

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



合 生 創 展 集 團 有 限 公 司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 754)

website: <http://www.irasia.com/listco/hk/hopson>

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2014

FINANCIAL HIGHLIGHTS

(for the year ended 31st December 2014)

- Turnover was HK\$17,045 million (2013: HK\$15,648 million).
- Profit attributable to equity holders was HK\$2,947 million (2013: HK\$3,852 million).
- Basic earnings per share was HK\$1.31 per share (2013: HK\$2.10 per share).

BUSINESS REVIEW

Industry Overview

- In 2014, regulation for the real estate sector shifted from intense policy intervention by the Central Government to market-oriented adjustment, where policies remain relatively loose. In the second half of the year, measures such as the loosening of “Loan Limits” and “Disproportionate Interest Reduction” invigorated the market and accelerated its rebound. Although the industry saw a rebound at the end of the year, it is unlikely that the market will experience growth both in quantity and price as before.
- In 2014, China’s property market entered into in-depth adjustment phase. Under the changing business landscape, we saw a gradual shift of development focus back to first-tier cities in the property industry. Besides, operation development became more diversified; business was conducted in a more refined way while management has become more and more standardized. Based on the development needs of the market, the Group gradually adjusted its development strategy, actively optimized product structure and created greater potential for generating value with a view to realizing our operating goals. While anchored in residential real estate, the Group also actively engaged in the development of commercial and industrial real estate in a prudent manner in order to peak up the Group’s operation capabilities.

* For identification purposes only

Contracted sales performance

Details of properties sold under sale and pre-sale contracts in 2014 totalling RMB5,312 million (2013: RMB11,267 million) are as follows:

- In Guangzhou, a total GFA of 147,604 square metres (2013: 99,234 square metres) with a carrying value of RMB2,367 million (2013: RMB2,561 million) was sold. The increase in GFA sold but a decrease in sales was mainly attributable to the increase in the proportion of sales of Hopson Belvedere Bay, which has a comparatively lower average selling price, to the total regional sales as compared to the previous year.
- In Beijing and Tianjin, a total GFA of 108,264 square metres (2013: 274,107 square metres) with a carrying value of RMB1,630 million (2013: RMB5,316 million) was sold. The decrease in sales was mainly attributable to the fact that the launch of small-unit housing type of Hopson Regal Park in the previous year was more popular than the launch of upgrade housing type of Hopson Regal Park this year.
- In Shanghai, a total GFA of 86,670 square metres (2013: 147,025 square metres) with a carrying value of RMB810 million (2013: RMB2,226 million) was sold. The decrease in sales was due to the focus on selling the remaining units of The Town of Hangzhou Bay and Hopson Times Garden in this year.
- In Huizhou, a total GFA of 77,834 square metres (2013: 134,542 square metres) with a carrying value of RMB505 million (2013: RMB1,164 million) was sold. The decrease in sales was mainly attributable to the fact that the remaining unsold units of Hopson Regal Bay were being sold.

Properties sold but yet to be delivered

As at 31st December 2014, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 668,644 square metres (2013: 983,506 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$10,290 million will be recognised as revenue in the Group's financial statements in 2015 and thereafter.

Delivery of properties

A total GFA of 735,234 square metres (2013: 653,507 square metres) was delivered in 2014.

Project development progress

- A total GFA of 1,433,994 square metres (2013: 1,326,891 square metres) was completed during the year 2014.
- It is expected that a total GFA of 1,240,728 square metres will be completed in 2015.

Landbank

As of 31st December 2014, the Group had a landbank of 32.69 million square metres (31st December 2013: 33.45 million square metres).

Prospects

Although China's property market will experience a moderate growth in 2015 due to the further loosening of monetary policies, in the long run, however, demand in the real estate sector is sure to face downward pressure.

The Group, carrying forward its prudent developmental objective, will tackle the challenges faced by the real estate sector, including the reduction of incremental margin as well as the transformation and adjustment of the sector, in a proactive manner. In the meantime, the Group will seize favorable opportunities brought forth by China's growing economy, increasing consumer demand and progressing urbanization.

The board (the "Board") of directors (the "Directors") of Hopson Development Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2014 together with the comparative figures for the previous year.

The 2014 financial statements of the Company have been reviewed by the Company's audit committee and the Board.

CONSOLIDATED INCOME STATEMENT

		For the year ended	
		31st December	
		2014	2013
	<i>Note</i>	HK\$'000	HK\$'000
Revenues	4	17,044,862	15,648,207
Cost of sales	6	(11,793,197)	<u>(9,660,856)</u>
Gross profit		5,251,665	5,987,351
Fair value gain on investment properties		1,222,228	540,606
Other income/gains, net	5	137,322	283,848
Selling and marketing expenses	6	(383,522)	(544,241)
General and administrative expenses	6	(1,389,354)	(1,411,121)
Finance income	7	65,267	31,069
Share of profit/(loss) of associates		564	(1,226)
Share of profit of joint ventures	8	91,023	<u>1,423,387</u>
Profit before taxation		4,995,193	6,309,673
Taxation	9	(2,067,257)	<u>(2,475,187)</u>
Profit for the year		<u>2,927,936</u>	<u>3,834,486</u>
Attributable to:			
Equity holders of the Company		2,947,301	3,852,073
Non-controlling interests		(19,365)	<u>(17,587)</u>
		<u>2,927,936</u>	<u>3,834,486</u>
Earnings per share for profit attributable to equity holders of the Company during the year (in HK\$ per share)			
— basic and diluted	10	<u>1.31</u>	<u>2.10</u>
Dividend	11	<u>—</u>	<u>—</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31st December	
	2014	2013
	HK\$'000	HK\$'000
Profit for the year	2,927,936	3,834,486
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on available-for-sale financial assets	686,941	(101,435)
Assets revaluation reserve realised upon disposal of properties held for sale	(583,301)	(9,843)
Deferred tax	106,201	30,049
Currency translation differences	(300,009)	1,609,424
Other comprehensive (loss)/income for the year, net of tax	(90,168)	1,528,195
Total comprehensive income for the year	2,837,768	5,362,681
Attributable to:		
Equity holders of the Company	2,865,173	5,299,834
Non-controlling interests	(27,405)	62,847
	2,837,768	5,362,681

CONSOLIDATED BALANCE SHEET

	As at 31st December	
	2014	2013
Note	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Land costs	1,869,029	1,928,700
Prepayments for acquisition of land	134,852	135,305
Prepayments for construction work	1,480,246	1,340,636
Properties and equipment	4,060,382	4,105,363
Investment properties	25,474,413	22,515,040
Goodwill	42,386	42,528
Investments in associates	158,290	158,257
Investments in joint ventures	8,102,176	5,599,225
Available-for-sale financial assets	3,342,755	2,665,885
Deferred tax assets	341,466	295,185
	<u>45,005,995</u>	<u>38,786,124</u>
Current assets		
Prepayments for acquisition of land	10,241,218	10,273,666
Properties under development for sale	50,742,439	55,122,056
Completed properties for sale	28,277,161	21,412,298
Financial assets at fair value through profit or loss	13,607	12,146
Accounts receivable	12 385,076	406,179
Prepayments, deposits and other current assets	2,300,768	2,553,024
Due from associates	223	32,882
Due from related companies	9,984	6,440
Pledged/charged bank deposits	1,223,534	1,189,562
Cash and cash equivalents	5,486,993	5,389,295
	<u>98,681,003</u>	<u>96,397,548</u>
Total assets	<u><u>143,686,998</u></u>	<u><u>135,183,672</u></u>

		As at 31st December	
		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		224,392	224,537
Reserves	15	<u>55,375,974</u>	<u>52,521,442</u>
		55,600,366	52,745,979
Non-controlling interests		<u>2,385,072</u>	<u>2,411,207</u>
Total equity		<u>57,985,438</u>	<u>55,157,186</u>
LIABILITIES			
Non-current liabilities			
Land cost payable		61,212	61,418
Borrowings	13	36,747,468	29,900,660
Due to non-controlling interests		571,574	573,493
Deferred tax liabilities		<u>5,800,566</u>	<u>5,718,011</u>
		43,180,820	36,253,582
Current liabilities			
Accounts payable	14	8,746,455	7,728,568
Land cost payable		88,832	533,335
Borrowings	13	12,638,362	9,472,831
Deferred revenue		10,290,304	15,544,864
Accruals and other payables		3,184,658	2,990,449
Due to an associate		6,996	7,020
Due to related companies		88,232	101,939
Due to joint ventures		3,112,088	2,368,135
Current tax liabilities		<u>4,364,813</u>	<u>5,025,763</u>
		42,520,740	43,772,904
Total liabilities		<u>85,701,560</u>	<u>80,026,486</u>
Total equity and liabilities		<u>143,686,998</u>	<u>135,183,672</u>
Net current assets		<u>56,160,263</u>	<u>52,624,644</u>
Total assets less current liabilities		<u>101,166,258</u>	<u>91,410,768</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non- controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2014	<u>224,537</u>	<u>52,521,442</u>	<u>2,411,207</u>	<u>55,157,186</u>
Profit for the year	—	2,947,301	(19,365)	2,927,936
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	—	686,941	—	686,941
Assets revaluation reserve realised upon disposal of properties held for sale	—	(583,301)	—	(583,301)
Deferred tax	—	106,201	—	106,201
Currency translation differences	—	(291,969)	(8,040)	(300,009)
Other comprehensive loss for the year, net of tax	—	(82,128)	(8,040)	(90,168)
Total comprehensive income/(loss) for the year	—	2,865,173	(27,405)	2,837,768
Transactions with owners:				
Repurchase of own shares	(145)	(10,641)	—	(10,786)
Capital contribution by non-controlling interests	—	—	1,270	1,270
	(145)	(10,641)	1,270	(9,516)
Balance at 31st December 2014	<u>224,392</u>	<u>55,375,974</u>	<u>2,385,072</u>	<u>57,985,438</u>

	Attributable to equity holders of the Company		Non-controlling	Total
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	interests <i>HK\$'000</i>	
Balance at 1st January 2013	173,600	42,014,189	2,806,811	44,994,600
Profit for the year	—	3,852,073	(17,587)	3,834,486
Other comprehensive income:				
Fair value loss on available-for-sale financial assets	—	(101,435)	—	(101,435)
Assets revaluation reserve realised upon disposal of properties held for sale	—	(9,843)	—	(9,843)
Deferred tax	—	30,049	—	30,049
Currency translation differences	—	1,528,990	80,434	1,609,424
Other comprehensive income for the year, net of tax	—	1,447,761	80,434	1,528,195
Total comprehensive income for the year	—	5,299,834	62,847	5,362,681
Transactions with owners:				
Repurchase of own shares	(1,388)	(127,588)	—	(128,976)
Issue of shares	52,325	5,335,007	—	5,387,332
Capital contribution by non-controlling interests	—	—	34,438	34,438
Acquisition of further interests in subsidiaries	—	—	(312,570)	(312,570)
Dividends paid to non-controlling interests of subsidiaries	—	—	(180,319)	(180,319)
	50,937	5,207,419	(458,451)	4,799,905
Balance at 31st December 2013	224,537	52,521,442	2,411,207	55,157,186

Notes:

(1) GENERAL INFORMATION

Hopson Development Holdings Limited (“the Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties in Mainland China. The Group is also involved in property investment, hotel operations and property management.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 31st March 2015.

(2) BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are measured at fair value.

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

(3) ACCOUNTING POLICIES

In 2014, the Group adopted the following interpretation and amendments of HKFRS, which are effective for accounting periods beginning on or after 1st January 2014.

HKAS 32 (Amendments)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities
HKAS 36 (Amendments)	Impairment of assets — Recoverable amounts disclosures for non-financial assets
HKAS 39 (Amendments)	Financial instruments: Recognition and measurement — Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Consolidation for investment entities
HK (IFRIC)-Int 21	Levies

The Group has assessed the impact of the adoption of these interpretation and amendments and considered that there was no significant impact on the Group’s results and financial position.

In addition, 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 3rd 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.

New standards and amendments to existing standards that are not yet effective

Effective for accounting periods beginning on or after

HKAS 1 (Amendments)	Disclosure Initiative	1st January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants	1st January 2016
HKAS 19 (Amendments)	Defined Benefit Plans — Employee Contributions	1st July 2014
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements	1st January 2016
HKFRS 9	Financial Instruments	1st January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	1st January 2016
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
Annual improvements 2010–2012 cycle	Improvements to HKFRSs	1st July 2014
Annual improvements 2011–2013 cycle	Improvements to HKFRSs	1st July 2014
Annual improvements 2012–2014 cycle	Improvements to HKFRSs	1st January 2016

The Group has already commenced an assessment of the impact of these new standards and amendments to existing standards, certain of which are relevant to the Group’s operations and will give rise to changes in accounting policies, disclosures or measurement of certain items in the financial statements. However, the Group is not yet in a position to ascertain their impact on its results and financial position.

(4) SEGMENT INFORMATION

Executive Directors of the Company (the “Executive Directors”) are regarded as the chief operating decision maker of the Group. The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both business and geographic perspectives. Reportable business segments identified are property development, property investment, hotel operations and property management. Geographically, the reportable business segments are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou and Ningbo).

The Executive Directors assess the performance of the operating segments based on the segment results. Corporate income/expenses, finance income and dividend income from available-for-sale financial assets are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist primarily of land costs, prepayments for construction work, properties and equipment, investment properties, investments in associates, investments in joint ventures, prepayments for acquisition of land, properties under development for sale, completed properties for sale, accounts receivable, prepayments, deposits and other current assets, pledged/charged bank deposits and cash and cash equivalents. They exclude available-for-sale financial assets, which are managed on a central basis, and deferred tax assets.

Sales between segments are carried out on terms similar 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 income statement.

Revenues comprise turnover which included gross proceeds from sales of properties, revenue from rental, hotel operations and construction services, and property management income.

	2014	2013
	HK\$'000	HK\$'000
Sales of properties	15,461,572	14,136,060
Property management income	816,008	664,042
Income from hotel operations	251,608	246,810
Rental income		
— Investment properties	302,696	270,598
— Others	158,955	145,364
Construction services		
— Decoration	54,023	185,333
	<u>17,044,862</u>	<u>15,648,207</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2014 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2014											
Total revenues	7,410,113	1,709,432	7,965,101	117,098	148,208	44,490	67,165	6,778	236,235	852,652	18,557,272
Intra/inter-segment revenues	(1,329,855)	(5,916)	(74,325)	(5,304)	(1,796)	—	(1,288)	—	(57,282)	(36,644)	(1,512,410)
Revenues	<u>6,080,258</u>	<u>1,703,516</u>	<u>7,890,776</u>	<u>111,794</u>	<u>146,412</u>	<u>44,490</u>	<u>65,877</u>	<u>6,778</u>	<u>178,953</u>	<u>816,008</u>	<u>17,044,862</u>
Segment results	<u>1,945,684</u>	<u>281,788</u>	<u>1,385,440</u>	<u>705,606</u>	<u>205,668</u>	<u>613,243</u>	<u>(22,250)</u>	<u>(31,550)</u>	<u>(208,682)</u>	<u>(37,440)</u>	<u>4,837,507</u>
Depreciation	(6,615)	(3,135)	(24,477)	(730)	(660)	(52)	(8,305)	(32)	(112,252)	(2,765)	(159,023)
Amortisation	—	—	—	—	—	—	(17,720)	(26,733)	(6,846)	—	(51,299)
Provision for impairment of											
accounts receivable	—	—	—	—	—	—	—	—	—	(17,038)	(17,038)
Fair value gain on investment properties	—	—	—	629,208	84,074	508,946	—	—	—	—	1,222,228
Share of profit of associates	181	—	383	—	—	—	—	—	—	—	564
Share of profit/(loss) of joint ventures	<u>54,617</u>	—	<u>(3,480)</u>	—	—	<u>39,886</u>	—	—	—	—	<u>91,023</u>

The segment results by business lines and by geographical areas for the year ended 31st December 2013 are as follows:

	Property development			Property investment			Hotel operations			Property	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC	management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Year ended 31st December 2013											
Total revenues	7,914,327	1,288,107	6,033,342	98,582	146,180	30,606	52,176	—	214,663	682,211	16,460,194
Intra/inter-segment revenues	(678,743)	(6,079)	(84,197)	(2,702)	(2,068)	—	(127)	—	(19,902)	(18,169)	(811,987)
Revenues	<u>7,235,584</u>	<u>1,282,028</u>	<u>5,949,145</u>	<u>95,880</u>	<u>144,112</u>	<u>30,606</u>	<u>52,049</u>	<u>—</u>	<u>194,761</u>	<u>664,042</u>	<u>15,648,207</u>
Segment results	<u>1,938,516</u>	<u>53,192</u>	<u>2,174,582</u>	<u>468,949</u>	<u>119,753</u>	<u>1,585,862</u>	<u>(41,997)</u>	<u>(31,227)</u>	<u>(251,558)</u>	<u>6,504</u>	<u>6,022,576</u>
Depreciation	(6,620)	(2,943)	(19,518)	(433)	(210)	(15)	(7,730)	(9)	(112,747)	(2,587)	(152,812)
Amortisation	—	—	—	—	—	—	(9,418)	(27,192)	(7,254)	—	(43,864)
Provision for impairment of accounts receivable	—	—	—	—	—	—	(11,270)	—	—	(10,858)	(22,128)
Fair value gain/(loss) on investment properties	—	—	—	400,896	(4,159)	143,869	—	—	—	—	540,606
Share of profit/(loss) of associates	377	—	(1,603)	—	—	—	—	—	—	—	(1,226)
Share of profit/(loss) of joint ventures	<u>11,776</u>	<u>—</u>	<u>(3,321)</u>	<u>—</u>	<u>—</u>	<u>1,414,932</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,423,387</u>

The segment assets by business lines and by geographical areas as at 31st December 2014 are as follows:

	Property development			Property investment			Hotel operations			Property	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC	management	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at and for the year ended											
31st December 2014	<u>38,037,711</u>	<u>22,519,678</u>	<u>43,763,889</u>	<u>6,238,873</u>	<u>12,995,287</u>	<u>10,873,094</u>	<u>1,125,208</u>	<u>1,524,784</u>	<u>2,534,864</u>	<u>389,389</u>	<u>140,002,777</u>
Segment assets include:											
Investments in associates	2,862	—	155,428	—	—	—	—	—	—	—	158,290
Investments in joint ventures	<u>5,008,246</u>	<u>—</u>	<u>1,198,712</u>	<u>—</u>	<u>—</u>	<u>1,895,218</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,102,176</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>2,441,982</u>	<u>7,106</u>	<u>13,118</u>	<u>146,511</u>	<u>1,032,343</u>	<u>477,685</u>	<u>33,830</u>	<u>263,867</u>	<u>57,112</u>	<u>3,437</u>	<u>4,476,991</u>

The segment assets by business lines and by geographical areas as at 31st December 2013 are as follows:

	Property development			Property investment			Hotel operations			Property management	Group
	SC	EC	NC	SC	EC	NC	SC	EC	NC		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended											
31st December 2013	<u>36,058,629</u>	<u>21,169,892</u>	<u>43,162,649</u>	<u>4,957,644</u>	<u>11,489,545</u>	<u>9,496,942</u>	<u>1,095,238</u>	<u>1,607,240</u>	<u>2,782,721</u>	<u>402,102</u>	<u>132,222,602</u>
Segment assets include:											
Investments in associates	2,690	—	155,567	—	—	—	—	—	—	—	158,257
Investments in joint ventures	<u>2,531,374</u>	<u>—</u>	<u>1,246,648</u>	<u>—</u>	<u>—</u>	<u>1,821,203</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,599,225</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>5,504</u>	<u>1,510</u>	<u>8,920</u>	<u>249,477</u>	<u>1,037,599</u>	<u>4,165,920</u>	<u>42,104</u>	<u>375,485</u>	<u>185,615</u>	<u>2,340</u>	<u>6,074,474</u>

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	2014 HK\$'000	2013 HK\$'000
Reportable segment profit from operations	4,837,507	6,022,576
Unallocated corporate (expenses)/income (including exchange (loss)/gain), net	(87,109)	117,815
Dividend income from available-for-sale financial assets (unlisted securities)	179,528	138,213
Finance income	65,267	31,069
Profit before taxation	<u>4,995,193</u>	<u>6,309,673</u>

Reconciliation of reportable segment assets to total assets is as follows:

	2014 HK\$'000	2013 HK\$'000
Total segment assets	140,002,777	132,222,602
Available-for-sale financial assets	3,342,755	2,665,885
Deferred tax assets	341,466	295,185
Total assets	<u>143,686,998</u>	<u>135,183,672</u>

The Group primarily operates in Mainland China. All revenues for the years ended 31st December 2014 and 2013 are from Mainland China.

As at 31st December 2014 and 2013, all non-current assets are located in Mainland China.

(5) OTHER INCOME/GAINS, NET

	2014	2013
	HK\$'000	HK\$'000
Dividend income from		
— available-for-sale financial assets (unlisted securities)	179,528	138,213
— financial assets at fair value through profit or loss (listed securities)	422	463
Government grants	1,482	9,667
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,462	(1,414)
Net exchange (loss)/gain	(45,572)	136,919
	137,322	283,848

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2014	2013
	HK\$'000	HK\$'000
Advertising and promotion costs	175,892	327,529
Amortisation of land costs	51,299	43,864
Auditor's remuneration	6,055	5,955
Cost of completed properties sold	10,566,578	8,642,108
Depreciation of properties and equipment	159,023	152,812
Direct operating expenses arising from investment properties that		
— generate rental income	75,513	67,717
— did not generate rental income	14,440	30,353
Employees' benefits costs (including Directors' emoluments)	1,030,881	877,040
Loss on disposals of properties and equipment	2,971	366
Operating lease rental in respect of premises	44,499	42,160
Provision for impairment of accounts receivable	17,038	22,128

(7) FINANCE INCOME AND COSTS

	2014 HK\$'000	2013 HK\$'000
Interest expense and other borrowing costs:		
—loans from banks and financial institutions wholly repayable within five years	3,129,453	2,668,479
—loans from banks and financial institutions not wholly repayable within five years	20,058	17,079
—senior notes wholly repayable within five years	525,157	505,868
	<hr/>	<hr/>
Total borrowing costs incurred	3,674,668	3,191,426
Less: Amount capitalised as part of the cost of properties under development	(3,674,668)	(3,191,426)
	<hr/>	<hr/>
Interest income from banks	(65,267)	(31,069)
	<hr/>	<hr/>
Net finance income	(65,267)	(31,069)
	<hr/> <hr/>	<hr/> <hr/>

The weighted average interest rate of borrowing costs capitalised for the year ended 31st December 2014 was approximately 7.9% (2013: 8.7%) per annum.

(8) SHARE OF PROFIT OF JOINT VENTURES

For the year ended 31st December 2014, the amount included the share of fair value gain, net of tax, on the investment properties of a joint venture located in Beijing, amounting to approximately HK\$4 million (2013: HK\$1,387 million).

(9) TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	376	—
Mainland China corporate income tax	672,862	839,065
Mainland China land appreciation tax	1,199,782	1,466,023
Mainland China withholding income tax	105,090	130,499
	<u>1,978,110</u>	<u>2,435,587</u>
Deferred tax		
Mainland China corporate income tax	190,123	56,753
Mainland China land appreciation tax	(102,796)	(17,153)
Mainland China withholding income tax	1,820	—
	<u>89,147</u>	<u>39,600</u>
	<u>2,067,257</u>	<u>2,475,187</u>

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profit for the year ended 31st December 2014. No Hong Kong profits tax was provided for the year ended 31st December 2013.

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the year ended 31st December 2014 (2013: 25%).

Mainland China land appreciation tax 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 costs of land and development and construction expenditures.

Dividend distribution out of the profits of Mainland China subsidiaries and joint ventures earned after 1st January 2008 is subject to withholding income tax at tax rates ranging from 5% to 10%.

(10) EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2014	2013
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>2,947,301</u>	<u>3,852,073</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>2,244,126</u>	<u>1,834,045</u>
Basic earnings per share (<i>HK\$ per share</i>)	<u>1.31</u>	<u>2.10</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there was no dilutive potential ordinary shares for the years ended 31st December 2014 and 2013, diluted earnings per share is equal to basic earnings per share.

(11) DIVIDEND

The Board of Directors did not recommend the payment of any interim and final dividend in respect of the year ended 31st December 2014 (2013: nil).

(12) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable is as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 3 months	139,793	180,470
3 to 6 months	16,848	36,209
6 to 9 months	20,024	57,798
9 to 12 months	22,326	29,081
Over 12 months	186,085	102,621
	<u>385,076</u>	<u>406,179</u>

The carrying value of accounts receivable approximates their fair values. The accounts receivable is related to a number of independent customers, and are denominated in Renminbi.

(13) BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	32,140,081	25,314,409
Senior notes	4,607,387	4,586,251
	<u>36,747,468</u>	<u>29,900,660</u>
Current		
Bank and financial institution borrowings	12,638,362	9,472,831
	<u>49,385,830</u>	<u>39,373,491</u>

Notes:

- (a) In January 2011, the Company issued 11.75% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,340,000,000) for a total consideration of approximately HK\$2,340,000,000. The senior notes mature in five years (January 2016) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.
- (b) In January 2013, the Company issued 9.875% senior notes with an aggregate nominal value of US\$300,000,000 (equivalent to approximately HK\$2,327,000,000) for a total consideration of approximately HK\$2,327,000,000. The senior notes mature in five years (January 2018) and are repayable at their nominal value of US\$300,000,000. The Company is entitled at its option to redeem all or a portion of the senior notes at the redemption prices specified in the offering circular, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

(14) ACCOUNTS PAYABLE

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 3 months	2,659,465	2,392,577
3 to 6 months	888,366	2,112,093
6 to 9 months	1,092,323	367,539
9 to 12 months	556,557	239,375
Over 12 months	3,549,744	2,616,984
	<u>8,746,455</u>	<u>7,728,568</u>

As at 31st December 2014, approximately HK\$707,658,000 (2013: HK\$726,954,000) of accounts payable were due to certain related companies in respect of property construction.

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

(15) RESERVES

For the year ended 31st December 2014

	Share premium HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2014	15,941,244	161,117	1,072,634	6,904,380	28,442,067	52,521,442
Profit for the year	—	—	—	—	2,947,301	2,947,301
Currency translation differences	—	—	—	(291,969)	—	(291,969)
Repurchase of own shares	(10,146)	—	—	—	(495)	(10,641)
Fair value gain on available-for-sale financial assets	—	—	686,941	—	—	686,941
Realised upon disposal of properties held for sale	—	—	(583,301)	—	—	(583,301)
Deferred tax	—	—	106,201	—	—	106,201
	<u>15,931,098</u>	<u>161,117</u>	<u>1,282,475</u>	<u>6,612,411</u>	<u>31,388,873</u>	<u>55,375,974</u>
Balance at 31st December 2014	<u>15,931,098</u>	<u>161,117</u>	<u>1,282,475</u>	<u>6,612,411</u>	<u>31,388,873</u>	<u>55,375,974</u>

For the year ended 31st December 2013

	Share premium HK\$'000	Statutory reserve HK\$'000	Assets revaluation reserve HK\$'000	Currency translation differences HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1st January 2013	10,696,915	161,117	1,153,863	5,375,390	24,626,904	42,014,189
Profit for the year	—	—	—	—	3,852,073	3,852,073
Currency translation differences	—	—	—	1,528,990	—	1,528,990
Repurchase of own shares	(90,678)	—	—	—	(36,910)	(127,588)
Issue of shares	5,335,007	—	—	—	—	5,335,007
Fair value loss on available-for-sale financial assets	—	—	(101,435)	—	—	(101,435)
Realised upon disposal of properties held for sale	—	—	(9,843)	—	—	(9,843)
Deferred tax	—	—	30,049	—	—	30,049
	<u>15,941,244</u>	<u>161,117</u>	<u>1,072,634</u>	<u>6,904,380</u>	<u>28,442,067</u>	<u>52,521,442</u>
Balance at 31st December 2013	<u>15,941,244</u>	<u>161,117</u>	<u>1,072,634</u>	<u>6,904,380</u>	<u>28,442,067</u>	<u>52,521,442</u>

DIVIDEND

The Board of Directors did not recommend the payment of any interim and final dividend in respect of the year ended 31st December 2014 (2013: nil).

FINANCIAL REVIEW

Turnover

(i) *Recognised Sales*

The Group recognised a turnover of HK\$17,045 million in 2014, up 9% comparing to HK\$15,648 million of 2013. The overall GFA delivered by the Group in 2014 was 735,234 square metres (2013: 653,507 square metres), which mainly included Hopson Regal Park (合生濱江帝景), Hopson World Garden (合生世界花園) and Hopson Dreams World (合生世界村) in Beijing, Hopson Regal Riviera (合生珠江帝景) in Guangzhou and Hopson Regal Bay (合生帝景灣) in Huizhou.

The overall average selling price in respect of delivered and completed properties decreased by 4% to RMB16,521 (2013: RMB17,222) per square metre. The decrease in average selling price was mainly due to the decrease in the proportion of the recognised sales of high-end projects such as Hopson No. 8 Royal Park (合生霄雲路8號) and the increase in proportion of projects with a lower selling price such as Hopson World Garden(合生世界花園).

(ii) *Contracted Sales*

In 2014, China's property market entered into in-depth adjustment phase. The market did not experience growth both in quantity and price as before. During the year, the Group recorded a total of RMB5,312 million contracted sales (2013: RMB11,267 million), down 53%. The average contracted selling price decreased 27% to RMB12,636 per square metre (2013: RMB17,205 per square metre).

Sixteen property projects were on sale in Guangdong and the contracted sales were RMB2,872 million in 2014, representing 54% of the total contracted sales of the Group. The major projects in Guangdong were Hopson Regal Riviera (合生珠江帝景), Hopson Belvedere Bay (合生君景灣) and Hopson International New City (合生國際新城).

The combined contracted sales of Beijing and Tianjin were RMB1,630 million, representing 31% of the total contracted sales of the Group in 2014. Ten projects were on sale in Beijing and Tianjin, of which Hopson Dreams World (合生世界村) and Hopson World Garden (合生世界花園) were the major sales contributors.

There were eight property projects on sale in Shanghai, mainly comprising Hopson Times Garden (合生前灘一號), Hopson International Garden (合生國際花園) and Hopson International City (合生國際城). Contracted sales of Shanghai amounted to RMB810 million, representing 15% of the total contracted sales of the Group.

Cost of Sales

Cost of sales included land and construction costs, decoration and design costs, and capitalised interest. Due to the increase in turnover and capitalised interest, the cost of sales was pushed up by 22% to HK\$11,793 million (2013: HK\$9,661 million) resulted in an increase of 7% to 69% of the turnover (2013: 62%).

Gross Profit

Gross profit margin percentage dropped from 38.3% in 2013 to 30.8% in 2014 was mainly attributable to the increase in cost of sales and the increase in the proportion of items with rigid demand.

Other Income/Gains, Net

Other income/gains amounted to HK\$137.3 million in 2014 (2013: HK\$283.8 million) comprising (1) dividend income of HK\$179.9 million from investment in listed and unlisted securities; (2) grants amounting to HK\$1.5 million from government authorities in Mainland China; (3) fair value gain of HK\$1.5 million from listed securities; and (4) net exchange loss of HK\$45.6 million.

Operating Costs

The operating costs relating to expenses for selling, marketing, general and administration decreased 9% to HK\$1,773 million (2013: HK\$1,955 million). The decrease was primarily due to the Group's emphasis on cost control this year and hence the advertisement fees substantially decreased.

Finance Costs

Gross interest expense before capitalisation in 2014 increased to HK\$3,675 million (2013: HK\$3,191 million), up HK\$484 million or 15%, primarily due to the increase in bank and financial institution borrowings. The effective interest rate in respect of the Group's borrowings was approximately 7.5% per annum (2013: 8.3%).

Share of Profit of Joint Ventures

Share of profit of joint ventures represented the Group's share of profit of HK\$91 million from three joint ventures located in Beijing and Guangzhou.

Taxation

The effective tax rate was 41.4% in 2014, up 2.2% compared with the previous year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders was HK\$2,947 million for 2014 (2013: HK\$3,852 million). Basic earnings per share was HK\$1.31 (2013: HK\$2.10). Excluding the effect of the net of tax gain from investment property revaluation of HK\$916 million and the net of tax gain from the investment property revaluation of a joint venture of HK\$4 million, underlying profit was HK\$2,027 million, down slightly by 2% as compared with previous year.

Segment Information

Property development continued to be the Group's core business activity (91%). In 2014, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Northern China (including Beijing, Tianjin, Dalian, Taiyuan and Qinhuangdao) contributed 50% to the total revenue of the Group, followed by 39% from Southern China (including Guangzhou, Huizhou and Zhongshan) and 11% from Eastern China (including Shanghai, Hangzhou and Ningbo).

Financial Position

As at 31st December 2014, total assets of the Group amounted to HK\$143,687 million (2013: HK\$135,183 million) and its total liabilities came to HK\$85,702 million (2013: HK\$80,026 million), representing an increase of 6% and 7% respectively as compared to 31st December 2013. The increase in total assets was mainly attributable to the combined effect of (1) the increase of investment properties; (2) the increase in development cost incurred in the construction and completion of projects; and (3) the increase in investments in the joint ventures. Aligned with this, total liabilities also increased, primarily attributable to (1) the additional borrowings obtained; and (2) increase in accounts payable.

The Group's current ratio as at 31st December 2014 was 2.32 (2013: 2.20). Equity at 31st December 2014 increased 5% to HK\$57,985 million from 31st December 2013, primarily due to the increase in profit attributable to equity holders during the year. The net-asset-value ("NAV") per share as at 31st December 2014 was HK\$25.84.

Liquidity and Financial Position

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations according to its cash flow projections and to maintain sufficient cash to meet its business development requirements.

As at 31st December 2014, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 60% (2013: 59%). The net debt-to-equity ratio (i.e. total debt less cash and bank deposits over shareholders' equity) was 74% (2013: 59%).

As at 31st December 2014, the Group had cash and short-term bank deposits amounting to HK\$6,711 million (2013: HK\$6,579 million), of which approximately HK\$3 million (2013: HK\$5 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 95.35% of the cash and bank deposits were denominated in Renminbi, 1.07% in Hong Kong dollars and 3.58% in United States dollars.

Total borrowings from banks and financial institutions amounted to HK\$44,778 million as at 31st December 2014, representing an increase of 29% or HK\$9,991 million as compared to those as at 31st December 2013. Gearing ratio, measured by net bank and financial institution borrowings and Guaranteed Senior Notes (i.e. total bank and financial institution borrowings and Guaranteed Senior Notes less cash and bank deposits) as a percentage of shareholders' equity, was 74%, representing an increase of 15 percentage points from 59% as at 31st December 2013. The increase was mainly attributable to the increase in the total bank and financial institution borrowings.

All of the bank and financial institution borrowings were either secured or covered by guarantees and were substantially denominated in Renminbi with fixed interest rates whereas the United States Dollar denominated Senior Notes due 2016 and Senior Notes due 2018 were jointly and severally guaranteed by certain subsidiaries with fixed interest rate, representing approximately 85% and 9% respectively of the Group's total borrowings.

All of the other borrowings were unsecured, interest-free and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31st December 2014 was as follows:

	As at 31st December 2014				As at 31st December 2013					
	Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total		Bank and financial institution borrowings	Guaranteed senior notes	Other borrowings	Total	
(HK\$ million)										
1 year	12,638	—	3,207	15,845	(30%)	9,473	—	2,477	11,950	(29%)
1–2 years	11,790	2,313	—	14,103	(27%)	9,840	—	—	9,840	(24%)
2–5 years	12,899	2,294	—	15,193	(29%)	15,068	4,586	—	19,654	(46%)
After 5 years	7,451	—	—	7,451	(14%)	406	—	—	406	(1%)
Total	44,778	4,607	3,207	52,592		34,787	4,586	2,477	41,850	
Less: Cash and bank deposits				(6,711)					(6,579)	
Net borrowings				<u>45,881</u>					<u>35,271</u>	

As at 31st December 2014, the Group had banking facilities of approximately HK\$66,160 million (2013: HK\$70,791 million) for short-term and long-term bank loans, of which HK\$21,382 million (2013: HK\$36,004 million) were unutilised.

Charge on Assets

As at 31st December 2014, certain assets of the Group with an aggregate carrying value of HK\$40,084 million (2013: HK\$32,840 million) and the Group's equity interests in subsidiaries of HK\$439 million (2013: nil) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

Financial Guarantees

As at 31st December 2014, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$10,083 million (2013: HK\$10,077 million).

Commitments

The Group's commitments as at 31st December 2014 were as follows:

	As at 31st December 2014 <i>HK\$ million</i>	As at 31st December 2013 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Acquisition of land and equity interests in certain entities	3,542	3,128
— Property construction costs	2,983	2,580
— Capital contribution to an associate	272	273
— Capital contribution to a joint venture	—	2,439
	6,797	8,420
Authorised but not contracted for		
— Acquisition of land and equity interests in certain entities	31	31
— Property construction costs	2,251	1,429
	2,282	1,460
	9,079	9,880
Property development commitments		
Contracted but not provided for		
— Property construction costs	19,126	21,154
Authorised but not contracted for		
— Property construction costs	35,218	53,097
	54,344	74,251

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	As at 31st December 2014 <i>HK\$ million</i>	As at 31st December 2013 <i>HK\$ million</i>
Amounts payable		
— Within one year	24	28
— Within two to five years	13	15
— After five years	38	38
	75	81

With continuous cash inflow from property sales, the banking facilities available and the cash on hand, the Group is expected to be in an adequate liquidity position to meet these on-going commitments by stages.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

EVENTS AFTER THE BALANCE SHEET DATE

On 15th February 2015, the Group completed the acquisition of 100% equity interest in Guangdong Zhongfu Real Estate Investment Co., Ltd. (“Guangdong Zhongfu”) from Ms. Chu Kam Lai (“Ms. Chu”), a related party, and a third party for a total consideration of approximately RMB53,500,000 (equivalent to approximately HK\$67,945,000). Ms. Chu is a sister of Mr. Chu Mang Yee, the Chairman of the Board of Directors of the Company and an aunt of Ms. Chu Kut Yung, the Deputy Chairman of the Board of Directors of the Company. The major asset of Guangdong Zhongfu is a lot of land for property development in Huizhou City, Guangdong Province, Mainland China, and the transaction will be accounted for as the acquisition of assets in 2015.

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contracts 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.

EMPLOYEES

As at 31st December 2014, the Group, excluding its associates and joint ventures, employed a total of 9,176 (as at 31st December 2013: 9,422) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$1,031 million for the year ended 31st December 2014 (2013: HK\$877 million).

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31st December 2014, except for the code provisions A.4.1 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the independent non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2014 due to other business commitment.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

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

During the year ended 31st December 2014, the Company repurchased a total of 1,450,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
February 2014	<u>1,450,000</u>	<u>7.82</u>	<u>7.09</u>	<u>10,752,280</u>

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$10,641,000 were charged to the reserves.

The repurchases of shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 14th June 2013, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

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

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee comprises all the three independent non-executive Directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2014.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

REMUNERATION COMMITTEE

The Company has established a remuneration committee comprising the three independent non-executive Directors in accordance with the requirements of the CG Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 9th June 2015 to Friday, 12th June 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 12th June 2015, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 8th June 2015.

ANNUAL REPORT

The 2014 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

DIRECTORS

As at the date of this announcement, the Board is composed of six executive Directors, namely Mr. Chu Mang Yee (Chairman), Ms. Chu Kut Yung (Deputy Chairman), Mr. Au Wai Kin, Mr. Liao Ruo Qing, Mr. Xie Bao Xin and Mr. Bao Wenge; and three independent non-executive Directors, namely Mr. Lee Tsung Hei, David, Mr. Wong Shing Kay, Oliver and Mr. Tan Leng Cheng, Aaron.

By order of the Board
Chu Mang Yee
Chairman

Hong Kong, 31st March 2015