**	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	100%	**100%**	Property development and investment holding
Shenyang Glorious Plaza Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB5,000,000	100%	**100%**	Business management and property management
Tianjin Dong'an Construction Co., Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	70%	**70%**	Property development
Tianjin Gangtian Real Estate Investment Co., Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB136,265,000	100%	**100%**	Property development

Note:

(a) Pursuant to the trust scheme with Zhongrong International Trust Corporation Limited ("Zhongrong Trust"), the Group's entity interest in Shanghai Hengran Property Development Co. Ltd ("Shanghai Hengran") was reduced from 100% to 51%. In view of the substance of the arrangement, the directors are of their opinion that it is a loan arrangement and the Group continues to consolidate 100% of Shanghai Hengran and the contribution from Zhongrong Trust is treated as a financial liability and measured at amortised cost using the effective interest method (note 21).

(b) As at 31 December 2014, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's borrowings (note 21).

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11 Interests in subsidiaries — Company *(Continued)*

Material non-controlling interests

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised balance sheets for each subsidiary that has non-controlling interests that are material to the Group:

RMB'000	Jiangsu Arts and Cultural Property Holdings Ltd. and Jiangsu Glorious Dadi Culture Co., Ltd. (collectively referred to as "Jiangsu Cultural Property Group") 2014	2013
Assets		
Non-current assets	**38,668**	39,589
Current assets	**520,977**	441,760
	559,645	481,349
Liabilities		
Current liabilities	**592,978**	511,593
	592,978	511,593
Net liabilities	**(33,333)**	(30,244)

RMB'000	Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (referred to as "Glorious Yangguang Dalian") 2014	2013
Assets		
Non-current assets	**896**	3,288
Current assets	**455,330**	455,172
	456,226	458,460
Liabilities		
Current liabilities	**533,504**	164,220
	533,504	164,220
Net (liabilities)/assets	**(77,278)**	294,240

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31 December 2014

11 Interests in subsidiaries — Company *(Continued)*

Material non-controlling interests *(Continued)*

Summarised financial information of subsidiaries with material non-controlling interests *(Continued)*

	Glorious Yangguang Dalian	
RMB'000	**2014**	2013
Expenses	**(371,518)**	(3,490)
Loss for the year	**(371,518)**	(3,490)

	Tianjin Dong'an Construction Co., Ltd. (referred to as "Tianjin Dong'an")	
RMB'000	**2014**	2013
Assets		
Non-current assets	**5,952**	6,325
Current assets	**829,286**	828,555
	835,238	834,880
Liabilities		
Current liabilities	**535,489**	343,328
	535,489	343,328
Net assets	**299,749**	491,552

	Tianjin Dong'an	
RMB'000	**2014**	2013
Expenses	**(191,803)**	(35)
Loss for the year	**(191,803)**	(35)

The income statements and cash flow statements of Jiangsu Cultural Property Group and the cash flow statements of Glorious Yangguang Dalian and Tianjin Dong'an are insignificant to the Group.

The information above is the amount before inter-company eliminations.

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12 Properties under development

RMB'000	2014	2013
Within normal operating cycle included under current assets	**22,560,732**	21,794,177
Amount comprised:		
Land use rights	**9,803,675**	10,308,254
Construction costs and capitalised expenditures	**6,401,893**	5,450,810
Interest capitalised	**7,495,475**	6,126,191
	23,701,043	21,885,255
Less: Provisions for impairment	**(1,140,311)**	(91,078)
	22,560,732	21,794,177

The properties under development are all located in the PRC.

RMB'000	2014	2013
Properties under development:		
Expected to be completed and available for sale after more than 12 months	**14,280,880**	13,925,748
Expected to be completed and available for sale within 12 months	**8,279,852**	7,868,429
	22,560,732	21,794,177

As at 31 December 2014, properties under development with carrying value of RMB8,710,759,000 (2013: RMB7,900,757,000) were pledged as collateral for the Group's borrowings (note 21).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13 Completed properties held for sale

RMB'000	**2014**	2013
Completed properties held for sale comprised:		
Land use rights	**1,348,935**	1,436,408
Construction costs and capitalised expenditures	**3,331,148**	3,724,650
Interest capitalised	**655,083**	676,645
	5,335,166	5,837,703
Less: Provision for impairment	**(284,061)**	(194,475)
	5,051,105	5,643,228

The completed properties held for sale are all located in the PRC.

As at 31 December 2014, completed properties held for sale with carrying value of RMB1,746,761,000 (2013: RMB2,110,521,000) were pledged as collateral for the Group's borrowings (note 21).

14 Inventories

RMB'000	**2014**	2013
Construction materials, at cost	**—**	5,143

The cost of inventories recognised as expense in "cost of sales" amounted to RMB549,000 (2013: RMB1,237,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 Trade and other receivables and prepayments

Group

RMB'000	2014	2013
Trade receivables due from third parties (a)	**384,896**	411,243
Other receivables due from third parties (b)	**879,388**	1,332,110
Prepayments for construction costs:	**1,879,532**	1,990,114
Related parties (note 37(b))	**1,183,271**	1,069,946
Third parties	**696,261**	920,168
Prepayments for land premium	**4,699,971**	3,360,586
Prepaid business tax and other taxes	**170,992**	216,570
	8,014,779	7,310,623

Company

RMB'000	2014	2013
Prepayments to third parties	**190**	188

(a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables at the balance sheet dates based on revenue recognition date is as follows:

RMB'000	2014	2013
Within 6 months	**15,485**	374,547
Between 7 and 12 months	**4,179**	13,280
Between 13 months and 3 years	**365,232**	23,416
	384,896	411,243

As at 31 December 2014, trade receivables of RMB384,896,000 (2013: RMB411,243,000) were overdue but not impaired, including an amount of trade receivables of RMB341,548,000 (2013: 341,548,000) due from a local government authority upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

15 Trade and other receivables and prepayments *(Continued)*

(b)

RMB'000	**2014**	2013
Other receivables due from third parties	**1,788,711**	1,347,110
Less: provision for impairment of other receivables (note 28)	**(909,323)**	(15,000)
Other receivables due from third parties, net	**879,388**	1,332,110

(i) As at 31 December 2014, included in other receivables were several balances due from different third parties with a total amount of RMB866,103,000 (2013: RMB15,000,000), which were either aged more than 1 or 2 years or past due, unsecured and non-performing. A full provision for impairment has been made as a result of the management's assessment on the recoverability of these balances.

(ii) As at 31 December 2014, included in other receivables was an amount due from a third party of RMB143,220,000 (2013: nil), which was aged less than 12 months and secured. A sale and purchase agreement has been entered into such that the balance will be disposed to a third party at a consideration of RMB100,000,000. Consequently, a provision of impairment of RMB43,220,000 was made.

Other than the aforementioned, all other receivables due from third parties are unsecured, interest-free and repayable on demand. None of these receivables from third parties is either past due or impaired.

As at 31 December 2013 and 2014, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16 Restricted cash

Restricted cash comprises (i) funds borrowed under specific borrowings that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) guarantee deposits for bank loans, and (iv) other bank deposits that are restricted in use for daily operational needs. The components of restricted cash as at 31 December 2014 are as follows:

Group

RMB'000	**2014**	2013
Restricted funds under specific borrowings and guarantee deposits for mortgage facilities	**191,771**	176,694
Guarantee deposits for bank loans	**724,033**	1,228,145
Other restricted funds	**607**	653
Total	**916,411**	1,405,492

17 Cash and cash equivalents

Group

RMB'000	**2014**	2013
Cash at bank and on hand:		
Denominated in RMB	**1,362,462**	2,945,465
Denominated in US$	**979**	2,527
Denominated in HK$	**2,217**	4,789
	1,365,658	2,952,781
Less: Restricted cash	**(916,411)**	(1,405,492)
	449,247	1,547,289
Maximum exposure to credit risk	**1,365,048**	2,945,217

As at 31 December 2014, the Group's five highest bank balances amounted to RMB1,059,310,000 (2013: RMB2,202,197,000), representing 77.6% (2013: 74.6%) of the Group's total cash and bank balances at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

17 Cash and cash equivalents *(Continued)*

Company

RMB'000	2014	2013
Cash at bank and on hand:		
Denominated in RMB	**1,501**	27,911
Denominated in US$	**553**	1,197
Denominated in HK$	**371**	1,278
	2,425	30,386

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.0% to 2.4%.

18 Non-current assets classified as held for sale

RMB'000	2014	2013
As at 1 January	**—**	—
Transfer from investment properties (note 7)	**2,227,522**	—
As at 31 December	**2,227,522**	—

During the year ended 31 December 2014, in order to help generate financial resources to meet the Group's financial obligations, the expected manner of recovery of certain investment properties has changed such that the carrying amount of those investment properties will be recovered through sale. For those investment properties which are to be sold within a year, they were classified as non-current assets classified as held for sale (note 7).

The classification was based on the fact that these investment properties are available for immediate sales in their present condition subject to terms that are usual and customary for sales and the sales are highly probable. They are measured at fair value which has been measured using unobservable inputs and is within level 3 of the fair value hierarchy.

Valuation techniques

Fair values of non-current assets classified as held for sale are generally using the income capitalisation method and residual approach. The valuation techniques of these properties are disclosed in note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

18 Non-current assets classified as held for sale *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3)

As at 31 December 2014, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's non-current assets classified as held for sale:

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (completed)	1,788,622	Income approach (term and reversionary method)	Vacancy rate	5% – 15%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4.5% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB3 – RMB19 per day per square meter	The higher the rental value, the higher the fair value
Shops/shopping malls (under construction)	438,900	Residual approach	Rental value	RMB1 – RMB3 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	3.5% – 6%	The higher the yields, the lower the fair value
			Vacancy rate	0% – 30%	The higher the vacancy rate, the lower the fair value
			Estimated costs to completion	RMB4,500 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	12%	The higher the profit margin required, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For shops/shopping malls under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

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19 Trade and other payables

Group

RMB'000	2014	2013
Trade payables (a):	**3,378,620**	3,247,555
Related parties (note 37(b))	**19,820**	12,063
Third parties	**3,358,800**	3,235,492
Other payables due to third parties (b):	**1,232,399**	1,190,784
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**922,399**	880,784
Other taxes payable	**176,398**	160,867
	4,787,417	4,599,206

Company

RMB'000	2014	2013
Other payables due to third parties	**9,838**	18,173

(a) The ageing analysis of trade payables at the balance sheet date is as follows:

Group

RMB'000	2014	2013
Within 6 months	**2,599,516**	2,842,594
Between 7 and 12 months	**107,486**	27,499
Between 13 months and 5 years	**671,618**	377,462
	3,378,620	3,247,555

(b) All other payables due to third parties are unsecured, interest-free and repayable on demand.

The Group's other payables and accrued expenses mainly comprise interest payable, accruals and guarantee deposits received from various suppliers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

19 Trade and other payables *(Continued)*

(c) The carrying amounts of the Group's and the Company's trade and other payables are denominated in the following currencies:

Group

RMB'000	**2014**	2013
HK$	**37,949**	10,208
RMB	**4,746,408**	4,579,853
US$	**3,060**	9,145
	4,787,417	4,599,206

Company

RMB'000	**2014**	2013
HK$	**6,778**	9,028
US$	**3,060**	9,145
	9,838	18,173

(d) As at 31 December 2013 and 2014, the carrying values of the trade and other payable balances approximate their fair values.

20 Amounts due to subsidiaries — Company

The amounts are unsecured, interest-free and repayable on demand. As at 31 December 2013 and 2014, the carrying values approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

21 Borrowings

Group

RMB'000	**2014**	2013
Borrowings included in non-current liabilities:		
Bank borrowings — secured (d)	**6,596,124**	9,398,595
Senior Notes due 2015 — secured (a)	**—**	1,838,899
Senior Notes due 2018 — secured (b), (d)	**—**	2,514,314
Other borrowings — unsecured (c)	**—**	17,000
	6,596,124	13,768,808
Borrowings included in current liabilities:		
Bank borrowings — secured (d)	**11,074,398**	5,108,371
Senior Notes due 2015 — secured (a)	**1,869,404**	—
Senior Notes due 2018 — secured (b), (d)	**2,516,874**	—
Other borrowings — unsecured (c)	**125,800**	47,800
Other borrowings — secured	**87,400**	160,400
	15,673,876	5,316,571
Total borrowings	**22,270,000**	19,085,379
The carrying values of the borrowings are denominated in the following currencies:		
RMB	**17,721,569**	14,732,166
US$	**4,548,431**	4,353,213
Total borrowings	**22,270,000**	19,085,379

An analysis of the Group's borrowings into principal amounts is as follows:

RMB'000	**2014**	2013
Bank borrowings	**17,976,744**	14,900,580
Senior Notes due 2015 (a)	**1,835,700**	1,829,070
Senior Notes due 2018 (b), (d)	**2,447,600**	2,438,760
Other borrowings	**213,200**	225,200
	22,473,244	19,393,610
Adjusted by: unamortised loan arrangement fees and accrued interests	**(203,244)**	(308,231)
Total borrowings	**22,270,000**	19,085,379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

21 Borrowings *(Continued)*

Company

RMB'000	2014	2013
Borrowings included in non-current liabilities and denominated in US$:		
Senior Notes due 2015 — secured (a)	—	1,838,899
Senior Notes due 2018 — secured (b), (d)	—	2,514,314
	—	4,353,213
Borrowings included in current liabilities and denominated in US$:		
Bank borrowing — secured	**162,153**	—
Senior Notes due 2015 — secured (a)	**1,869,404**	—
Senior Notes due 2018 — secured (b), (d)	**2,516,874**	—
	4,548,431	—
Total borrowings	**4,548,431**	4,353,213

The Group's borrowings comprise loans from commercial banks, other financial institutions and certain individuals, and financing obtained from the capital market by way of notes. Apart from certain other borrowings as further mentioned in (c) below, all of the Group's borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale, restricted cash and equity interests of certain subsidiaries of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

21 Borrowings *(Continued)*

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregated nominal value of US$300,000,000 at par value (the "Senior Notes due 2015"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$292,806,000. The Senior Notes due 2015 will mature on 25 October 2015. The Company, at its option, can redeem the Senior Notes due 2015 (i) in whole, or in part, on or after 25 October 2013 at the redemption price equal to 106.50% before 25 October 2014 and 103.25% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 25 October 2013 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2015 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The senior notes due 2015 are listed on the Singapore Exchange Securities Trading Limited.

(b) On 4 March 2013, the Company issued 13.25% senior notes due 2018 with an aggregate nominal value of US$250,000,000 at par value. On 20 March 2013, the Company further issued 13.25% senior notes due 2018 with an aggregate nominal value of US$150,000,000 at par value. These senior notes further issued are consolidated and form a single series with the senior notes issued on 4 March 2013 (collectively the "Senior Notes due 2018"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$391,943,000. The Senior Notes due 2018 will mature on 4 March 2018. The Company, at its option, can redeem the Senior Notes due 2018 (i) in whole, or in part, on or after 4 March 2016 at the redemption price equal to 106.625% before 4 March 2017 and 103.313% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 4 March 2016 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2018 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The Senior Notes due 2018 are listed on the Hong Kong Stock Exchange and rank pari passu to the Senior Notes due 2015.

(c) As at 31 December 2013, long term borrowings from third parties of RMB17,000,000 were unsecured and interest-bearing. The Group has no long-term borrowings from third parties as at 31 December 2014.

As at 31 December 2014, short-term borrowings from third parties of RMB125,800,000 (2013: RMB24,700,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown. As at 31 December 2014, no short-term borrowings from third parties are interest-free (2013: RMB23,100,000).

(d) As a result of the matters described in note 2(a), borrowings with principal amounts of RMB6,717,600,000 have been reclassified as current liabilities as at 31 December 2014.

Management estimates that after taking the measures as set out in note 2(a) and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

21 Borrowings *(Continued)*

(e) The maturities of the Group's and the Company's total borrowings at the balance sheet date are as follows:

Group

RMB'000	2014	2013
Amounts of borrowing that are repayable:		
Within 1 year	**15,673,876**	5,316,571
After 1 and within 2 years	**6,536,124**	6,423,597
After 2 and within 5 years	**30,000**	7,305,211
After 5 years	**30,000**	40,000
	22,270,000	19,085,379
Comprising amounts of borrowings that are:		
wholly repayable within 5 years	**22,190,000**	18,995,379
wholly repayable after 5 years	**80,000**	90,000
	22,270,000	19,085,379

Company

RMB'000	2014	2013
Amounts of borrowing that are repayable:		
Within 1 year	**4,548,431**	—
After 1 and within 2 years	**—**	1,838,899
After 2 and within 5 years	**—**	2,514,314
	4,548,431	4,353,213
Comprising amounts of borrowings that are:		
wholly repayable within 5 years	**4,548,431**	4,353,213

(f) The fair values of the Senior Notes due 2015 and Senior Notes due 2018 as at 31 December 2014 were approximately RMB1,548,046,000 (2013: RMB1,678,172,000) and RMB1,788,021,000 (2013: RMB2,024,171,000) respectively. They were determined directly by reference to the price quotations published by the Singapore Exchange Securities Trading Limited and the Hong Kong Stock Exchange on 31 December 2014 respectively, and are within level 1 of the fair value hierarchy. The fair values of the Group's other current and non-current borrowings approximate their carrying amounts at each balance sheet date. They are determined based on cash flows discounting using the borrowing rate and are within level 2 of the fair value hierarchy.

(g) As at 31 December 2014, the Group's and the Company's effective interest rates are 13.1% and 12.9% respectively (2013: 12.0% and 13.3% respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

21 Borrowings *(Continued)*

(h) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates (or maturity date whichever is earlier) are as follows:

Group

RMB'000	2014	2013
Within 6 months	**13,130,188**	8,102,963
Between 7 and 12 months	**3,258,211**	858,688
Between 13 months and 5 years	**5,881,601**	10,123,728
	22,270,000	19,085,379

Company

RMB'000	2014	2013
Within 6 months	**4,548,431**	—
Between 7 months and 12 months	**—**	—
Between 13 months and 5 years	**—**	4,353,213
	4,548,431	4,353,213

22 Obligations under finance lease

RMB'000	2014	2013
Gross finance lease liabilities — minimum lease payments:		
No later than 1 year	**989**	920
Later than 1 year and no later than 5 years	**4,232**	4,163
Later than 5 years	**41,546**	42,604
	46,767	47,687
Future finance charges on finance leases	**(27,944)**	(29,061)
Present value of finance lease liabilities	**18,823**	18,626
The present value of finance lease liabilities is as follows:		
No later than 1 year	**933**	868
Later than 1 year and no later than 5 years	**3,459**	3,397
Later than 5 years	**14,431**	14,361
	18,823	18,626

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

23 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

RMB'000	**2014**	2013
Deferred income tax assets		
To be realised after more than 12 months	**261,355**	341,325
To be realised within 12 months	**205,315**	89,508
	466,670	430,833
Deferred income tax liabilities		
To be realised after more than 12 months	**1,694,090**	1,745,788
To be realised within 12 months	**476,764**	—
	2,170,854	1,745,788
Deferred income tax liabilities, net	**(1,704,184)**	(1,314,955)

The movements of the net deferred income tax liabilities are as follows:

RMB'000	**2014**	2013
At 1 January	**(1,314,955)**	(1,341,585)
Recognised in the consolidated statement of comprehensive income (note 32)	**(389,229)**	26,630
At 31 December	**(1,704,184)**	(1,314,955)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

23 Deferred income tax *(Continued)*

Movement in deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

RMB'000	Tax losses	Unrealised profit and other expenses	Total
At 1 January 2013	140,188	172,299	312,487
Credited to the consolidated statement of comprehensive income	63,097	73,630	136,727
At 31 December 2013	203,285	245,929	449,214
Credited to the consolidated statement of comprehensive income	**11,865**	**71,815**	**83,680**
At 31 December 2014	**215,150**	**317,744**	**532,894**

Deferred income tax liabilities

RMB'000	Change in applicable rate due to change in the expected manner of recovery on several investment properties (note 7)	Other timing differences arising from capitalised interest	Fair value changes	Total
At 1 January 2013	—	(277,350)	(1,376,722)	(1,654,072)
Charged to the consolidated statement of comprehensive income	—	(63,221)	(46,876)	(110,097)
At 31 December 2013	—	(340,571)	(1,423,598)	(1,764,169)
(Charged)/credited to the consolidated statement of comprehensive income	**(476,764)**	**(31,956)**	**35,811**	**(472,909)**
At 31 December 2014	**(476,764)**	**(372,527)**	**(1,387,787)**	**(2,237,078)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

23 Deferred income tax *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2014, the Group did not recognise deferred income tax assets of RMB156,274,000 (2013: RMB71,912,000) in respect of tax losses of approximately RMB625,097,000 (2013: RMB287,647,000) as there are uncertainties as to whether assessable profits will be available in the foreseeable future to utilise such tax losses. These tax losses will expire in the following years:

RMB'000	**2014**	2013
2014	**—**	3,536
2015	**7,854**	7,887
2016	**48,656**	50,910
2017	**40,235**	43,681
2018	**181,549**	181,633
2019	**346,803**	—
	625,097	287,647

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of RMB825,068,000 (2013: RMB754,580,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

24 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each					
at 1 January 2013, 31 December 2013 and 31 December 2014	38,000,000,000	380,000,000			
Issued:					
Ordinary shares of HK$0.01 each					
at 1 January 2013, 31 December 2013 and 31 December 2014	7,792,645,623	77,926,456	68,745	7,822,982	7,891,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

25 Reserves

(a) Company reserves

RMB'000	Other reserve (note (d))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2013	264,317	195,058	(2,900,490)	(2,441,115)
Total comprehensive loss for the year	—	—	(447,181)	(447,181)
Employee share-based compensation (note 39)	—	6,737	—	6,737
Balance at 31 December 2013	264,317	201,795	(3,347,671)	(2,881,559)
Total comprehensive loss for the year	**—**	**—**	**(621,278)**	**(621,278)**
Balance at 31 December 2014	**264,317**	**201,795**	**(3,968,949)**	**(3,502,837)**

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of RMB621,278,000 (2013: RMB447,181,000).

(b) Merger reserve

Merger reserve arises from merger accounting for reorganisation of the Group completed in 2007.

(c) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2014, appropriation to the general statutory reserve amounted to RMB6,404,000 (2013: RMB2,488,000).

(d) Other reserve

It represents the 0.7% and 0.5% equity interests in the Company contributed by Best Era International Limited, the immediate holding company of the Company and is wholly-owned by Mr. Zhang Zhi Rong, in connection with the Group's financing activities in 2007 and 2009 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

26 Other income

RMB'000	2014	2013
Interest income	**33,017**	69,681
Rental income (note 7)	**31,426**	29,818
Others	**6,101**	2,135
	70,544	101,634

27 Other (losses)/gains, net

RMB'000	2014	2013
Fair value changes of investment properties	**(143,244)**	187,503
Exchange (loss)/gain, net	**(21,445)**	111,084
	(164,689)	298,587

28 Expenses by nature

(Loss)/profit before income tax is stated after charging the following:

RMB'000	2014	2013
Auditors' remuneration	**10,472**	10,504
Advertising costs	**46,428**	108,220
Business taxes and other levies	**236,035**	464,911
Costs of properties sold	**3,844,252**	6,415,775
Provision for impairment of properties under development and completed properties held for sale	**1,138,819**	285,553
Provision for impairment of other receivables and prepayments	**894,323**	45,000
Depreciation (note 6)	**19,363**	20,309
Amortisation of intangible asset (note 8)	**—**	505
Staff costs — excluding directors' emoluments (note 30)	**134,721**	146,533
Donations	**—**	1,722
Rental expenses	**41,016**	58,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

29 Finance costs

RMB'000	**2014**	2013
Interest expenses for borrowings wholly repayable within 5 years:		
— Bank borrowings	**2,038,877**	1,839,334
— Senior Notes due 2015	**278,072**	250,847
— Senior Notes due 2018	**304,486**	271,034
— others	**25,787**	133,467
Interest expenses for borrowings wholly repayable after 5 years:		
— Bank borrowings	**5,810**	6,787
Total interest expenses	**2,653,032**	2,501,469
Less: interest capitalised on qualifying assets	**(2,512,204)**	(2,498,921)
	140,828	2,548

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised in properties under development, property, plant and equipment and investment properties, at a capitalisation rate of 12.0% during the year (2013: 15.1%).

30 Staff costs — excluding directors' emoluments

RMB'000	**2014**	2013
Wages and salaries	**101,054**	102,349
Retirement scheme contribution	**14,002**	13,864
Staff welfare	**9,003**	12,638
Other allowances and benefits	**10,662**	14,833
Share-based compensation expenses	—	2,849
	134,721	146,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

31 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2014 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (i)	Total
Executive director (ii):								
Mr. Cheng Li Xiong	—	6,973	—	63	793	7,829	—	7,829
Mr. Ding Xiang Yang	—	1,797	—	50	28	1,875	—	1,875
Mr. Liu Ning (iii)	—	114	—	4	2	120	—	120
Mr. Xia Jing Hua	—	997	—	50	28	1,075	—	1,075
Mr. Yan Zhi Rong	—	997	—	50	28	1,075	—	1,075
Mr. Yu Xiu Yang (iv)	—	413	—	—	—	413	—	413
Independent non-executive director:								
Mr. Yim Ping Kuen (iv)	157	—	—	—	—	157	—	157
Mr. Liu Shun Fai	379	—	—	—	—	379	—	379
Mr. Wo Rui Fang	379	—	—	—	—	379	—	379
Mr. Han Ping	379	—	—	—	—	379	—	379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

31 Emoluments for directors and five highest paid individuals *(Continued)*

(a) Directors' emoluments *(Continued)*

The remuneration of each director of the Company for the year ended 31 December 2013 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (i)	Total
Executive director (ii):								
Mr. Cheng Li Xiong	—	6,896	—	60	697	7,653	1,296	8,949
Mr. Ding Xiang Yang	—	2,258	—	48	29	2,335	1,296	3,631
Mr. Liu Ning (iii)	—	3,658	—	48	29	3,735	432	4,167
Mr. Xia Jing Hua	—	1,624	—	48	29	1,701	432	2,133
Mr. Yan Zhi Rong	—	1,624	—	48	29	1,701	432	2,133
Mr. Yu Xiu Yang (iv)	—	1,557	—	—	—	1,557	—	1,557
Independent non-executive director:								
Mr. Yim Ping Kuen (iv)	377	—	—	—	—	377	—	377
Mr. Liu Shun Fai	377	—	—	—	—	377	—	377
Mr. Wo Rui Fang	377	—	—	—	—	377	—	377
Mr. Han Ping	377	—	—	—	—	377	—	377

(i) Amounts represent the fair value of share options measured at the grant date charged to the consolidated statement of comprehensive income according to their vesting periods.

(ii) The Company's executive directors represent all of the Company's chief executives. Accordingly, no separate disclosure in respect of the remuneration of the chief executives is made in the financial statements.

(iii) Mr. Liu Ning resigned as the Company's executive director and chief executive officer from 5 February 2014.

(iv) Mr. Yu Xiu Yang retired as the Company's executive director and Mr. Yim Ping Kuen retired as the Company's independent non-executive director from 30 May 2014.

During each of the years ended 31 December 2013 and 2014, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

31 Emoluments for directors and five highest paid individuals *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2014 include 4 directors (2013: 3 directors). Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 1 individual (2013: 2 individuals) for the year ended 31 December 2014 are as follows:

RMB'000	**2014**	2013
Salaries and other short-term benefits	**4,974**	8,269
Retirement scheme contribution	**13**	19
Bonuses	**—**	1,041
Share-based compensation expenses	**—**	432
	4,987	9,761

The emoluments fell within the following bands:

	2014	2013
RMB4,500,001 to RMB5,000,000	**1**	2
	1	2

32 Income tax expenses

RMB'000	**2014**	2013
Current income tax		
— PRC corporate income tax	**11,904**	300,194
— PRC land appreciation tax	**129,705**	286,623
Overprovision in prior year		
— PRC land appreciation tax and the effect on the PRC corporate income tax, net	**—**	(150,903)
	141,609	435,914
Deferred income tax (note 23)		
— Origination and reversal of temporary differences	**389,229**	(26,630)
	389,229	(26,630)
	530,838	409,284

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

32 Income tax expenses *(Continued)*

The income tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

RMB'000	**2014**	2013
(Loss)/profit before income tax	**(2,635,569)**	697,814
Calculated at PRC corporate income tax rate of 25%	**(658,892)**	174,454
Expenses not deductible for tax purposes	**532,516**	158,581
Income not taxable for tax purposes	**(7,744)**	(38,196)
Tax losses not recognised as deferred income tax assets	**86,701**	45,408
Provision for land appreciation tax	**129,705**	286,623
Tax effect on land appreciation tax	**(32,426)**	(71,656)
Effect of re-measurement of deferred tax due to change in the expected manner of recovery of the carrying value of certain investment properties	**476,764**	—
Overprovision in prior year	**—**	(150,903)
Others	**4,214**	4,973
Income tax expenses	**530,838**	409,284

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2013 and 2014 of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2013 and 2014 as there is no assessable profit for these years.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax. The Group has estimated the tax provision for LAT 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

33 (Loss)/earnings per share

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013
(Loss)/profit attributable to the owners of the Company (RMB'000)	**(2,995,989)**	292,074
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2013 and 2014, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

34 Dividend

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on 29 May 2015 the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

35 Notes to Consolidated Statement of Cash Flows

Reconciliation of (loss)/profit for the year to cash generated from operations

RMB'000	Note	**2014**	2013
(Loss)/profit for the year		**(3,166,407)**	288,530
Adjustments for:			
Share of (profit)/loss of an associate		**(1,202)**	2,879
Share of loss of a joint venture		**11,523**	7,068
Income tax expenses	32	**530,838**	409,284
Interest income	26	**(33,017)**	(69,681)
Interest expenses	29	**140,828**	2,548
Fair value changes of investment properties	27	**143,244**	(187,503)
Depreciation	6	**19,363**	20,309
Amortisation of intangible asset	8	**—**	505
(Gains)/losses on disposals of property, plant and equipment		**(195)**	5,584
Exchange loss/(gain), net	27	**21,445**	(111,084)
Share-based compensation expenses		**—**	6,737
Provision for impairment of properties under development and completed properties held for sale	28	**1,138,819**	285,553
Provision for impairment of other receivables and prepayments	28	**894,323**	45,000
Changes in working capital:			
Properties under development and completed properties held for sale		**928,297**	799,012
Inventories		**5,143**	2,132
Restricted cash		**(15,031)**	198,627
Trade and other receivables and prepayments		**(1,314,212)**	(303,480)
Investment in and loan to a joint venture		**420,711**	135,916
Trade and other payables		**(73,696)**	(191,406)
Advanced proceeds received from customers		**(640,839)**	(1,302,924)
Cash (used in)/generated from operations		**(990,065)**	43,606

There is no major non-cash transaction during each of the years ended 31 December 2013 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

36 Commitments

(a) Commitments for capital and property development expenditures

RMB'000	2014	2013
Contracted but not provided for		
Land use rights	**870,884**	1,614,661
Property development expenditures	**5,264,609**	6,981,262
— Shanghai Ditong	**2,960,581**	2,493,185
— Third parties	**2,304,028**	4,488,077
Construction materials	**31,818**	6,054
	6,167,311	8,601,977

As at 31 December 2014, the Group's share of commitment of the joint venture (note 10) is RMB174,160,000 (2013: RMB138,180,000).

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

RMB'000	2014	2013
No later than 1 year	**19,434**	22,861
Later than 1 year and no later than 5 years	**11,765**	28,043
	31,199	50,904

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

37 Related party transactions

As at 31 December 2014, Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited held, in aggregate, 68.2% of the issued share capital of the Company. These five companies are all wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, The remaining 31.8% of the Company's issued shares are widely held. The ultimate controlling party of the Company is Mr. Zhang Zhi Rong.

The following transactions were carried out with related parties:

(a) Purchase of services

RMB'000	**2014**	2013
Purchase of construction services from:		
— Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong") a company controlled by close family member of the ultimate controlling party	**1,156,971**	1,105,904
Purchase of property design services from an associate	**12,609**	28,765

(b) Balances with related parties

As at 31 December 2013 and 2014, the Group had the following significant balances with related parties:

RMB'000	**2014**	2013
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services — included in "Prepayments"		
— Shanghai Ditong	**1,180,981**	1,067,656
— Other related companies	**2,290**	2,290
	1,183,271	1,069,946
Loan to a joint venture	**1,422,370**	1,843,081
Balances included in current liabilities:		
Trading balances — included in "Trade payables"		
— Other related companies	**19,820**	12,063

Except for the loan to a joint venture, the terms of which are disclosed in note 10(a), as at 31 December 2013 and 2014, all other balances with related parties were unsecured, interest free and repayable on demand or to be settled according to the relevant trading terms, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

37 Related party transactions *(Continued)*

(c) Key management compensation

RMB'000	**2014**	2013
Salaries and other short-term employee benefits	**14,388**	25,612
Share-based compensation expenses	**—**	3,887
	14,388	29,499

38 Financial guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2014, the amount of outstanding guarantees for mortgages were approximately RMB7,194,310,000 (2013: RMB6,866,047,000).

The directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

39 Share option schemes

(a) Pre-IPO share option scheme

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme"). By the same resolution, the Company granted 84,000,000 share options to its directors and employees which are exercisable for a ten-year period from the grant date under the following terms:

(i) the exercise price per share shall be equal to 60% discount to the initial public offering price;

(ii) 20% of the total number of shares will become exercisable on 2 October 2009 (the "Listing Date"). The remaining 80% of share options will become exercisable in four equal instalments, 20% of the total number of shares will become exercisable on the first anniversary of the Listing Date with a further 20% to become exercisable on each subsequent anniversary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

39 Share option schemes *(Continued)*

(a) Pre-IPO share option scheme *(Continued)*

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. For the year ended 31 December 2013, the amount of share-based compensation expenses amounted to RMB6,737,000 and there was no share-based compensation expenses for the year ended 31 December 2014.

Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Movement of Pre-IPO Share Option Scheme during the year ended 31 December 2013 and 2014 is as follows:

	Exercise Price (HK$)	Number of options
At 1 January 2013	1.76	78,000,000
Lapsed	1.76	(4,000,000)
At 31 December 2013	1.76	74,000,000
Lapsed	1.76	(5,000,000)
At 31 December 2014	**1.76**	**69,000,000**

All of the outstanding share options as at 31 December 2014 were exercisable and will expire by 8 September 2019.

The weighted average fair value granted in 2009 determined using the Binomial option pricing model was HK$3.05 per option. The significant inputs to the model were as follows:

Assumptions	
Volatility	73.85%
Dividend yield	1.70%
Annual risk-free rate	2.356%
Expected option life	10 years

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2014

39 Share option schemes *(Continued)*

(b) Share option scheme

Pursuant to the aforementioned resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company adopted a share option scheme on 9 September 2009 ("Share Option Scheme"). The purpose of the share option scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors (each a "participant"). The Board may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme is the highest of:

— the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;

— the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and

— the nominal value of the shares of the Company.

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company at the date of approval of the share option scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme must not exceed 30% of the Company's issued share capital.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. If shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company in any 12-month period, (i) represent in aggregate more than 0.1% of the total number of shares in issue and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5,000,000, the proposed grant of option must be approved by the Company's shareholders by poll in a general meeting.

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can vest.

As at 31 December 2014, no share options have been granted under the Share Option Scheme (2013: Nil).

FIVE-YEAR FINANCIAL SUMMARY

Consolidated results

RMB'000	2010	2011	2012	2013	**2014**
Revenue	7,114,025	9,585,443	8,384,740	8,217,194	**4,263,341**
Cost of sales	(3,694,934)	(5,788,246)	(6,463,366)	(7,166,239)	**(5,219,106)**
Gross (loss)/profit	3,419,091	3,797,197	1,921,374	1,050,955	**(955,765)**
Other income	803,239	182,695	82,043	101,634	**70,544**
Other gains/(losses), net	2,410,578	724,419	520,077	298,587	**(164,689)**
Selling and marketing expenses	(197,133)	(240,998)	(235,457)	(269,759)	**(137,245)**
Administrative expenses	(421,057)	(435,957)	(405,582)	(471,108)	**(1,297,265)**
Finance costs	(3,750)	(2,526)	(8,326)	(2,548)	**(140,828)**
Share of profit/(loss) of an associate	1,351	338	(1,704)	(2,879)	**1,202**
Share of loss of a joint venture	(50,090)	(4,143)	(3,382)	(7,068)	**(11,523)**
Profit/(loss) before income tax	5,962,229	4,021,025	1,869,043	697,814	**(2,635,569)**
Income tax expenses	(2,353,451)	(1,811,944)	(790,855)	(409,284)	**(530,838)**
Profit/(loss) for the year	3,608,778	2,209,081	1,078,188	288,530	**(3,166,407)**
Profit/(loss) for the year attributable to:					
— the owners of the Company	3,608,552	2,215,654	1,081,631	292,074	**(2,995,989)**
— non-controlling interests	226	(6,573)	(3,443)	(3,544)	**(170,418)**
	3,608,778	2,209,081	1,078,188	288,530	**(3,166,407)**
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company (expressed in RMB per share)					
— Basic	0.46	0.28	0.14	0.04	**(0.38)**
— Diluted	0.46	0.28	0.14	0.04	**(0.38)**
Dividend	—	—	—	—	**—**
Dividend per share (expressed in RMB per share)	—	—	—	—	**—**

FIVE-YEAR FINANCIAL SUMMARY

Assets and liabilities

RMB'000	2010	2011	2012	2013	**2014**
Total non-current assets	8,037,249	11,591,256	14,030,720	15,955,781	**14,380,627**
Total current assets	34,288,872	39,112,911	38,596,456	38,018,942	**39,544,735**
Total assets	42,326,121	50,704,167	52,627,176	53,974,723	**53,925,362**
Total non-current liabilities	9,010,272	7,076,858	11,361,320	15,532,354	**8,784,868**
Total current liabilities	18,023,880	25,282,613	21,824,051	18,705,297	**28,578,229**
Total liabilities	27,034,152	32,359,471	33,185,371	34,237,651	**37,363,097**
Net assets	15,291,969	18,344,696	19,441,805	19,737,072	**16,562,265**

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks	Lease term
A.	**Major properties held for investment by the Group**						
1.	Chateau De Paris	No.2093 Xietu Road, Xuhui District, Shanghai	Commercial	100%	15,559	342	Long term
2.	Sunshine Venice (Phases I, II & IIIA, B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	34,042	1,240	Long term
3.	Sunshine Venice (Phase IIIC)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	58,718	—	Long term
4.	Shanghai Bay (Phase III) – Binjiang Center (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/ Office	100%	110,832	362	Long term
5.	Shanghai Bay (Phase III) – Binjiang Center (South block)	No. 1441 Wanping South Road, Shanghai	Hotel	100%	123,388	307	Long term
6.	Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
7.	Caohejing Project	No. 292 Caohejing Road, Shanghai	Commercial/ Office/Hotel	100%	115,031	450	Long term
8.	Zhongcaoxincun Project	No. 143 Xujiahui Road, Shanghai	Commercial/ Office	100%	88,615	340	Long term
9.	Sunny Town (Shenyang Glorious Plaza)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	119,391	178	Long term
10.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road,Hedong District, Tianjin	Commercial	100%	35,906	180	Long term
11.	Tianjin Glorious Plaza	Intersection of Taixing South Road and Chenlin Road, Hedong District, Tianjin	Commercial	100%	15,770	575	Long term
12.	Changchun Villa Glorious (West) (Phase I)	East to Chaoran Street, south to Guihua Road, west to Chaoqun Street, north to Yisi Road, New and High-tech District, Changchun	Commercial	100%	21,397	200	Long term
13.	Hefei Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Commercial/ Office/Hotel	100%	700,203	3,800	Long term
14.	Hefei Royal Garden (Amenities commercial)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Commercial/ Hotel	100%	50,000	492	Long term
15.	Nanjing Royal Bay (Land parcels C and D)	The southern end of Gulou District, Nanjing	Commercial	60%	30,584	1,099	Long term
16.	Nantong Glorious Plaza	South of Shiji Avenue and east of Gongnong Road, Nantong, Jiangsu Province	Commercial/ Office/Hotel	100%	297,486	1,196	Long term
	Subtotal				**1,818,998**	**10,842**	

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate site area (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Stage of completion	Anticipated completion date
B.	**Major projects under development and planning held by the Group**								
1.	Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	444,255	178,734(1)	1,151	Main structure under construction	September 2015 to December 2017 in stages
2.	Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	22,750	118,307(2)	200	Under planning	June 2017
	Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	89,540	161,388	890	Under planning	June 2017
3.	Sunshine Venice (Phase IV)	South of Taopu Road and west of Qilianshan Road, Shanghai	Residential	100%	68,225	429,929(3)	322	Under planning	October 2016
4.	Shanghai City Glorious (Phase I)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	144,528	315,588(4)	1,551	Main structure and amenities under construction	June 2015 to August 2016 in stages
	Shanghai City Glorious (Phase II)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	188,794	315,588(4)	1,863	Main structure under construction	August 2016 to July 2017 in stages
5.	Glorious Xinyamingdi	South of Jiefang East Road, West of planned Xianzheng Raod, Nanqiao New City, Shanghai	Residential	100%	131,424	40,880	996	Foundation under construction	September 2016

Notes:
(1) The site area includes all of the site areas of Shanghai Bay Phase II.
(2) The site area includes all of the site areas of Royal Lakefront Phases IA and IB.
(3) The site area includes all of the site areas of Sunshine Venice Phases I to IV.
(4) The site area includes all of the site areas of Shanghai City Glorious Phases I and II.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
6.	Hefei Royal Garden	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential	100%	125,026	150,001[5]	1,232	Interior decoration and amenities under construction	December 2015
7.	Hefei Bashangjie Project (Land parcel A2, Phase1.1)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	791,990	118,929[6]	1,668	Under planning	December 2018 to December 2020 in stages
	Hefei Bashangjie Project (Land parcel A2, Phase1.1)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	301,286	118,929[6]	1,809	Interior decoration under construction	December 2015
	Hefei Bashangjie Project (Land parcel A2, Phase1.2)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	207,494	118,929[6]	2,009	Main structure under construction	October 2017 to July 2018 in stages
8.	No.1 City Promotion (Phase IV)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Wuxi, Jiangsu Province	Residential/ Commercial	100%	68,088	28,622	480	Under planning	March 2017
9.	Nantong Royal Bay (Land parcel No. 5)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	196,941	244,524[7]	1,049	Under planning	September 2017
10.	Nanjing Royal Bay (Phase I to IV)	The southern end of Gulou District, Nanjing	Residential/ Commercial	60%	605,631	109,244	3,011	Foundation, main structure and interior decoration under construction	September 2013 to September 2019 in stages
11.	Royal Mansion (Phase II)	The fourth Zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	62,592	34,850	180	Under planning	October 2017

Notes:

(5) The site area includes all of the site areas of Hefei Royal Garden Phases I to III.

(6) The site area includes all of the site areas of land parcels A1 and A2 of Hefei Bashangjie Project.

(7) The site area includes all of the site areas of Nantong Royal Bay Land parcels No. 3 and No. 5.

PARTICULARS OF MAJOR PROPERTIES HELD

					Interest attributable to the Group				
Name of property		Location	Type	Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
12.	Tianjin Royal Bay Seaside (North)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	330,345	312,704	1,267	Under planning	August 2017
	Tianjin Royal Bay Seaside (East)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	345,349	366,667	1,738	Under planning	August 2017
	Tianjin Royal Bay Seaside (West Phase II)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	160,534	216,700(8)	1,242	Under planning	August 2017
13.	Tianjin Royal Bay Lakeside (Phases I-IV)	The eastern part of Tuanbohu, Jinghai County, Tianjin	Residential/ Commercial	70%	1,567,303	1,196,000	7,087	Under planning	In stages starting August 2017
14.	Changchun Villa Glorious (East) (Land parcel C, Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	352,412	516,768(9)	1,224	Preparing to completion	January 2015
	Changchun Villa Glorious (West) (Land parcel A, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	60,440	516,768(9)	621	Preparing to completion	June 2015
	Changchun Villa Glorious (West) (Land parcel A, Phase III)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	115,670	516,768(9)	609	Under planning	June 2017

Notes:
(8) The site area includes all of the site areas of Tianjin Royal Bay Seaside West.
(9) The site area includes all of the site areas of the East and West parts of Changchun Villa Glorious.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate site area (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Stage of completion	Anticipated completion date
	Changchun Villa Glorious (West) (Land parcel A, Phase IV)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	167,969	516,768(9)	773	Under planning	June 2017
	Changchun Villa Glorious (West) (Land parcel B, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	130,603	516,768(9)	600	Under planning	November 2017
	Changchun Villa Glorious (West) (Land parcel B, Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	40,648	516,768(11)	300	Under planning	November 2017
15.	Dalian Plot No. 200	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential/ Commercial	70%	344,000	121,153	1,224	Under planning	December 2017
	Subtotal				**7,063,837**		**35,096**		

Notes:
(11) The site area includes all of the site areas of the East and West parts of Changchun Villa Glorious.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
C.	**Major properties available for sale held by the Group**					
1.	Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	26,451	335
2.	Chateau De Paris	No. 2143 Xietu Road, Xuhui District, Shanghai	Residential/ Commercial	100%	4,809	89
3.	Sunshine Venice	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	21,819	240
4.	Shanghai Bay (Phase I & A)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	108,024	801
5.	No.1 City Promotion	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	18,252	497
6.	Classical Life	No. 88 Qinfeng Road, Changshu, Jiangsu Province	Commercial	100%	1,900	—
7.	Sunny Town	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	1,736	817
8.	Hefei Bashangjie Project (Phase I)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	8,157	983
9.	Hefei Villa Glorious	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Residential/ Commercial	100%	—	46
10.	Hefei Royal Garden	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/ Commercial	100%	2,033	1,091

PARTICULARS OF MAJOR PROPERTIES HELD

				Interest attributable to the Group		
	Name of property	Location	Type	Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
11.	Royal Mansion (Phase I)	The fourth Zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	298	—
12.	Harbin Villa Glorious	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	18,648	220
13.	Harbin Royal Garden	North to the fourth Avenue, east to Shangjiang Street, south to the fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential/ Commercial	100%	1,815	989
14.	Nantong Villa Glorious	South of Dongcheng Garden, west of Shiji Road and the north of Tongjia River, Nantong, Jiangsu Province	Residential/ Commercial	100%	6,734	626
15.	Nantong Royal Bay (Land parcel No. 3)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	2,079	262
16.	Changchun Villa Glorious (Land parcel A Phase I & II and Land parcel C Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	116,507	1,460
17.	Dalian Villa Glorious	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential/ Commercial	100%	8,651	236
18.	Tianjin Royal Bay Seaside (West Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential/ Commercial	100%	8,738	—
19.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	34,057	2
	Subtotal				**390,708**	**8,694**

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GLORIOUS PROPERTY HOLDINGS LIMITED

Suites 2501-2504, 25th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong.

Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688

www.gloriousphl.com.cn