粵海置地控股有限公司
Guangdong Land Holdings Limited

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with limited liability)
股份代號 Stock Code: 0124

2014
Annual Report 年報

Contents

Corporate Information

as at 16 March 2015

Board of Directors

Non-Executive Directors
HUANG Xiaofeng *(Chairman)*
HUANG Zhenhai
LUO Fanyu

Executive Directors
YE Xuquan *(Chief Executive Officer)*
ZHAO Chunxiao
LI Wai Keung

Independent Non-Executive Directors
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Audit Committee

Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*
(Committee Chairman)
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*

Remuneration Committee

Felix FONG Wo *BBS, JP* *(Committee Chairman)*
Alan Howard SMITH *JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Nomination Committee

HUANG Xiaofeng *(Committee Chairman)*
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Company Secretary

Vanessa WONG Kin Yan

Auditors

Ernst & Young

Website Address

http://www.gdland.com.hk

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
China Merchants Bank
Shanghai Pudong Development Bank
Bank of China

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office & Principal Place of Business in Hong Kong

18th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: (852) 2165 6262
Facsimile: (852) 2815 2020

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Branch Share Registrar in Hong Kong

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

Share Information

Place of Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	0124
Board Lot:	2,000 shares
Financial year end:	31st December

Highlights

	For the year ended 31 December		
	2014	2013	Change
Net gain on disposal of subsidiaries, in thousand HK$	—	3,935,995	N/A
Profit from discontinued operation, in thousand HK$	—	3,399,876	N/A
Profit for the year attributable to owners of the company, in thousand HK$	**81,773**	3,426,966	-97.6%
Basic earnings per share, in HK cent	**4.78**	200.00	-97.6%

	As at 31 December		
	2014	2013	Change
Current ratio	**16.7 times**	4.0 times	+317.5%
Total assets, in million HK$	**4,618**	5,483	-15.8%
Net asset value per share, in HK$	**2.53**	2.49	+1.6%
Year-end number of employees	**182**	546	-66.7%

Chairman's Statement

Results

Since the completion of the disposal of the entire equity interests in 9 previous subsidiaries that engaged in the production and sale of beer in September 2013, the Group has changed its principal business to property development and investment. The Group holds certain investment properties that generate rental income in Shenzhen, Guangdong Province. In addition, the Group holds a parcel of land in Shenzhen for the Buxin Project which is under preparation for construction and has not generated any revenue for the Group during the year.

The Group's results for the year ended 31 December 2014 was derived from the business of property development and investment, whereas the results for the corresponding period of last year was derived from the sold business of production, distribution and sale of beer.

The net profit from continuing operations was HK$81.77 million in 2014 (2013: HK$27.09 million), representing an increase of 201.8% over the corresponding period of last year. Due to the completion of the disposal of the entire equity interests in 9 previous subsidiaries, the discontinued operation recorded a net profit of HK$3,400 million in 2013, whereas no such profit was recorded during 2014. Under the combined effect of the above two factors, profit for the year attributable to owners of the Company amounted to HK$81.77 million (2013: HK$3,427 million), down by 97.6% from the corresponding period of last year.

In view of the Company's future business development needs, the board of directors did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

Business Review

During the year under review, the Group implemented an employee quarters allocation plan as approved by local government and disposed of the staff quarters to the eligible employees who meet certain prerequisites and criteria in accordance with the required procedures and approved prices stipulated by the relevant department of the local government. The disposal contributed a gain of approximately HK$73.38 million to the Group. The disposal process of certain staff quarters has not been completed as of the end of 2014.

During the year under review, the Group worked very closely with the relevant urban renewal authorities to adjust the urban renewal unit planning proposal in relation to the Buxin Project, with the aim to coordinate with the urban renewal authorities in its reviewing process. The Buxin Project is an industrial commercial and trade complex themed on jewelry industry. With the aim of securing a higher developmental plot ratio and favourable construction specifications (such as the proportion of different types of property as well as the sale and rental allocation ratio, etc.), the Group is currently undergoing discussions with relevant government authorities, and the planning and design for the project was adjusted in response to those discussions. As a result, the approval time has taken longer than expected. At the same time, the Buxin Project will be constructed in two phases to complement its development. The Group has commenced preparatory promotion works such as preliminary market research and visits on potential customers in accordance with the market positioning of the Buxin Project, and has received warm responses for the Buxin Project from the potential customers. Based on the existing information and latest communications with the relevant government authorities, it is estimated that infrastructure works for phase one (which takes up a majority of the area available for development under the project) will commence in the fourth quarter of 2015 and pre-sale and rental processes is expected to kick off in 2017.

During the year under review, the Group has entered into an agreement with an independent third party in relation to the disposal of the legacy beer production machinery and equipment of the Shenzhen Plant 1. It is expected that the disposal of the equipment will complete in the first half of 2015.

Outlook

Against a background of the relatively high speed of growth in the PRC economy and the rising living standards of its people and coupled with urbanisation, the Company believes that there will be an increasing demand for properties which will in turn drive the growth of property development, including the development of commercial real estates.

The disposal of the brewery business by the Group last year has made available a large amount of funds to build a solid foundation for the future property development and investment business of the Group. The Company is confident about the development of property and investment businesses in Mainland China. Apart from the development of the Buxin Project on hand, the Group is also proactively considering and examining other opportunities of property development and investment in the Mainland China, with the aim of diversifying the operating risks and enhancing the investment return. On the date hereof, the Company has conditionally agreed to purchase a property project comprising, inter alia, certain commodity residential properties located in the Panyu District, Guangzhou, the PRC. For further details, please refer to the announcement of the Company dated 16 March 2015.

Last but not least, on behalf of the Board, I would like to thank the efforts made by the management and our staff during the past year. In the year ahead, I am confident that under the leadership of the Board, the Group will continue its efforts to strive to create better returns to its shareholders.

HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2015

Management Discussion and Analysis

The Group's results for the year ended 31 December 2014 was derived from the businesses of property development and investment, whereas the results for the corresponding period of last year was derived from the sold businesses of production, distribution and sale of beer.

In 2014, the Group recorded consolidated revenue of HK$3.42 million derived from the rental income from investment properties (2013: nil). During the year under review, net profit from the continuing operations amounted to HK$81.77 million (2013: HK$27.09 million), representing an increase of 201.8% from the corresponding period last year. Due to the completion of the disposal of the entire equity interests in 9 previous subsidiaries, the Group recorded a net profit from discontinued operation of HK$3,400 million in 2013, whereas no such profit was recorded during the year. Under the combined effect of the above two factors, profit for the year attributable to owners of the Company amounted to HK$81.77 million (2013: HK$3,427 million), down by 97.6% from the corresponding period last year.

Operating Income, Expenses and Finance Costs

Due to the increase in average bank balances, the Group recorded bank interest income of HK$137 million during the year under review (2013: HK$29.35 million), representing an increase of 366.8% as compared to the corresponding period last year. During the year under review, a gain of approximately HK$73.38 million was recorded from the disposal of the staff quarters (2013: nil).

The Group's administrative expenses in 2014 were HK$94.78 million (2013: HK$29.50 million), representing an increase of 221.3%, which was mainly attributable to the exclusion of administrative expenses of PRC subsidiaries from the administrative expenses of the continuing operations in last year and the inclusion of the administrative expenses generated from Shenzhen Plant 1 retained by the Group during the year. Moreover, the Group has entered into an agreement with an independent third party in relation to the disposal of the legacy beer production equipment of the Shenzhen Plant 1 during the year under review. The Group has made a provision for impairment of HK$5.8 million for the aforementioned machinery and equipment as the anticipated proceeds of disposal are expected to be lower than the carrying amount of the beer production equipment.

In respect of the completion of the transactions related to the disposal of the equity interests in 9 previous subsidiaries engaged in the production and sale of beer by the Group in 2013, the consideration of the disposal transaction is subject to adjustment as stipulated in the relevant agreements. During the year under review, the aggregate settlement amount of the consideration of the transactions is mildly downward adjusted by HK$32.58 million that results in the reduction of consideration receivable. Such reduction has been charged to the statement of profit or loss for the year. Also, the Group has made an additional provision of HK$24.55 million in accordance with the relevant compensation mechanism as stated in the master agreement of the transactions. The sum of the above two items amounted to HK$57.13 million, accounting for approximately 0.8% of the aggregated considerations of RMB5.38 billion (equivalent to approximately HK$6.73 billion) from the disposal transactions in last year.

The Group has recorded no finance cost as it did not have any bank loan for the year (2013: HK$595 thousand).

Taxation

During the year, one of a wholly-owned subsidiaries of the Group operating in the PRC has made a provision of land appreciation tax of HK$9.13 million due to the disposal of staff quarters (2013: nil).

Capital Expenditure

The Group's capital expenditure, on a cash basis, for the year was approximately HK$1.05 million (2013: HK$136 million), representing a decrease of 99.2% over that of 2013. In addition, capital expenditure related to the Buxin Project was approximately HK$5.39 million (2013: HK$6.00 million).

Financial Resources and Liquidity

As at 31 December 2014, the Group's net asset value was HK$4.34 billion (2013: HK$4.26 billion), representing an increase of 1.9% over that of 2013. Based on the number of ordinary shares in issue as at 31 December 2014, the net asset value per share of the Group was HK$2.53 (2013: HK$2.49), an increase of 1.6% from that of 2013.

As at 31 December 2014, the Group had cash and bank balances of HK$3,832 million (2013: HK$3,104 million), representing an increase of 23.5% over that of 31 December 2013, which, restricted bank balances amounted to HK$191 thousand (2013: HK$695 million). Of the Group's cash and bank balances as at 31 December 2014, 97.9% was in RMB and 2.1% in USD. Net cash flows used in operating activities for the year were HK$240 million (2013: HK$4.00 million).

As most of the transactions from the Group's daily operations were denominated in Renminbi, there will be low transaction exposure. During the year under review, the Group did not perform currency hedge of the transactions actively. The consolidated financial statements of the Group are presented in Hong Kong dollars, and changes in the exchange rate of HK$ against RMB generated exchange differences upon currency translation in the book, but the said exchange differences arising from the currency translation will pose no effect on the daily operations of the Group. In 2014, the Group recorded net foreign exchange losses of HK$2.91 million (2013: net foreign exchange gains HK$26.20 million).

As at the end of 2014, the Group did not have any outstanding bank loan. Given the Group's existing amount cash and bank balances, the Group will have sufficient financial resources to finance its existing continuing operations in the coming year.

None of the assets of the Group was pledged to any creditors and there was no material contingent liability recorded as at the end of 2014.

Human Resources

The Group had 182 (2013: 546, representing the aggregate number of employees from the head office in Hong Kong and Shenzhen Plant 1) employees as at the end of 2014. The total employee remuneration and provident fund contributions (excluding directors' remuneration) of the continuing operations in 2014 was HK$63.38 million (2013: HK$82.40 million, representing the aggregate relevant expenditures from the head office in Hong Kong and Shenzhen Plant 1). The Group carried out a staff redundancy plan continuously during 2014 and, as a result, the total number of employees of the Group gradually dropped to 182 at the end of 2014. Various basic benefits were provided to the Group's staff with an incentive policy which was designed to remunerate staff by combined references to the Group's operating results as well as the performance of the individual staff member.

Report of the Directors

The directors (the "Directors") of Guangdong Land Holdings Limited (the "Company") herein present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2014.

Principal Activities

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in property development and investment.

There were no significant changes in the nature of the Group's principal activities during the year under review.

Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years, as extracted from the financial statements and reclassified as appropriate, is set out below:

Results

	Year Ended 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**3,422**	—	—	1,758,087	1,631,886
Gross profit	**3,422**	—	—	314,894	355,468
Profit/(loss) for the year attributable to the owners of the company	**81,773**	3,426,966	(168,474)	34,765	36,272
Dividend	**—**	1,711,537	—	17,115	17,115

Assets and Liabilities

	As at 31 December				
	2014	2013	2012	2011	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**4,618,249**	5,483,215	3,449,045	3,709,415	3,574,013
Total liabilities	**(280,464)**	(1,224,631)	(497,269)	(570,965)	(570,275)
Net assets	**4,337,785**	4,258,584	2,951,776	3,138,450	3,003,738

Results and Dividends

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 34 to 94.

No interim dividend was paid during the year under review and the Board of Directors did not recommend the payment of a final dividend for the year ended 31 December 2014.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year under review are set out in note 15 to the financial statements.

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year under review are set out in notes 25 and 26 to the financial statements, respectively.

Reserves

Details of movements in the reserves of the Company and the Group during the year under review are set out in note 27 to the financial statements and in the consolidated statement of changes in equity on page 37, respectively.

Distributable Reserves

As at 31 December 2014, the Company's reserves available for distribution to shareholders as calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK$253,097,000.

In addition, the Company's share premium of HK$1,688,606,000 may be distributed in the form of fully paid bonus shares.

Charitable Contributions

There were no charitable contributions made by the Group during the year under review (2013: Nil).

Retirement Benefit Schemes

Particulars of the Group's retirement benefit schemes are set out in note 2.4 to the financial statements.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2014 are set out in note 19 to the financial statements.

Directors

The Directors of the Company during the financial year and up to the date of this report are:

Non-Executive Directors
HUANG Xiaofeng *(Chairman)*
HUANG Zhenhai
LUO Fanyu

Executive Directors
YE Xuquan *(Chief Executive Officer)*
ZHAO Chunxiao *(appointed on 18 December 2014)*
LI Wai Keung
LIANG Jiang *(resigned with effect from 16 July 2014)*

Independent Non-Executive Directors
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

In accordance with bye-law 86(2) of the Company's Bye-laws (the "Bye-Laws"), Ms. ZHAO Chunxiao who was appointed Director of the Company after the last general meeting of the Company, will hold office until the next general meeting and, being eligible, she offers herself for re-election at the meeting.

In accordance with bye-law 87 of the Bye-Laws, Mr. LI Wai Keung, Mr. HUANG Zhenhai and Mr. Vincent Marshall LEE Kwan Ho will retire by rotation and, being eligible, they all offer themselves for re-election at the forthcoming annual general meeting.

Ms. ZHAO Chunxiao and Mr. LI Wai Keung, Executive Directors, Mr. HUANG Zhenhai, Non-Executive Director, and Mr. Vincent Marshall LEE Kwan Ho, Independent Non-Executive Director, being eligible, have offered themselves for re-election and, if re-elected, they will hold office from the date of re-election, to the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2018, and (ii) 30 June 2018, subject to earlier determination in accordance with the Bye-Laws of the Company and/or applicable laws and regulations.

Directors' and Senior Management's Profile
as at 16 March 2015

Non-Executive Directors

Mr. HUANG Xiaofeng, aged 56, was appointed a Non-Executive Director of the Company in October 2008 and acted as the Chairman of the Company since November 2010. He is also the Chairman of the Nomination Committee of the Company. Mr. Huang graduated from South China Normal University, the PRC and holds a Bachelor's degree in History. He also holds a Master's degree in Public Administration from the Sun Yat-Sen University, the PRC. From 1987 to 1999, Mr. Huang worked for the General Office of the Communist Party of China Guangdong Committee in a number of positions. Between 1999 and 2003, Mr. Huang was the Deputy Director General of the General Office of the Communist Party of China Guangzhou Committee and thereafter the Deputy Secretary General of the Communist Party of China Guangzhou Committee. Between 2003 and 2008, Mr. Huang was the Deputy Director General of the General Office of the Guangdong Provincial Government and then the Deputy Secretary General of the Guangdong Provincial Government. Mr. Huang was appointed a Director and a Deputy General Manager of 廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) ("Guangdong Holdings") in April 2008 and was subsequently appointed an Executive Director and a Deputy General Manager of GDH Limited ("GDH"). He was appointed the Chairman of Guangdong Holdings and GDH in September 2010 and October 2010, respectively. Mr. Huang was the General Manager of both Guangdong Holdings and GDH during the period from February 2009 to May 2012. Mr. Huang was appointed a Non-Executive Director of Guangdong Investment Limited ("GDI") in June 2008 and subsequently appointed the Chairman and re-designated as an Executive Director of GDI in November 2010. Mr. Huang was a Non-Executive Director of Guangnan (Holdings) Limited ("Guangnan") during the period from October 2008 to July 2012. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. Both GDI and Guangnan are fellow subsidiaries of the Company and are listed in Hong Kong.

Mr. HUANG Zhenhai, aged 52, was appointed a Non-Executive Director of the Company in March 2011. Mr. Huang holds a Bachelor of Science degree from Sun Yat-Sen University, the PRC, and a Ph.D from University of Technology, Sydney, Australia. Mr. Huang was the General Manager of Guangdong International Certification Technology Co., Ltd. from 1995 to 2003 and was the Director and General Manager of China Certification & Inspection Group from 2003 to 2007. From 2007 to 2010, he acted as the Vice President of the China Certification & Inspection Group which had merged with China Quality Certification Center. He was the Vice Director of the Quality Certification Sub-committee of the Science and Technology Committee of the State Administration for Entry-Exit Inspection and Quarantine of the PRC from 2001 to 2010 and a committee member of the China National Accreditation Service for Conformity Assessment from 2006 to 2010. Mr. Huang was appointed a Deputy General Manager of Guangdong Holdings in October 2010, and the General Manager and a Director of Guangdong Holdings in April 2012 and May 2012, respectively. Mr. Huang was appointed an Executive Director of GDH in December 2010 and the General Manager of GDH in May 2012. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. Mr. Huang was appointed a Non-Executive Director of GDI in July 2012. GDI is a fellow subsidiary of the Company and a listed company in Hong Kong.

Mr. LUO Fanyu, aged 59, as appointed a Non-Executive Director of the Company in October 2003. Mr. Luo graduated from the economics department of Sun Yat-Sen University, the PRC. He joined Guangdong Enterprises (Holdings) Limited ("GDE") in 1987 and was responsible for its legal affairs. He is currently a Director of GDH, the immediate controlling shareholder of the Company. Mr. Luo was a Non-Executive Director of Guangnan from May 2000 to December 2012. Guangnan is a fellow subsidiary of the Company and is a listed company in Hong Kong. Prior to joining GDE, he was a judge of the People's High Court of Guangdong Province and a deputy chief judge of the Economic Court.

Directors' and Senior Management's Profile (continued)

as at 16 March 2015

Executive Directors

Mr. YE Xuquan, aged 59, was appointed an Executive Director of the Company in January 2002. Mr. Ye acted as the Chairman of the Board of the Company from January 2002 to July 2008 and has been appointed the Chief Executive Officer since July 2008. Mr. Ye graduated from the Department of Chinese Language and Literature and the Institute of Economy Research, South China Normal University and obtained a Master's degree of Economics from South China Normal University. Mr. Ye joined Guangdong Province Dongshen Water Supply Management Bureau (the "Dongshen Water Supply Bureau") in 1978 and has 24 years' experience in the management and operation of water supply business. Mr. Ye was a section chief of the Dongshen Water Supply Bureau in 1984, promoted as Vice Director in 1987, acted as Deputy Director in 1995 and acted as Director from 1997 to 2000. He was the Chairman of Guangnan from November 2000 to January 2002 and a Director of GDI from May 2000 to February 2004, both Guangnan and GDI are fellow subsidiaries of the Company and are listed in Hong Kong. He was also the Chairman of 廣東粵港供水有限公司 (Guangdong Yue Gang Water Supply Company Limited) from August 2000 to July 2003, a Director and the Deputy General Manager of both Guangdong Holdings and GDH. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively.

Ms. ZHAO Chunxiao, aged 45, was appointed an Executive Director of the Company in December 2014. Ms. Zhao graduated from Liaoning Normal University (Faculty of Chinese Studies) and the School of China Journalism and Communication (major in Domestic News) and obtained two Bachelor's degrees. From 1994 to 2002, she worked for the Guangdong Branch of Xinhua News Agency as Director of the Finance Office and also Director of the Featured News Division. Between 2003 and 2008, she held a number of positions in Asia Television Limited including Director of Information Division of News and Public Relations Department and Assistant Vice President. Ms. Zhao joined GDH and Guangdong Holdings in December 2008 and January 2009, respectively. Ms. Zhao acts as a Deputy General Manager and the Chief Administration Officer of Guangdong Holdings and an Executive Director, the Chief Administration Officer and the Company Secretary of GDH. She was appointed a Non-Executive Director of GDI in August 2011. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. GDI is a fellow subsidiary of the Company and a listed company in Hong Kong.

Mr. LI Wai Keung, aged 58, was appointed a Non-Executive Director of the Company in October 2011 and was then re-designated as an Executive Director of the Company in March 2012. Mr. Li graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li had worked for Henderson Land Development Company Limited (a listed company in Hong Kong) for approximately 20 years. Mr. Li is an Executive Director and the Chief Financial Officer of GDH and also the Chief Financial Officer of Guangdong Holdings. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. Mr. Li was appointed a Non-Executive Director of GDI in May 2000. He acted as an Executive Director and the Chief Financial Officer of GDI from July 2006 to April 2008 and was thereafter re-designated as a Non-Executive Director of GDI. GDI is a fellow subsidiary of the Company and a listed company in Hong Kong. He is also a Director of 永順泰麥芽(中國)有限公司 (Supertime Malting Company Limited) ("Supertime"). Supertime is a subsidiary of GDH. Mr. Li is also an Independent Non-Executive Director of Shenzhen Investment Limited, Hans Energy Company Limited and China South City Holdings Limited (the above three companies are listed companies in Hong Kong) and a Director of Shenzhen City Airport (Group) Company Limited. Mr. Li is also an Advisor of the Management Accounting of the Ministry of Finance, the PRC, the Vice Chairman of the Council of the Hong Kong Chinese Orchestra Limited, a Director of the China Overseas Friendship Association, the Vice Chairman and Secretary of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association, and the Executive Vice Chairman of the Council of Hong Kong Business Accountants Association.

Directors' and Senior Management's Profile (continued)

as at 16 March 2015

Independent Non-Executive Directors

Mr. Alan Howard SMITH JP, aged 71, has been an Independent Non-Executive Director of the Company since January 1999. He is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Smith was the Vice Chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was chief executive of the Jardine Fleming group from 1983 to 1994 and was Chairman of the Jardine Fleming group from 1994 to 1996. Mr. Smith has over 27 years of investment banking experience in Asia. He was elected a council member of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on two occasions. He was a member of the Economic Advisory Committee of the Government of HKSAR, and had for 10 years been a member of the Hong Kong Government's Standing Committee on Company Law Reform. He was a trustee of the Hospital Authority Provident Fund Scheme from 2002 to 2014. Mr. Smith graduated with an LLB (Honours) degree from Bristol University, England in 1964, and was admitted a solicitor in England in 1967 and in Hong Kong in 1970. Mr. Smith is an independent non-executive director of Genting Hong Kong Limited and Wheelock and Company Limited, which are listed on the Hong Kong Stock Exchange; he is also an independent non-executive director of Noble Group Limited, which is listed on the Singapore Exchange Securities Trading Limited. Mr. Smith acts as a Director of IP All Seasons Asian Credit Fund (formerly known as Asian Credit Hedge Fund Ltd.), which had been listed on the Irish Stock Exchange but was voluntarily delisted in July 2012. During the last three years, Mr. Smith was also an independent non-executive director of Global Investment House (K.S.C.C.) (which is listed on the Kuwait, Bahrain and London Stock Exchanges as well as the Dubai Financial Market) during the period from September 2007 to September 2012; and an independent non-executive director of VXL Capital Limited (now known as Crown International Corporation Limited) from April 2004 to May 2014 (which is listed on the Hong Kong Stock Exchange).

Mr. Felix FONG Wo BBS, JP, aged 64, was appointed an Independent Non-Executive Director of the Company in January 2007. He is the Chairman of the Remuneration Committee, member of the Audit Committee and the Nomination Committee of the Company. Mr. Fong was the founding partner of Arculli Fong & Ng (now renamed as King & Wood Mallesons) and is a consultant of King & Wood Mallesons. Mr. Fong received his engineering degree in Canada in 1974 and his juris doctor from Osgoode Hall Law School in Toronto in 1978. He has practised law for over 34 years, 8 of which in Toronto. Mr. Fong is a member of the law societies of Hong Kong, Upper Canada and England, and one of the China-appointed Attesting Officers in Hong Kong appointed by the Ministry of Justice of China. Mr. Fong undertook a number of community and social roles, such as the former Chairman of the Chinese Canadian Association of Hong Kong, the former Chairman of the Liquor Licensing Board. Mr. Fong is a member of Guangdong Provincial Committee of Chinese People's Political Consultative Conference (9th and 10th Sessions), a Director of China Overseas Friendship Association, the Chairman of the Advisory Council on Food and Environmental Hygiene and a Director of Hong Kong Basic Law Institute Limited. Mr. Fong is a Justice of Peace and was awarded a Bronze Bauhinia Star by the Government of Hong Kong in recognition of his public service. He was also appointed a member of the Hong Kong Communications Authority in July 2013. In the area of education, Mr. Fong is a founding member and the first director of the Canadian International School of Hong Kong, and an advisor to the Faculty of Business of University of Victoria in Canada. Mr. Fong is the honorary legal counsels of a number of nonprofit organizations in Hong Kong such as Hong Kong Institute of Professional Photographers Ltd. and The Chinese Manufacturers' Association of Hong Kong. Mr. Fong is an Independent Non-Executive Director of a number of listed companies, namely China Oilfield Services Limited (whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange), Greenland Hong Kong Holdings Limited (formerly known as SPG Land (Holdings) Limited), Evergreen International Holdings Limited, China Investment Development Limited and Sheen Tai Holdings Group Company Limited, the shares of the above 4 companies are listed on the Hong Kong Stock Exchange.

Directors' and Senior Management's Profile (continued)

as at 16 March 2015

Independent Non-Executive Directors (continued)

Mr. Vincent Marshall LEE Kwan Ho Officer of the Order of the Crown (Belgium), aged 59, was appointed an Independent Non-Executive Director of the Company in March 2009. He is the Chairman of the Audit Committee and member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Lee is the Chairman of Tung Tai Group of Companies. He has been serving as Independent Non-Executive Director of Hong Kong Exchanges and Clearing Limited since 2000 and was appointed a Non-Executive Director of LT Commercial Real Estate Limited (formerly known as LT Holdings Limited) in March 2013. The shares of the above 2 companies are listed on the Hong Kong Stock Exchange. Mr. Lee has over 30 years of experience in the securities and futures industry and has extensive experience in banking, corporate finance and investment. He worked for Coopers and Lybrand, Los Angeles & Boston from 1978 to 1981; HSBC group, Hong Kong & Vancouver from 1981 to 1990. He undertook a number of public service and community activities. In January 2013, he was also appointed a Non-official Member of Financial Services Development Council. Mr. Lee is at present the Chairman of the Sir Murray MacLehose Trust Fund Investment Advisory Committee and Vice-Chairman of Standing Committee of the Hong Kong Association for the Promotion of Peaceful Reunification of China. He has been a member of Investment Advisory Board of Correctional Services Children's Education Trust since 2006. He was also a part-time member of Central Policy Unit of the Government of the HKSAR from 2007 to 2008, a member of Academic and Accreditation Advisory Committee of Securities and Futures Commission from 2002 to 2006 and a member of Securities and Futures Appeals Tribunal from 2003 to 2009. He has been a founding member of Canadian International School of Hong Kong Limited since 1990 and acted as its Chairman from 2006 to 2008 and Chairman of the Institute of Securities Dealers Limited from 2005 to February 2009. He graduated Magna Cum Laude in Accounting and International Finance from the University of Southern California, USA and received a Master of Economics from the London School of Economics and Political Science at the University of London, UK. He is a Certified Public Accountant in State of California, USA and a fellow member of Hong Kong Institute of Certified Public Accountants.

Senior Management

The senior management of the Group comprises the three Executive Directors above, namely, Mr. YE Xuquan, Ms. ZHAO Chunxiao and Mr. LI Wai Keung, and the Chief Financial Officer of the Company, Mr. ZHOU Tao.

Mr. ZHOU Tao, aged 44, graduated from the faculty of accountancy of Zhongnan University of Economics and Law, and holds a Master's degree in Management. He is an Accountant, Auditor and Economist, and a member of The Chinese Institute of Certified Public Accountants. Mr. Zhou worked in the Personnel and Appraisal Department and Finance Department of GDH (the immediate controlling shareholder of the Company) from 2001 to 2005. He was a director and the chief financial officer of Guangdong (Int'l) Hotel Management Holdings Limited (which is a subsidiary of GDI) from March 2005 to February 2008, a director and the chief financial officer of the production bases of Guangdong Tannery Limited ("GDT") in Xuzhou and also a deputy chief financial officer of GDT from March 2008 to March 2010. Mr. Zhou joined the Company in April 2010 and was appointed the Chief Financial Officer of the Company in September 2010. GDI and GDT are fellow subsidiaries of the Company and are listed in Hong Kong. He possesses extensive experience in financial management, internal audit as well as management.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within 1 year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

No contract of significance, to which the Company or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party and in which a Director of the Company had material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

Directors' Interests in Competing Business

During the year ended 31 December 2014, so far as is known to the Board, the interests of Directors or their respective associates in the businesses which may compete or were likely to compete, either directly or indirectly, with the businesses of the Group, namely, property development and investment (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Name of Director	**Name of entity** *(Note)*	**Nature of interest** *(Note)*
HUANG Xiaofeng	廣東粵海控股集團有限公司* (Guangdong Holdings Limited)	chairman and director
	GDH Limited	chairman and director
	Guangdong Investment Limited	chairman and executive director
HUANG Zhenhai	廣東粵海控股集團有限公司* (Guangdong Holdings Limited)	director and general manager
	GDH Limited	executive director and general manager
	Guangdong Investment Limited	non-executive director
ZHAO Chunxiao	GDH Limited	executive director
	Guangdong Investment Limited	non-executive director
LI Wai Keung	GDH Limited	executive director
	Guangdong Investment Limited	non-executive director
LUO Fanyu	GDH Limited	director

Note: The aforementioned entities are engaged in, among others, property development or investment. The interests of each of the aforementioned Directors in the businesses of the aforementioned entities may also arise through their respective directorships in its holding companies, subsidiaries, associated companies or other form of investment vehicles of such entities.

* 廣東粵海控股集團有限公司 formerly known as 廣東粵海控股有限公司.

Save as disclosed above, as at 31 December 2014, none of the Directors had any interest in the Competing Business.

Directors' Interests and Short Positions in Securities

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

I. Shares

(i) The Company

Name of Director	Capacity/ nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held (Note 3)
HUANG Xiaofeng	Family (Note 1)	3,880,000	Long position	0.227%
ZHAO Chunxiao (Note 2)	Personal	1,062,000	Long position	0.062%
LUO Fanyu	Personal	86,444	Long position	0.005%
Alan Howard SMITH	Personal	317,273	Long position	0.019%

Notes:

1. The interest in the shares is held jointly by Mr. HUANG Xiaofeng and his spouse.

2. Ms. ZHAO Chunxiao was appointed an Executive Director of the Company on 18 December 2014.

3. The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 31 December 2014.

(ii) Guangdong Investment Limited

Name of Director	Capacity/ nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
HUANG Xiaofeng	Personal	780,000	Long position	0.012%

Note: The approximate percentage of interests held was calculated on the basis of 6,240,282,571 ordinary shares of Guangdong Investment Limited in issue as at 31 December 2014.

(iii) Guangdong Tannery Limited

Name of Director	Capacity/ nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
LUO Fanyu	Personal	70,000	Long position	0.013%

Note: The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of Guangdong Tannery Limited in issue as at 31 December 2014.

Directors' Interests and Short Positions in Securities (continued)

II. Share Options

Guangdong Investment Limited

Name of Director	Date of grant of share options (dd.mm.yyyy)	Number of share options: At date of grant	At 1 January 2014	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2014	Total consideration paid for share options granted HK$	Exercise price of share options* HK$ (per share)	Price of ordinary share at date immediately before date of grant** HK$ (per share)	Price of ordinary share at date immediately before the exercise date** HK$ (per share)	Long/ Short position
HUANG Xiaofeng	24.10.2008	5,700,000	5,700,000	–	(900,000)	(4,800,000)	0	–	1.88	1.73	7.36	Long position
	22.01.2013	2,693,000	2,693,000	–	–	–	2,693,000	–	6.20	6.30	–	Long position
HUANG Zhenhai	22.01.2013	2,315,000	2,315,000	–	–	–	2,315,000	–	6.20	6.30	–	Long position
ZHAO Chunxiao$^{\Delta}$	22.01.2013	2,268,000	2,268,000	–	–	–	2,268,000	–	6.20	6.30	–	Long position
LI Wai Keung	24.10.2008	3,350,000	1,015,000	–	–	(1,015,000)	0	–	1.88	1.73	–	Long position
	22.01.2013	2,243,000	2,243,000	–	–	–	2,243,000	–	6.20	6.30	–	Long position

$^{\Delta}$ Ms. ZHAO Chunxiao was appointed an Executive Director of the Company on 18 December 2014.

Notes to the above share options granted pursuant to the share option scheme adopted by Guangdong Investment Limited on 24 October 2008:

(a) The option period of all the share options is five years and six months from the date of grant.
(b) Any share option is only exercisable during the option period after it has become vested.
(c) The normal vesting scale of the share options is as follows:

Date	**Percentage Vesting**
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

(d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of Guangdong Investment Limited upon grant and stated in the offer of grant.

Directors' Interests and Short Positions in Securities (continued)

II. Share Options (continued)

Guangdong Investment Limited (continued)

(e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	Percentage Vesting
Before the date which is four months after the date of grant	0%
On or after the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80% The remaining 20% also vests upon passing the overall performance appraisal for those four years

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangdong Investment Limited.

** The price of the ordinary shares of Guangdong Investment Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the options were granted.

The price of the ordinary shares of Guangdong Investment Limited disclosed as "at date immediately before exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the directors or all other participants as an aggregate whole.

Save as disclosed above, as at 31 December 2014, to the knowledge of the Company, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Save as disclosed above and in note 26 to the financial statements, at no time during the year under review was the Company or its holding companies, or any of its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests

As at 31 December 2014, so far as is known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of securities held	Type of securities	Long/Short position	Approximate percentage of the Company's issued capital
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) (Note 1)	1,263,494,221	Shares	Long position	73.82%
GDH Limited ("GDH") (Note 1)	1,263,494,221	Shares	Long position	73.82%
Genesis Fund Managers, LLP (Note 2)	133,640,219	Shares	Long position	7.83%

Notes: (1) The attributable interest which 廣東粵海控股集團有限公司 (formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited) has in the Company is held through its wholly-owned subsidiary, namely GDH.

(2) The shares held by Genesis Fund Managers, LLP were held in the capacity of investment manager.

Save as disclosed above, as at 31 December 2014, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Connected and Related Party Transactions

Details of the connected and related party transactions disclosed in compliance with the disclosure requirements in accordance with Chapter 14A of the Listing Rules are set out in note 32 to the financial statements.

Purchase, Sale and Redemption of Listed Securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the year.

Significant Contracts with Controlling Shareholder or its Subsidiaries

Save as disclosed in note 32 to the financial statements, the Company and the controlling shareholders of the Company or its subsidiaries had not entered into any other contracts of significance during the year under review.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws and there are no restrictions against such rights under the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

Public Float

As at the date of this Report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for 100% of the Group's total sales for the year and sales to the Group's largest customer accounted for approximately 58.5% of the Group's total sales for the year under review.

Purchases from the Group's five largest suppliers accounted for approximately 45.1% of the Group's total purchases for the year and purchases from the Group's largest supplier included therein accounted for approximately 24.6% of the Group's total purchases for the year under review.

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

Auditors

The consolidated financial statements now presented have been audited by Ernst & Young, Certified Public Accountants, who will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of Ernst & Young as auditors of the Company.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2015

Corporate Governance Code

The Group recognizes the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the Code Provisions of the Corporate Governance Code (the "CG Code"), contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors of the Company, the Company was in compliance with the applicable code provisions in the CG Code for the year ended 31 December 2014 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for Code Provision A.6.7 as one Executive Director was unable to attend the annual general meeting of the Company held on 20 June 2014 as he had other engagement.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code during the year.

Board of Directors

The board of Directors (the "Board") is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management is delegated with the authority and responsibility by the Board for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

As of the date of this Report, the Board comprises three Non-Executive Directors, being Mr. HUANG Xiaofeng, Mr. HUANG Zhenhai and Mr. LUO Fanyu, three Executive Directors, being Mr. YE Xuquan, Ms. ZHAO Chunxiao and Mr. LI Wai Keung and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.

During the year under review, changes to the composition of the Board are as follows:

- Mr. LIANG Jiang resigned as an Executive Director of the Company with effect from 16 July 2014.
- Ms. ZHAO Chunxiao was appointed an Executive Director of the Company on 18 December 2014.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's annual and interim results. During the year under review, four Board meetings were held and attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this Report.

Board of Directors (continued)

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. At least fourteen days' notice of a Board meeting is given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The Bye-Laws also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates has a material interest. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

Corporate Governance Functions

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board performing corporate governance functions under CG Code include:

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

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

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

4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company; and

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

During the year under review, the Board considered the following corporate governance issues:

(i) reviewed the training and continuous professional development of Directors and senior management of the Company;

(ii) monitored the Policy for the employees to raise concerns about possible improprieties;

(iii) reviewed the effectiveness of the internal controls and risk management systems of the Company through the Audit Committee; and

(iv) reviewed the Company's compliance with the CG code and the related disclosure.

Chairman and Chief Executive Officer

The Chairman of the Board is Mr. HUANG Xiaofeng and the Chief Executive Officer is Mr. YE Xuquan. Their roles are clearly defined and segregated to ensure independence and proper checks and balances. Mr. Huang as the Chairman of the Board, with his strategic vision and with a non-executive perspective, provides leadership to the Board and gives direction in the development of the Company, which is of added benefit to the check and balance mechanism of the Company. Mr. Ye as the Chief Executive Officer focuses on the day-to-day management of the Group's business, and leads the management team of the Group.

Non-Executive Directors

All Directors, including Non-Executive Directors, appointed to fill a causal vacancy or as an addition to the existing Board, shall hold office only until the first general meeting after their appointment and shall then be eligible for re-election.

Moreover, each Non-Executive Director (including Independent Non-Executive Directors) of the Company is appointed for a term of not more than approximately three years expiring on the earlier of either (i) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director, or (ii) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the Bye-laws of the Company and/or applicable laws and regulations.

During the year under review, the Non-Executive Directors (including Independent Non-Executive Directors) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee meetings.

Independence of Independent Non-Executive Directors

During the year under review and up to the date of this Report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from the three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho in accordance with Rule 3.13 of the Listing Rules. The Board as well as the Nomination Committee have reviewed the independence of the Independent Non-Executive Directors and have concluded that all of them are independent within the definition of the Listing Rules. Further, up to the date of this Report, the Board is not aware of the occurrence of any events, which would cause it to believe that their independence of any of the Independent Non-Executive Directors has been impaired.

Relationship amongst Directors

The Board members do not have any financial, business, family or other material/relevant relationships with each other. Such balanced board composition also ensures that strong independence exists across the Board. The biographies of the Directors as at the date of this Report as set out in pages 11 to 14 to the annual report, demonstrate a diversity of skills, expertise, experience and qualifications.

Directors' Continuous Professional Development

The Directors are briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong Ordinances and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. The Company has organized a training seminar relating to comprehensive budget management in October 2014 and provided the Directors with reading materials in order to keep them updated of the changes in rules and regulations.

According to the records kept by the Company, the current Directors attended the following trainings during the year under review:

Name of Director	Attending Directors' training organized by the Company and/or other professional organizations	Reading Materials
Non-Executive Directors		
HUANG Xiaofeng	✓	✓
HUANG Zhenhai	✓	✓
LUO Fanyu	✓	✓
Executive Directors		
YE Xuquan	✓	✓
ZHAO Chunxiao *(appointed on 18 December 2014)*	✓	✓
LI Wai Keung	✓	✓
Independent Non-Executive Directors		
Alan Howard SMITH	✓	✓
Felix FONG Wo	✓	✓
Vincent Marshall LEE Kwan Ho	✓	✓

Board Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 27 August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, length of service, professional experience, skills and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

Board Diversity Policy (continued)

The Nomination Committee has set the measurable objectives based on several focused areas: age, cultural and educational background, length of service, professional experience, skills and knowledge for the implementation of Board diversity of the Company.

As at the date of this Report, the Board comprises 9 Directors, amongst them, 3 are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterized by significant diversity, whether considered in terms of professional experience, skills and knowledge.

Having reviewed the Board Diversity Policy and the Board's composition, the Nomination Committee considered that the requirements of the Board Diversity Policy had been met.

Board Committees

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Terms of Reference of those committees detailing their respective authorities and responsibilities are available on the Company's website.

Remuneration Committee

The Company established the Remuneration Committee in June 2005. The Remuneration Committee has been delegated responsibility from the Board to determine the remuneration packages of individual executive directors and senior management. Details of the authority and duties of the Remuneration Committee are available on the Company's website.

The Remuneration Committee comprises three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Alan Howard SMITH and Mr. Vincent Marshall LEE Kwan Ho. Mr. Felix FONG Wo is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. One Remuneration Committee meeting was held in 2014 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this Report.

In addition to the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during the year under review. In 2014, the Remuneration Committee performed the works as summarized below:

(i) reviewed and recommended the remuneration package of the Independent Non-Executive Directors of the Company; and

(ii) reviewed and approved the remuneration package and performance bonus for the Directors and management of the Company.

Details of the amount of Directors' emoluments for the year 2014 are set out in note 8 to the financial statements.

Nomination Committee

The Company established the Nomination Committee in March 2012. The Nomination Committee is responsible for, amongst other things, reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of its Independent Non-Executive Directors in accordance with the criteria prescribed under the Listing Rules and the CG Code, considering the re-appointment of the Directors and succession planning for Directors, reviewing the Board Diversity Policy and implementing the relevant measurable objectives and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and duties of the Nomination Committee are available on the Company's website.

The Nomination Committee comprises the Chairman of the Board and Non-Executive Director, Mr. HUANG Xiaofeng, and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho. Mr. HUANG Xiaofeng is the chairman of the Nomination Committee.

The Nomination Committee shall meet at least once a year in accordance with its terms of reference. Two Nomination Committee meetings were held in 2014 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this Report.

In 2014, the Nomination Committee performed the works as summarized below:

(i) assessed the independence of the Independent Non-Executive Directors;

(ii) considered the re-appointment of the retiring directors of the Company;

(iii) reviewed the Board Diversity Policy and the structure, size and composition of the Board; and

(iv) considered the appointment of the Executive Director of the Company and recommended the same for the Board's approval.

Audit Committee

The Audit Committee of the Company was established in September 1998. The Audit Committee oversees matters concerning the external auditors including making recommendations to the Board regarding the appointment of the external auditors, reviewing the scope of their audit and work and approving their fees. The Audit Committee further ensures that the management has put in place an effective system of internal control and maintains an overview of the Group's risk management system and financial controls. It reviews the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget. In addition, it reviews the internal audit schedules of the Group, considers the Group's internal audit reports and monitors the effectiveness of the internal audit function. Details of the authority and duties of the Audit Committee are available on the Company's website.

The Audit Committee comprises three Independent Non-Executive Directors, being Mr. Vincent Marshall LEE Kwan Ho, Mr. Alan Howard SMITH and Mr. Felix FONG Wo. Mr. Vincent Marshall LEE Kwan Ho is the chairman of the Audit Committee.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members with non-executive director only and must be chaired by an independent non-executive director) is an independent non-executive director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee shall meet at least twice a year in accordance with its terms of reference. Two Audit Committee meetings were held in 2014 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this Report.

Audit Committee (continued)

In addition to its two meetings as aforesaid, the Audit Committee also had two private meetings with the external auditors without the presence of the management to discuss any area of concern. In 2014, the Audit Committee performed the works as summarized below:

(i) reviewed and recommended 2013 final results, auditors' findings and draft final results announcement for the Board's approval;

(ii) reviewed and considered various accounting issues and new accounting standards and their financial impacts;

(iii) considered the audit fee for the year 2014;

(iv) reviewed and recommended 2014 interim results, auditors' findings and draft interim results announcement for the Board's approval; and

(v) reviewed and recommended the internal audit report for the Board's approval.

Auditors' Remuneration

During the year under review, the remuneration paid/payable to the Company's auditors, Ernst & Young, is set out as follows:

Services rendered	**Fee paid/payable** *HK$'000*
Audit of Final Results	1,730
Review of Interim Results	480
Taxation compliance and consultancy services	18
Agreed-upon procedures in respect of continuing connected transactions	9
	2,237

Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit Committee and general meeting of the Company during the year ended 31 December 2014 are set out below:

Name of Director	Board Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Annual General Meeting
Non-Executive Directors					
HUANG Xiaofeng	3/4	2/2	N/A	N/A	1/1
HUANG Zhenhai	4/4	N/A	N/A	N/A	1/1
LUO Fanyu	4/4	N/A	N/A	N/A	1/1
Executive Directors					
YE Xuquan	4/4	N/A	N/A	N/A	1/1
ZHAO Chunxiao *(appointed on 18 December 2014)*	1/1	N/A	N/A	N/A	N/A
LI Wai Keung	4/4	N/A	N/A	N/A	1/1
LIANG Jiang *(resigned with effect from 16 July 2014)*	1/1	N/A	N/A	N/A	0/1
Independent Non-Executive Directors					
Alan Howard SMITH	3/4	1/2	1/1	2/2	1/1
Felix FONG Wo	4/4	2/2	1/1	2/2	1/1
Vincent Marshall LEE Kwan Ho	4/4	2/2	1/1	2/2	1/1

Accountability and Audit

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2014, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2014, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules.

The Directors have acknowledged their responsibility for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2014.

Internal Control

The Board is responsible for the Group's system of internal controls and its effectiveness. Such a system is designed to prudently manage the Group's risks within an acceptable risk profile. The Board has delegated to management the implementation of such systems of internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The management under the supervision of the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of internal controls when there are changes to business environment or regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risk faced and designing, operating and monitoring suitable internal controls to mitigate and control these risks. The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls include the following:

A defined management structure is maintained with specified limits of authority and control responsibilities, which is designed to (a) safeguard assets from inappropriate use; (b) maintain proper accounts; (c) ensure compliance with regulations; and (d) identify, manage and mitigate key risks to the Group.

In addition to the duties of the Audit Committee as mentioned above, the Audit Committee, inter alia, reviews the financial controls, internal control and risk management systems of the Group and any significant internal control issues identified by the internal audit department, external auditors and management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of the internal audits and independence of the internal audit department. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budgets.

The internal audit department monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. It plays an important role in the Group's internal control framework, and provides objective assurance to the Board that a sound internal control system is maintained and operated in compliance with the established processes and standards by performing periodic checking. The internal audit department issues reports to the Board and relevant management covering various operational and financial processes of the Group and provides summary reports to the Audit Committee together with the status of implementation of their recommendation in each Audit Committee meeting.

The Board is satisfied that the internal control system in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of the annual report and accounts is reasonably effective and adequate.

Company Secretary

Ms. Vanessa WONG Kin Yan has been the Company Secretary of the Company since September 2006. She is a full time employee of the Company and has day-to-day knowledge of the Company. Ms. Wong reports to the Chairman and the Chief Executive Officer of the Company and is responsible for advising the Board on corporate governance matters. For the year under review, Ms. Wong undertook over 15 hours of relevant professional training to update her skills and knowledge.

Shareholders' Rights

The following procedures are subject to the Bye-laws of the Company, the Companies Act 1981 of Bermuda and applicable legislation and regulation.

Procedures for shareholders to convene a special general meeting

Registered 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 sent to the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such special general meeting shall be held within two months after the deposit of such requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at 18th Floor, Guangdong Investment Tower, 148 Connaught Road, Central, Hong Kong marked for the attention of the Board or the Company Secretary.

The written requisition must state the purpose of the general meeting, signed by the registered shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders. The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory and regulatory requirements to all the registered shareholders. On the contrary, if the written requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

If within twenty one days from the date of deposit of the requisition the Board fails to proceed to convene a special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholders to put forward proposals at general meetings

The Company holds an annual general meeting every year, and may hold a general meeting known as a special general meeting whenever necessary.

Registered shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the next annual general meeting; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statements must be signed by the shareholder(s) concern and deposited at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Company Secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at 18th Floor, Guangdong Investment Tower, 148 Connaught Road, Central, Hong Kong marked for the attention of the Board or the Company Secretary.

Shareholders' Rights (continued)

Procedures for shareholders to put forward proposals at general meetings (continued)

If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the annual general meeting; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting; or the statement will not be circulated for the general meeting.

Shareholders' enquiries

Shareholders should direct their enquires about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or call its hotline at (852) 2980 1333, or go in person to its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Shareholders may also send written enquiries to the Company, for the attention of the Chief Financial Officer/Company Secretary by mail to 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong or by fax to (852) 2815 2020.

In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and to strengthen the communications with both the public and the shareholders. The Company has formulated the "Shareholders Communication Policy" which enables shareholders to exercise their rights in an informed manner.

Investor Relations

During the year under review, there are no changes in the Company's Memorandum and Bye-laws. An up-to-date consolidated version of the Company's Memorandum and Bye-laws is available on the Company's website.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2015

安永

To the shareholders of Guangdong Land Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Guangdong Land Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 94 which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of profit or loss, 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 issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

Opinion

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

Ernst & Young
Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

16 March 2015

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	**3,422**	—
Other income and gains	5	**251,294**	71,293
Administrative expenses		**(94,779)**	(29,498)
Other operating expenses		**(69,039)**	(14,110)
Finance costs	6	**—**	(595)
PROFIT BEFORE TAX	7	**90,898**	27,090
Income tax expense	10	**(9,125)**	—
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**81,773**	27,090
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	12	**—**	3,399,876
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	11	**81,773**	3,426,966
EARNINGS PER SHARE	14		
Basic			
— For profit for the year		**HK4.78 cents**	HK$2.00
— For profit from continuing operations		**HK4.78 cents**	HK1.58 cents
Diluted			
— For profit for the year		**N/A**	N/A
— For profit from continuing operations		**N/A**	N/A

Details of the dividends for the year are disclosed in note 13 to the financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**81,773**	3,426,966
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(2,572)**	68,761
Release of exchange reserve upon disposal of subsidiaries	**—**	(477,382)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(2,572)**	(408,621)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**79,201**	3,018,345

Consolidated Balance Sheet

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**7,446**	7,205
Investment properties	16	**29,559**	29,673
Other receivables	21	**—**	608,830
Total non-current assets		**37,005**	645,708
CURRENT ASSETS			
Properties under development	20	**25,152**	19,812
Prepayments, deposits and other receivables	21	**695,726**	1,539,073
Restricted bank balances	22	**191**	695,191
Cash and cash equivalents	22	**3,831,580**	2,409,213
		4,552,649	4,663,289
Assets of discontinued operation classified as held for sale	12	**28,595**	174,218
Total current assets		**4,581,244**	4,837,507
CURRENT LIABILITIES			
Tax payable		**(9,160)**	—
Other payables, accruals and provision	23	**(265,444)**	(1,218,771)
Total current liabilities		**(274,604)**	(1,218,771)
NET CURRENT ASSETS		**4,306,640**	3,618,736
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,343,645**	4,264,444
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	**(5,860)**	(5,860)
Net assets		**4,337,785**	4,258,584
EQUITY			
Issued capital	25	**171,154**	171,154
Reserves	27(a)	**4,166,631**	4,087,430
Total equity		**4,337,785**	4,258,584

YE Xuquan
Director

LI Wai Keung
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Issued capital HK$'000 (note 25)	Share premium account* HK$'000 (note 27(a))	Capital reserve* HK$'000 (note 27(a))	Property revaluation reserve* HK$'000	Enterprise development funds* HK$'000 (note 27(a))	Reserve funds* HK$'000 (note 27(a))	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Total equity HK$'000
At 1 January 2013	171,154	1,688,606	13,824	13,312	216	78,866	645,744	340,054	2,951,776
Profit for the year	—	—	—	—	—	—	—	3,426,966	3,426,966
Other comprehensive income/(loss) for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	—	—	68,761	—	68,761
Release of exchange reserve upon disposal of subsidiaries	—	—	—	—	—	—	(477,382)	—	(477,382)
Total comprehensive income for the year	—	—	—	—	—	—	(408,621)	3,426,966	3,018,345
Disposal of subsidiaries	—	—	—	(6,328)	—	(30,568)	—	36,896	—
Special dividend paid	—	—	—	—	—	—	—	(1,711,537)	(1,711,537)
At 31 December 2013	171,154	1,688,606*	13,824*	6,984*	216*	48,298*	237,123*	2,092,379*	4,258,584

	Issued capital HK$'000 (note 25)	**Share premium account* HK$'000 (note 27(a))**	**Capital reserve* HK$'000 (note 27(a))**	**Property revaluation reserve* HK$'000**	**Enterprise development funds* HK$'000 (note 27(a))**	**Reserve funds* HK$'000 (note 27(a))**	**Exchange fluctuation reserve* HK$'000**	**Retained profits* HK$'000**	**Total equity HK$'000**
At 1 January 2014	**171,154**	**1,688,606**	**13,824**	**6,984**	**216**	**48,298**	**237,123**	**2,092,379**	**4,258,584**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**81,773**	**81,773**
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**—**	**—**	**(2,572)**	**—**	**(2,572)**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(2,572)**	**81,773**	**79,201**
At 31 December 2014	**171,154**	**1,688,606***	**13,824***	**6,984***	**216***	**48,298***	**234,551***	**2,174,152***	**4,337,785**

* These reserve accounts comprise the consolidated reserves of HK$4,166,631,000 (2013: HK$4,087,430,000) in the consolidated balance sheet.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		**90,898**	27,090
From a discontinued operation	12	**—**	3,413,745
Adjustments for:			
Finance costs		**—**	3,627
Interest income		**(174,862)**	(41,465)
Gain on disposal of property, plant and equipment under assets held for sale	5	**(73,384)**	—
Impairment of property, plant and equipment under assets held for sale	7	**5,800**	—
Adjustments on other receivables	7	**32,583**	—
Fair value gains on investment properties	5	**—**	(1,389)
Impairment loss on the remeasurement to fair value on the discontinuing operation	12	**—**	169,253
Net gain on disposal of subsidiaries	12	**—**	(3,935,995)
Depreciation		**770**	118,643
Recognition of prepaid land lease payments		**—**	4,992
Amortisation of reusable packaging materials		**—**	3,916
Gain on disposal of items of property, plant and equipment		**—**	(3)
Gain on disposal of land lease		**—**	(4,432)
Impairment of trade receivables		**—**	633
		(118,195)	(241,385)
Decrease in inventories		**—**	32,089
Increase in properties under development		**(5,387)**	(5,758)
Increase in trade and bills receivables		**—**	(4,813)
Increase in prepayments, deposits and other receivables	28	**(3,272)**	(4,952)
Increase in trade payables		**—**	91,662
Increase/(decrease) in other payables and accruals	28	**(224,616)**	157,955
Decrease in deferred revenue		**—**	(15,083)
Movement in VAT receivable/payable		**—**	(934)
Decrease in an amount due to the immediate holding company		**—**	(116)
Decrease in amounts due to fellow subsidiaries		**—**	(34,281)
Cash used in operations		**(351,470)**	(25,616)
Interest received		**111,757**	30,433
Interest paid		**—**	(3,627)
PRC tax paid		**—**	(5,136)
Net cash flows used in operating activities		**(239,713)**	(3,946)

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment under assets held for sale		**209,531**	—
Purchases of items of property, plant and equipment	28	**(1,050)**	(62,002)
Purchases of reusable packaging materials		**—**	(10,848)
Payment of prepaid land lease	28	**—**	(63,350)
Proceeds from disposal of items of property, plant and equipment		**—**	8,284
Proceeds from disposal of land lease		**—**	5,275
Decrease/(increase) in restricted bank balances		**695,000**	(688,284)
Consideration received for the Disposal Transaction	12, 28	**842,279**	4,527,801
Increase/(decrease) in deposit received		**(80,829)**	695,191
Transaction costs paid for the Disposal Transaction	12, 28	**—**	(476,374)
Increase in time deposits with original maturity over three months when acquired		**(2,171,145)**	—
Net cash flows from/(used in) investing activities		**(506,214)**	3,935,693
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**—**	312,086
Repayments of bank loans		**—**	(312,086)
Dividend paid		**—**	(1,711,537)
Net cash flows used in financing activities		**—**	(1,711,537)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(745,927)**	2,220,210
Cash and cash equivalents at beginning of year		**2,409,213**	187,042
Effect of foreign exchange rate changes, net		**(2,851)**	1,961
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,660,435**	2,409,213
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	22		
Cash and bank balances		**322,365**	1,840,732
Non-pledged time deposits with original maturity of less than three months when acquired		**1,338,070**	568,481
Non-pledged time deposits with original maturity over three months when acquired		**2,171,145**	—
Cash and cash equivalents as stated in the consolidated balance sheet		**3,831,580**	2,409,213
Less: Non-pledged time deposits with original maturity over three months when acquired		**(2,171,145)**	—
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,660,435**	2,409,213

Balance Sheet

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**851**	58
Investments in subsidiaries	19	**669,664**	671,048
Other receivables	21	**—**	84,201
Total non-current assets		**670,515**	755,307
CURRENT ASSETS			
Due from subsidiaries	19	**4,638,232**	3,460,503
Prepayments, deposits and other receivables	21	**90,235**	584,693
Restricted bank balances	22	**191**	695,191
Cash and cash equivalents	22	**17,140**	6,713
Total current assets		**4,745,798**	4,747,100
CURRENT LIABILITIES			
Due to subsidiaries	19	**(3,122,517)**	(2,316,128)
Other payables, accruals and provision	23	**(40,705)**	(755,850)
Total current liabilities		**(3,163,222)**	(3,071,978)
NET CURRENT ASSETS		**1,582,576**	1,675,122
Net assets		**2,253,091**	2,430,429
EQUITY			
Issued capital	25	**171,154**	171,154
Reserves	27(b)	**2,081,937**	2,259,275
Total equity		**2,253,091**	2,430,429

YE Xuquan
Director

LI Wai Keung
Director

1. Corporate Information

Guangdong Land Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. GDH Limited ("GDH") is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is 廣東粵海控股集團有限公司(formerly known as 廣東粵海控股有限公司) (Guangdong Holdings Limited), a company established in the People's Republic of China (the "PRC").

During the year, the Group was involved in property development and investment.

For the prior year and up to 12 September 2013 ("Disposal Date"), as defined below, the Group was engaged in the production, distribution and sales of beer. On 5 February 2013, the Company entered into an agreement with China Resources Snow Breweries Limited ("CRSB") for the disposal of the entire equity capital of each of Kingway Brewery (China) Co., Ltd., Kingway Brewery Group (Chengdu) Co., Ltd., Kingway Brewery (Dongguan) Co., Ltd., Kingway Brewery (Foshan) Co., Ltd., Kingway Brewery (Shan Tou) Co., Ltd., Kingway Brewery (Tianjin) Co., Ltd., Kingway Brewery (Xian) Co., Ltd., Shenzhen Kingway Brewing Co., Ltd. and Guangdong Kingway Sales Limited (all being wholly-owned subsidiaries of the Group and collectively referred to as the "Sale Companies"), for an aggregate sale consideration of RMB4,800.5 million subject to adjustment, and without taking into account the cash and bank balances of the Sale Companies as at 30 September 2012; the related shareholders' loans at an aggregate amount of US$33 million; and certain payable balances of the Sale Companies of RMB373.2 million due to Shenzhen Kingway Brewery Co., Ltd. ("SZB"), a subsidiary of the Group. The above transaction (the "Disposal Transaction") constituted a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Details of the disposal were set out in a circular dated 9 April 2013. Approval of shareholders at the special general meeting held on 9 May 2013 was obtained, and the Disposal Transaction was completed on the Disposal Date. Upon completion of the Disposal Transaction in the prior year, the Group ceased the remaining beer operation conducted under SZB and discontinued the beer operation altogether (the "Discontinued Operation").

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

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

[1] Effective from 1 July 2014

2.2 Changes in Accounting Policies and Disclosures (continued)

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

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

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

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

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

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

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

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

2.3 New and Revised HKFRSs and New Disclosure Requirements under the Hong Kong Companies Ordinance not yet Adopted

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

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

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

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

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

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

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

2.3 New and Revised HKFRSs and New Disclosure Requirements under the Hong Kong Companies Ordinance not yet Adopted (continued)

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

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

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

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

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

2.4 Summary of Significant Accounting Policies

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

Business combinations and goodwill

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

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

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

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

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

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

Related parties

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

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

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

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

2.4 Summary of Significant Accounting Policies (continued)

Related parties (continued)

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

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost of properties under development comprises cost of land, development expenditure, capitalised borrowing costs and other direct costs attributable to the development. Net realisable value is based on estimated selling prices less estimated cost to be incurred to completion and disposal.

Property, plant and equipment and depreciation

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

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

If a property occupied by the Group as an owner-occupied property becomes an investment property, at the date of change in use, a valuation is performed. Any difference at that date between the carrying amount and the fair value of the property is dealt with as a movement in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

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

Buildings	3% – 6%
Plant, machinery and equipment	4.5% – 20%
Furniture and fixtures	18% – 20%
Motor vehicles	18% – 20%

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

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

Construction in progress represents buildings, plant, machinery and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises direct costs of construction and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

Non-current assets and assets of discontinued operations classified as held for sale

Non-current assets and assets of discontinued operations are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets and assets of discontinued operations classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

2.4 Summary of Significant Accounting Policies (continued)

Operating leases

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

Impairment of financial assets

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

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

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

The amount of any impairment loss identified 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). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

2.4 Summary of Significant Accounting Policies (continued)

Provisions

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

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

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

Revenue recognition

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

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

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

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

Employee benefits

Retirement benefit schemes

The Company and certain of its subsidiaries operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Employees of the Group's certain subsidiaries which operate in Mainland China are required to participate in a local pension scheme (the "LPS") operated by the local municipal government. These subsidiaries are required to contribute 26% to 45% of their payroll costs to the LPS. The contributions under the LPS are charged to the statement of profit or loss as they become payable in accordance with the rules of the LPS.

Share-based payments

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial model, taking into account the terms and conditions upon which the instruments were granted.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits (continued)

Share-based payments (continued)

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

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

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

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

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

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 Summary of Significant Accounting Policies (continued)

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

The functional currencies of subsidiaries not operating in Hong Kong are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries not operating in Hong Kong are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries not operating in Hong Kong which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

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

Judgements

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Estimation of fair value of investment properties

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

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

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

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

Further details, including the key assumptions used for fair value measurement, are given in note 16 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Land appreciation tax

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

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market price less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment allowances on loans and receivables

The Group regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Group considers whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from its receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to the receivables when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs from previous calculation, the provision estimated would be changed.

4. Operating Segment Information

The Group's principal business segment is corporate and others segment which comprises corporate income and expenses and property development and investment. Accordingly, no separate analysis of operating segment information is presented.

5. Revenue, Other Income and Gains

Revenue, which is the Group's turnover, represents rental income during the year.

An analysis of revenue and other income and gains is as follows:

	2014 HK$'000	2013 HK$'000
Revenue		
Gross rental income	**3,422**	—
Other income		
Gain on sale of scrap materials	**1,359**	—
Bank interest income	**136,621**	29,350
Imputed interest income	**38,241**	11,032
Gross rental income	**—**	3,323
Others	**4,603**	—
	180,824	43,705
Gains		
Fair value gains on investment properties	**—**	1,389
Gain on disposal of property, plant and equipment under assets held for sale	**73,384**	—
Foreign exchange differences, net	**(2,914)**	26,199
	70,470	27,588
	251,294	71,293

6. Finance Costs

Finance costs in the prior year represented interest on bank loans wholly repayable within five years.

7. Profit Before Tax

The Group's profit before tax from continuing operations is arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Depreciation	**770**	—
Minimum lease payments under operating leases in respect of land and buildings	**3,008**	580
Auditors' remuneration	**2,210**	2,576
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**55,010**	6,929
Pension scheme contributions	**8,370**	272
Less: Forfeited contributions	**(1)**	(7)
Pension scheme contributions*	**8,369**	265
	63,379	7,194
Less: Amounts capitalised in properties under development	**(1,419)**	—
	61,960	7,194
Impairment of property, plant and equipment under assets held for sale#	**5,800**	—
Adjustments on other receivables# *(note 21)*	**32,583**	—
Provisions for the Disposal Transaction# *(note 23)*	**24,547**	—

* At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2013: Nil).

\# Included in "other operating expenses" on the face of the consolidated statement of profit or loss.

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Fees:		
Independent non-executive directors	**1,640**	1,490
Non-executive directors	**—**	—
Executive directors	**—**	—
	1,640	1,490
Other emoluments:		
Salaries, allowances and benefits in kind	**2,000**	2,000
Bonuses	**1,390**	10,856
Pension scheme contributions	**400**	400
	3,790	13,256
	5,430	14,746

(a) Independent non-executive directors

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

	Fees	**Bonuses**	**Total remuneration**
	HK$'000	***HK$'000***	***HK$'000***
2014			
Alan Howard Smith	**520**	**—**	**520**
Fong Wo, Felix	**560**	**—**	**560**
Vincent Marshall Lee Kwan Ho	**560**	**—**	**560**
	1,640	**—**	**1,640**

	Fees	Bonuses	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*
2013			
Alan Howard Smith	470	500	970
Fong Wo, Felix	510	500	1,010
Vincent Marshall Lee Kwan Ho	510	500	1,010
	1,490	1,500	2,990

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

8. Directors' Remuneration (continued)

(b) Executive directors and non-executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014					
Executive directors:					
Ye Xuquan					
(Chief executive officer)	—	2,000	1,390	400	3,790
Zhao Chunxiao *(note a)*	—	—	—	—	—
Li Wai Keung	—	—	—	—	—
Liang Jiang *(note b)*	—	—	—	—	—
	—	2,000	1,390	400	3,790
Non-executive directors:					
Huang Xiaofeng *(Chairman)*	—	—	—	—	—
Huang Zhenhai	—	—	—	—	—
Luo Fanyu	—	—	—	—	—
	—	—	—	—	—
	—	2,000	1,390	400	3,790

8. Directors' Remuneration (continued)

(b) Executive directors and non-executive directors (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2013					
Executive directors:					
Ye Xuquan					
(Chief executive officer)	—	2,000	3,674	400	6,074
Liang Jiang	—	—	1,894	—	1,894
Li Wai Keung	—	—	1,894	—	1,894
	—	2,000	7,462	400	9,862
Non-executive directors:					
Huang Xiaofeng *(Chairman)*	—	—	—	—	—
Huang Zhenhai	—	—	—	—	—
Luo Fanyu	—	—	1,894	—	1,894
	—	—	1,894	—	1,894
	—	2,000	9,356	400	11,756

Notes:

(a) Zhao Chunxiao was appointed an executive director of the Company effective from 18 December 2014.

(b) Liang Jiang resigned as an executive director of the Company effective from 16 July 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included one (2013: two) director, details of whose remuneration are set out in note 8 above. The details of the remuneration for the year of the remaining four (2013: three) non-director, highest paid employees are as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,345**	2,416
Performance-related bonuses	**1,072**	4,672
Pension scheme contributions	**120**	—
	4,537	7,088

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

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

10. Income Tax

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

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

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**—**	—
Current – Elsewhere	**—**	—
LAT in Mainland China	**9,125**	—
Total tax charge for the year	**9,125**	—

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

Group

	2014	2013
	HK$'000	*HK$'000*
Profit before tax from continuing operations	**90,898**	27,090
Tax at the statutory tax rates	**14,998**	4,470
Income not subject to tax	**(28,371)**	(11,761)
Expenses not deductible for tax	**5,376**	7,291
Tax losses not recognised	**7,997**	—
LAT	**9,125**	—
Tax charge at the Group's effective rate	**9,125**	—

11. Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year ended 31 December 2014 includes a loss of HK$177,338,000 (2013: profit of HK$2,007,737,000) which has been dealt with in the financial statements of the Company (note 27(b)).

12. Discontinued Operation

Upon the disposal of the Sale Companies and the cessation of the remaining beer operation under SZB the Group discontinued the business of production, distribution and sales of beer.

The results of the discontinued operation for the year ended 31 December 2013 are presented below:

	2013 *HK$'000*
Revenue and other income	1,222,701
Cost of sales and expenses	(1,572,666)
Finance costs	(3,032)
Loss of the discontinued operation	(352,997)
Loss recognised on the remeasurement to fair value	(169,253)
Loss before tax from discontinued operation	(522,250)
Income tax:	
Related to pre-tax profit	(13,869)
	(536,119)
Gain on disposal of the Sale Companies	4,683,845
Transaction costs	(747,850)
Net gain on disposal of the Sale Companies	3,935,995
Profit for the year from discontinued operation	3,399,876

The major classes of assets of the discontinued operation classified as held for sale as at 31 December are as follows:

Group

	2014 ***HK$'000***	2013 *HK$'000*
Assets		
Property, plant and equipment	**27,833**	170,988
Trade receivables	**—**	427
Prepayments, deposits and other receivables	**762**	2,803
Assets classified as held for sales	**28,595**	174,218

12. Discontinued Operation (continued)

Net cash flows of the Group incurred by discontinued operation are as follows:

	2014 **HK$'000**	2013 *HK$'000*
Operating activities	—	(12,612)
Investing activities	—	3,935,753
Financing activities	—	—
Net cash inflow	—	3,923,141

	2014	2013
Earnings per share from discontinued operation:		
Basic	—	HK$1.99
Diluted	**N/A**	N/A

The calculation of earnings per share from the discontinued operation are based on:

	2014	2013
Profit attributable to ordinary equity holders of the Company from the discontinued operation	—	HK$3,399,876,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 14)*	**1,711,536,850**	1,711,536,850

Non-recurring fair value measurements:

	2014 **HK$'000**	2013 *HK$'000*
Assets held for sale	**23,397**	29,318

In accordance with HKFRS 5, assets held for sale with a carrying amount of HK$29,197,000 were written down to their fair value of HK$23,397,000, resulting in a loss of HK$5,800,000, which was charged to profit or loss for the year. In the prior year, assets held for sale with a carrying amount of HK$198,571,000 were written down to their fair value of HK$29,318,000, resulting in a loss of HK$169,253,000, which was included in profit or loss from discontinued operation.

12. Discontinued Operation (continued)

Details of the net assets of the Sale Companies disposed of in the prior year are as follows:

	2013 *HK$'000*
Property, plant and equipment	2,304,293
Investment properties	29,122
Prepaid land lease payments	302,069
Reusable packaging materials	16,195
Deferred tax assets	534
Inventories	224,797
Trade and bills receivables	16,879
Prepayments, deposits and other receivables	25,157
Cash and bank balances	210,659
Trade payables	(173,330)
Deferred revenue	(67,999)
Other payables and accruals	(221,253)
VAT payables	(1,630)
Due to fellow subsidiaries	(494,083)
Shareholders' loans	(323,700)
Deferred tax liabilities	(4,830)
Tax payable	(4,308)
	1,838,572
Sale of shareholders' loans	323,700
Sale of debts due from Sale Companies	485,834
Release of exchange reserves	(477,382)
Transaction costs	747,850
Net gain on disposal of the Sale Companies	3,935,995
Total consideration	6,854,569

	2013 *HK$'000*
Satisfied by:	
Cash	4,738,460
Other receivables	2,116,109

12. Discontinued Operation (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the Sale Companies is as follows:

	2013 *HK$'000*
Consideration	4,738,460
Cash and bank balances disposed of	(210,659)
Net inflow of cash and cash equivalents in respect of the disposal of the Sale Companies	4,527,801

13. Dividend

	2014 ***HK$'000***	2013 *HK$'000*
Special dividend – Nil (2013: HK$1) per ordinary share	—	1,711,537

14. Earnings Per Share

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 1,711,536,850 (2013: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2014 and 2013.

15. Property, Plant and Equipment

Group — 2014

	Note	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 31 December 2013 and at 1 January 2014:							
Cost		38,538	2,731	60	671	—	42,000
Accumulated depreciation		(32,434)	(1,896)	(2)	(463)	—	(34,795)
Net carrying amount		6,104	835	58	208	—	7,205
At 1 January 2014, net of accumulated depreciation		6,104	835	58	208	—	7,205
Additions		—	114	936	—	—	1,050
Depreciation	7	(327)	(196)	(143)	(104)	—	(770)
Exchange realignment		(35)	(3)	—	(1)	—	(39)
At 31 December 2014, net of accumulated depreciation		5,742	750	851	103	—	7,446
At 31 December 2014:							
Cost		38,444	2,837	996	669	—	42,946
Accumulated depreciation		(32,702)	(2,087)	(145)	(566)	—	(35,500)
Net carrying amount		5,742	750	851	103	—	7,446

15. Property, Plant and Equipment (continued)

Group — 2013

	Note	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 1 January 2013:							
Cost		1,481,346	3,222,953	902	33,491	87,852	4,826,544
Accumulated depreciation		(461,695)	(1,725,899)	(902)	(27,770)	—	(2,216,266)
Net carrying amount		1,019,651	1,497,054	—	5,721	87,852	2,610,278
At 1 January 2013, net of accumulated depreciation		1,019,651	1,497,054	—	5,721	87,852	2,610,278
Additions		154	34,439	66	503	30,612	65,774
Disposals/write-off		(576)	(7,705)	—	—	—	(8,281)
Depreciation		(27,900)	(90,228)	(3)	(512)	—	(118,643)
Disposal of subsidiaries	12	(938,171)	(1,360,932)	(5)	(4,701)	(484)	(2,304,293)
Transfer		53	381	—	—	(434)	—
Assets included in a discontinued operation	12	(69,540)	(122,066)	—	(927)	(118,868)	(311,401)
Exchange realignment		22,433	49,892	—	124	1,322	73,771
At 31 December 2013, net of accumulated depreciation		6,104	835	58	208	—	7,205
At 31 December 2013:							
Cost		38,538	2,731	60	671	—	42,000
Accumulated depreciation		(32,434)	(1,896)	(2)	(463)	—	(34,795)
Net carrying amount		6,104	835	58	208	—	7,205

15. Property, Plant and Equipment (continued)

Company — 2014

	Furniture and Fixtures *HK$'000*
At 31 December 2013 and at 1 January 2014:	
Cost	**60**
Accumulated depreciation	**(2)**
Net carrying amount	**58**
At 1 January 2014, net of accumulated depreciation	**58**
Additions	**936**
Depreciation	**(143)**
At 31 December 2014, net of accumulated depreciation	**851**
At 31 December 2014:	
Cost	**996**
Accumulated depreciation	**(145)**
Net carrying amount	**851**

Company — 2013

	Furniture and Fixtures *HK$'000*
At 1 January 2013:	
Cost	—
Accumulated depreciation	—
Net carrying amount	—
At 1 January 2013, net of accumulated depreciation	—
Additions	60
Depreciation	(2)
At 31 December 2013, net of accumulated depreciation	58
At 31 December 2013:	
Cost	60
Accumulated depreciation	(2)
Net carrying amount	58

16. Investment Properties

Group

	2014 HK$'000	2013 HK$'000
Carrying amount at 1 January	**29,673**	56,263
Fair value gains on investment properties	**—**	1,389
Disposal of subsidiaries *(note 12)*	**—**	(29,122)
Exchange realignment	**(114)**	1,143
Carrying amount at 31 December	**29,559**	29,673

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

The Group's investment properties as at 31 December 2014 consisted of one industrial, one warehouse and one residential/non-residential properties in Mainland China. The directors of the Company have determined that the investment properties consist of three classes of asset, i.e., industrial, warehouse and residential/non-residential, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued at 31 December 2014 by Vigers Appraisal And Consulting Limited, independent professionally qualified valuers, at RMB23,330,000 (HK$29,559,000). Each year, the Group's senior management and the chief financial officer decide to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance manager and the chief financial officer have discussions with the valuers on the valuation assumptions and valuation results twice a year for the purpose of interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 29(a) to the financial statements.

Fair value hierarchy

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

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) *HK$'000*	**Significant observable inputs (Level 2) *HK$'000***	**Significant unobservable inputs (Level 3) *HK$'000***	**Total *HK$'000***
Recurring fair value measurement for:				
Industrial property	—	—	**2,662**	**2,662**
Warehouse property	—	—	**15,389**	**15,389**
Residential/non-residential property	—	—	**11,508**	**11,508**
	—	—	**29,559**	**29,559**

16. Investment Properties (continued)

Fair value hierarchy (continued)

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Recurring fair value measurement for:				
Industrial property	—	—	2,671	2,671
Warehouse property	—	—	15,441	15,441
Residential/non-residential property	—	—	11,561	11,561
	—	—	29,673	29,673

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Industrial property *HK$'000*	**Warehouse property** *HK$'000*	**Residential/ Non-residential property** *HK$'000*
Carrying amount at 1 January 2013	14,676	14,245	27,342
Fair value gain	213	601	575
Disposal of subsidiaries	(12,321)	—	(16,801)
Exchange realignment	103	595	445
Carrying amount at 31 December 2013 and 1 January 2014	2,671	15,441	11,561
Exchange realignment	(9)	(52)	(53)
Carrying amount at 31 December 2014	2,662	15,389	11,508

16. Investment Properties (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2014	2013
Industrial property	Income approach	Estimated rental value (per s.q.m. and per month)	HK$5.7	HK$5.6
		Capitalisation rate	Term: 7% Reversion: 8%	Term: 8% Reversion: 9%
Warehouse and residential/ non-residential properties	Income approach	Estimated rental value (per s.q.m. and per month)	HK$9.5 to HK$9.7	HK$8.8 to HK$9.0
		Capitalisation rate	Term: 8% Reversion: 9%	Term: 8% Reversion: 9%

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

The industrial property was assessed by adopting the income approach on the basis of capitalisation of the market rental of the property. Due to the fact that rental comparables of industrial land in the locality is not available, transactions of industrial land in the locality is adjusted for the difference from the subject property and decapitalised to obtain the market rent.

The warehouse and residential/non-residential properties were assessed by adopting the income approach on the basis of capitalisation of the net income derived by making allowance for reversionary income potential of the subject properties. Due to the fact that the nature of the buildings and structures, rental income of similar buildings and structures is not available, for reversionary income potential of the subject property, the valuers have adopted a combination of the market and depreciated replacement cost approaches in assessing the land portions of the properties and the buildings and structures standing on the land. The sum of the two results represents the market value of the properties as a whole. In the valuation of the land portions, reference has been made to the standard land price in Shenzhen City and the sales evidence as available in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value; they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business or of the whole entity.

17. Prepaid Land Lease Payments

Group

	2013 HK$'000
Carrying amount at 1 January	254,500
Additions	63,350
Disposals	(843)
Disposal of subsidiaries *(note 12)*	(302,069)
Transfer to properties under development *(note 20)*	(14,054)
Recognised during the year	(4,992)
Exchange realignment	4,108
Carrying amount at 31 December	—

18. Goodwill

Group

	HK$'000
Cost and net carrying amount at 1 January 2013 and 31 December 2013	9,384
Transfer to assets of discontinued operation classified as held for sale	(9,384)
Cost and net carrying amount at 31 December 2013	—

19. Investments in Subsidiaries

	Company	
	2014 **HK$'000**	2013 HK$'000
Unlisted shares/investments, at cost	**261,816**	261,816
Due from subsidiaries	**407,848**	409,232
	669,664	671,048

At 31 December 2014, the amounts due from subsidiaries of HK$407,848,000 (2013: HK$409,232,000) are unsecured, interest-free and are not repayable within one year. In the opinion of the directors, these amounts due from subsidiaries are considered as quasi-equity loans to the subsidiaries. The amounts due from subsidiaries included in the Company's current assets of HK$4,638,232,000 (2013: HK$3,460,503,000) are unsecured, interest-free and repayable on demand or within one year.

19. Investments in Subsidiaries (continued)

At 31 December 2014, the amounts due to subsidiaries are unsecured, interest-free and repayable on demand or within one year.

Particulars of the principal subsidiary are as follows:

Company	Place of incorporation/ registration and business	Issued/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activity
SZB#*	PRC/Mainland China	US$50,000,000	—	100	Property development and investment
Bonus Point Enterprises Limited	Hong Kong	HK$1	—	100	Investment holding
Brilliant Well Enterprises Limited	Hong Kong	HK$1	—	100	Investment holding
City Century Limited	Hong Kong	HK$1	—	100	Investment holding
Ease Court Investment Limited	Hong Kong	HK$102	—	100	Investment holding
Harbour Bright Enterprises Limited	Hong Kong	HK$102	—	100	Investment holding
Jade Shine Limited	Hong Kong	HK$1	—	100	Investment holding
Morefit Limited*	British Virgin Islands	US$1	—	100	Investment holding
Silver Coin Limited	Hong Kong	HK$1	—	100	Investment holding

This subsidiary was registered as a wholly-foreign-owned enterprise under PRC law.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

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

20. Properties under Development

	Group 2014 HK$'000	2013 HK$'000
Land situated outside Hong Kong under medium term lease, at cost		
At 1 January	**19,812**	—
Transfer from prepaid land lease payments *(note 17)*	**—**	14,054
Additions	**5,387**	5,758
Exchange realignment	**(47)**	—
At 31 December	**25,152**	19,812

21. Prepayments, Deposits and Other Receivables

The financial assets included in prepayments, deposits and other receivables relate to receivables for which there was no recent history of default.

Included in the Group's and the Company's balances at 31 December 2014 were HK$645,186,000 (2013: HK$2,127,141,000) and HK$89,225,000 (2013: HK$667,358,000), respectively, being the outstanding consideration receivable from the Disposal Transaction. The amount is due at various intervals with the final amount of approximately RMB538.4 million due 24 months after the Overall Completion Date, as defined in the master sales agreement.

During the year, as a result of changes in circumstances, the Group had come to an agreement with CRSB to adjust the settlement amount of the consideration down by HK$32,583,000. The adjustments were based on the additional liabilities that the Sale Companies shall assume and reduction of liabilities that the Group shall take up. The adjustments on other receivable of HK$32,583,000 was charged to profit or loss for the year (note 7).

In addition to certain adjustments to the considerations stipulated in the master sales agreement, the Group had undertaken to bear any losses arising from the Sale Companies for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the Disposal Date.

22. Cash and Bank Balances

		Group		Company	
		2014	2013	**2014**	2013
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances		**322,365**	1,840,732	**17,331**	701,904
Time deposits with original maturity of less than three months when acquired		**1,338,261**	1,263,672	**—**	—
Time deposits with original maturity over three months when acquired		**2,171,145**	—	**—**	—
	(i)	**3,831,771**	3,104,404	**17,331**	701,904
Less: Restricted time deposit	*(ii)*	**(191)**	(695,191)	**(191)**	(695,191)
Cash and cash equivalents		**3,831,580**	2,409,213	**17,140**	6,713

Notes:

(i) At the end of the reporting period, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$3,750,951,000 (2013: HK$3,097,679,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(ii) In connection with the Disposal Transaction, a cash deposit was made by CRSB to a designated bank account which is jointly operated by the Company and CRSB for specific use, in particular, for settlement of the disposal consideration. During the current year, HK$695,191,000 was released, of which HK$614,362,000 was applied as partial settlement for the Disposal Transaction and HK$80,829,000 was refunded to CRSB. The balance at 31 December 2014 of HK$191,000 was bank interest accrued during the year .

22. Cash and Bank Balances (continued)

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23. Other Payables, Accruals and Provision

Included in the Group's and the Company's balances at 31 December 2014 were HK$210,673,000 (2013: HK$488,042,000) and HK$35,821,000 (2013: HK$26,631,000), respectively, being liabilities directly associated with the discontinued operation as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	**—**	151	**—**	—
Other payables and accruals	**135,880**	383,590	**2,395**	8,226
Tax payable including capital gain tax	**50,246**	104,301	**8,879**	18,405
Provisions#	**24,547**	—	**24,547**	—
	210,673	488,042	**35,821**	26,631

According to the master sales agreement, the Group had undertaken to bear any losses arising from the Sale Companies for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the Disposal Date. At 31 December 2014, provisions of HK$24,547,000 were recorded in relation to such undertaking.

Included in other payables, accruals and provision at 31 December 2013 was a deposit of HK$695,191,000 in relation to the Disposal Transaction, further details of which are included in note 22(ii).

Financial liabilities included in other payables and accruals at the end of the reporting period are non-interest bearing and are either due within one year or have no fixed terms of repayment.

24. Deferred Tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group — 2014

Deferred tax liabilities

	Revaluation of properties *HK$'000*
At 1 January 2014 and 31 December 2014	**(5,860)**

Group — 2013

Deferred tax assets

	Decelerated tax depreciation *HK$'000*	Fair value adjustments arising from acquisition of subsidiaries *HK$'000*	Total *HK$'000*
At 1 January 2013	3,050	2,135	5,185
Deferred tax charged to the statement of profit or loss during the year	(3,288)	(1,601)	(4,889)
Disposal of subsidiaries	—	(534)	(534)
Exchange differences	238	—	238
At 31 December 2013	—	—	—

Deferred tax liabilities

	Accelerated tax depreciation *HK$'000*	Revaluation of properties *HK$'000*	Total *HK$'000*
At 1 January 2013	(2,539)	(7,791)	(10,330)
Deferred tax credited/(charged) to the statement of profit or loss during the year	449	(347)	102
Disposal of subsidiaries	2,141	2,689	4,830
Exchange differences	(51)	(411)	(462)
At 31 December 2013	—	(5,860)	(5,860)

24. Deferred Tax (continued)

The Company and subsidiaries operated in Hong Kong have tax losses arising in Hong Kong of HK$174,048,000 (2013: HK$165,459,936) that are available indefinitely for offsetting against their future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered it not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised.

As at 31 December 2014, the Group had tax losses arising in Mainland China of HK$330,634,000 (2013: HK$197,070,000) that are available for a maximum of five years from the year in which the tax loss arises for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2014 and 31 December 2013, there is no unremitted earnings of the Group's subsidiary established in Mainland China.

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

25. Share Capital

Shares

	2014	2013
	HK$'000	*HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
1,711,536,850 (2013: 1,711,536,850) ordinary shares of HK$0.10 each	**171,154**	171,154

Share options

Details of the Company's share option scheme are included in note 26 to the financial statements.

26. Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives to the participants to contribute to the Group, to enable the Group to recruit and retain quality employees to serve the Group on a long term basis, to maintain good relationship with its consultants, professional advisers, suppliers of goods or services and customers and to attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include the directors (including non-executive and independent non-executive directors), employees or executives of the Group, consultants or advisers of the Group, suppliers of goods or services to the Group, customers of the Group, and substantial shareholders of the Group. The Share Option Scheme was adopted on 31 May 2002 and, unless otherwise terminated or amended, will remain in force for a period of 10 years from 10 January 2003. In this connection, the Share Option Scheme was expired on 10 January 2013.

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 and any other schemes of the Company must not exceed 30% of the shares in issue at any time. The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue as at the date of adopting the Share Option Scheme, but the Company may seek approval of its shareholders in a general meeting to refresh the 10% limit under the Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible participant (including both exercised and outstanding options) in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's share at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 14 days from the date of offer upon payment of a consideration of HK$1.00 by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of grant of the share options.

26. Share Option Scheme (continued)

The exercise price of the share options is determinable by the directors of the Company, but must not be less than the highest of (i) the closing price of the Company's shares as stated on daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the grant, which must be a business day; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of the grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 December 2014 and 2013, there were no outstanding share options under the Share Option Scheme. During the year ended 31 December 2013, no share options were granted, exercised, cancelled or lapsed pursuant to the Share Option Scheme.

27. Reserves

(a) Group

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

Pursuant to the relevant PRC laws and regulations, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to the enterprise development funds and the reserve funds which are restricted as to use and are not available for distribution. When the balances of these reserves reach 50% of each company's share capital, any further appropriation is optional. The amounts transferred from the retained profits are determined by the board of directors of these subsidiaries.

On 23 April 1998, a special resolution was passed in a special general meeting of the Company for a reduction of its share premium account in the amount of HK$140,234,000. This amount was credited to the Group's and the Company's capital reserve accounts against which goodwill arising on the acquisitions of subsidiaries was eliminated in the Group account.

(b) Company

	Note	**Share premium account** *HK$'000*	**Capital reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2013		1,688,606	140,234	134,235	1,963,075
Total comprehensive income		—	—	2,007,737	2,007,737
Special dividend	*13*			(1,711,537)	(1,711,537)
At 31 December 2013 and 1 January 2014		1,688,606	140,234	430,435	2,259,275
Total comprehensive loss		—	—	(177,338)	(177,338)
At 31 December 2014		1,688,606	140,234	253,097	2,081,937

28. Notes to the Consolidated Cash Flow Statement

(i) In connection with the Disposal Transaction, a cash deposit was made by CRSB to a designed bank account which is jointly operated by the Company and CRSB for specific use, in particular, for settlement of the disposal consideration. During the current year, HK$695,191,000 was released, of which HK$614,362,000 was applied as partial settlement for the Disposal Transaction and HK$80,829,000 was refunded to CRSB.

(ii) Consideration of HK$2,127,141,000 included in other receivables at 31 December 2013 in connection with the Disposal Transaction was not settled during the year ended 31 December 2013.

(iii) During the year ended 31 December 2013, part of the transaction costs of HK$271,476,000 arising from the Disposal Transaction was not settled.

(iv) During the year ended 31 December 2013, certain additions of property, plant and equipment of HK$3,998,000 were recorded as accruals at 31 December 2013.

(v) During the year ended 31 December 2013, prepayments of HK$7,396,000 were transferred to property, plant and equipment.

29. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with terms of one year (2013: one year). The terms of the leases generally also require the tenants to pay security deposits and provide periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**239**	1,192

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (2013: one to three years).

29. Operating Lease Arrangements (continued)

(b) As lessee (continued)

At the end of the reporting period, the Group and the Company had total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, falling due as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**2,726**	3,216
In the second to fifth years, inclusive	**2,725**	5,224
	5,451	8,440

	Company	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**2,726**	2,892
In the second to fifth years, inclusive	**2,725**	5,224
	5,451	8,116

30. Commitments

In addition to the operating lease commitments detailed in note 29(b) to the financial statements, the Group had the following commitments at the end of the reporting period:

	2014	2013
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**6,098**	10,722
Property, plant and equipment	**—**	580
	6,098	11,302

At the end of the reporting period, the Company had no significant capital commitments (2013: Nil).

31. Contingency

Save as disclosed elsewhere in these financial statements, there is no contingent asset or liability at the end of the reporting period.

32. Related Party Transactions and Continuing Connected Transactions

Related party transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following related party transactions during the year:

(i) *Rental expenses*

	2014	2013
	HK$'000	*HK$'000*
Rental expenses paid to fellow subsidiaries	**2,888**	1,052

The rental was based on normal commercial terms agreed between the respective parties.

At the end of the reporting period, the Group had total future minimum lease commitment to its fellow subsidiaries of HK$5,451,000 (2013: HK$8,827,000) for a lease arrangement ending at 30 November 2016.

(ii) *Purchases of malt*

In the prior year, the Group purchased malt from certain fellow subsidiaries of the Company, including Guangzhou Malting Co., Ltd., which was an 87.4% owned subsidiary of GDH, and from Ningbo Malting Co., Ltd., Supertime (Qinhuangdao) Malting Co., Ltd. and 永昌永順泰啤酒原料有限公司 which were wholly-owned subsidiaries of GDH. The transactions were entered into based on normal commercial terms agreed between the relevant parties.

The aggregate amounts of malt purchased by the Group from the fellow subsidiaries are as follows:

	2013
	HK$'000
Guangzhou Malting Co., Ltd.	71,631
Ningbo Malting Co., Ltd.	12,312
Supertime (Qinhuangdao) Malting Co., Ltd.	20,457
永昌永順泰啤酒原料有限公司	4,978
	109,378

32. Related Party Transactions and Continuing Connected Transactions (continued)

Related party transactions (continued)

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

	2014 HK$'000	2013 HK$'000
Short term employee benefits	**4,546**	11,320
Post-employment benefits	**400**	400
Total compensation paid to key management personnel	**4,946**	11,702

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

The related party transactions in respect of items disclosed in note 32(a) also constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Continuing connected transactions

During the year, the Group had the following continuing connected transactions that are disclosed below as required by the disclosure requirements of Chapter 14A of the Listing Rules.

Leasing of the Company's office premises

On 29 November 2013, the Company entered into a tenancy agreement with Guangdong Power (International) Limited, a non-wholly owned subsidiary of Guangdong Investment Limited, a fellow subsidiary of the Company, which became effective for the period from 1 December 2013 to 30 November 2016 in relation to the leasing of the whole floor of 18th Floor of the Guangdong Investment Tower as the Company's office premises as its head office and principal place of business in Hong Kong at a monthly rent of HK$247,000 (the "Tenancy Agreement").

The board of the Company, including the independent non-executive directors, have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the Tenancy Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the HKICPA. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

33. Financial Instruments by Category

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

Group

Financial assets

	2014 Loans and receivables *HK$'000*	2013 Loans and receivables *HK$'000*
Financial assets included in prepayments, deposits and other receivables	**695,726**	2,147,903
Restricted bank balances	**191**	695,191
Cash and cash equivalents	**3,831,580**	2,409,213

Financial liabilities

	2014 Financial liabilities at amortised cost *HK$'000*	2013 Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in other payables and accruals	**190,651**	1,114,470

33. Financial Instruments by Category (continued)

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

Company

Financial assets

	2014 Loans and receivables *HK$'000*	2013 Loans and receivables *HK$'000*
Due from subsidiaries	**4,638,232**	3,460,503
Financial assets included in prepayments and other receivables	**90,235**	668,894
Restricted bank balances	**191**	695,191
Cash and cash equivalents	**17,140**	6,713

Financial liabilities

	2014 Financial liabilities at amortised cost *HK$'000*	2013 Financial liabilities at amortised cost *HK$'000*
Due to subsidiaries	**3,122,517**	2,316,128
Financial liabilities included in other payables and accruals	**7,279**	737,445

34. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

34. Financial Risk Management Objectives and Policies (continued)

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

(i) Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	*HK$'000*	*HK$'000*
2014			
If HK$ weakens against RMB	**3**	**119,545**	**119,545**
If HK$ strengthens against RMB	**(3)**	**(119,545)**	**(119,545)**
2013			
If HK$ weakens against RMB	3	129,573	129,573
If HK$ strengthens against RMB	(1)	(43,191)	(43,191)

(ii) Credit risk

Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparty, with a maximum exposure equal to carrying amounts of these instruments. At 31 December 2014, an amount of HK$645,186,000 (2013: HK$2,127,141,000) in connection with the Disposal Transaction was due from CRSB.

34. Financial Risk Management Objectives and Policies (continued)

(iii) Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the bank facilities.

Management of the Group has carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the end of the reporting period. Based on this forecast, accompanied by the bank facilities available, the directors of the Company have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the forecast period. In preparing the cash flow forecast, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of loans financing which may impact the operations of the Group prior to the end of the next twelve months after the end of the reporting period. The directors of the Company are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

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

Group

	2014			
	On demand *HK$'000*	**Less than 3 months** *HK$'000*	**3 to less than 12 months** *HK$'000*	**Total** *HK$'000*
Other payables and accruals	**132,164**	**58,487**	**—**	**190,651**

	2013			
	On demand *HK$'000*	Less than 3 months *HK$'000*	3 to less than 12 months *HK$'000*	Total *HK$'000*
Other payables and accruals	1,045,008	69,462	—	1,114,470

34. Financial Risk Management Objectives and Policies (continued)

(iii) Liquidity risk (continued)

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

Company

	2014				
	On demand	Less than 3 months	3 to less than 12 months	More than 1 year	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries	**3,122,517**	**—**	**—**	**—**	**3,122,517**
Other payables and accruals	**7,279**	**—**	**—**	**—**	**7,279**
	3,129,796	**—**	**—**	**—**	**3,129,796**

	2013				
	On demand	Less than 3 months	3 to less than 12 months	More than 1 year	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Due to subsidiaries	2,316,128	—	—	—	2,316,128
Other payables and accruals	737,445	—	—	—	737,445
	3,053,573	—	—	—	3,053,573

(iv) Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

34. Financial Risk Management Objectives and Policies (continued)

(iv) Capital management (continued)

The Group monitors capital using a gearing ratio, which is total debt divided by equity plus total debt. The Group's policy is to maintain the ratio less than 100%. Total debt includes interest-bearing bank borrowings. Equity represents equity attributable to equity holders of the Company. The gearing ratios as at the ends of the reporting periods were as follows:

	2014	2013
	HK$'000	*HK$'000*
Total debt	—	—
Equity attributable to equity holders	4,337,785	4,258,584
Equity and total debt	4,337,785	4,258,584
Gearing ratio	0%	0%

35. Events After the Reporting Period

On 16 March 2015, the Company entered into a sale and purchase agreement with GDH, pursuant to which the Company has conditionally agreed to acquire from GDH the entire issued share capital of Triumphant Success Limited (the "Target Company"), a wholly-owned subsidiary of GDH, and the outstanding loan due to GDH from Triumphant Success (Hong Kong) Limited, a wholly-owned subsidiary of both the Target Company and GDH, for the aggregate consideration of RMB404,590,800 (equivalent to approximately HK$509,881,000), subject to adjustment (if any) in accordance with the terms and conditions of the sale and purchase agreement.

The principal asset of the Target Company is its indirect 80% equity interest in 廣州市番禺粵海房地產有限公司 (Guangzhou Panyu Yuehai Real Estate Company Limited), which in turn holds certain commodity residential properties and the related ancillary facilities located in Panyu District, Guangzhou, the PRC with a total site area of approximately 38,771 square metres. The properties comprise, among others, ten residential buildings and 651 car-parking spaces, with an aggregate gross floor area of approximately 127,597 square metres. Upon the completion of the aforementioned transactions the Target Company will become a wholly-owned subsidiary of the Company. Further details of the above transaction were disclosed in the Company's announcement released on 16 March 2015.

36. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 16 March 2015.

GDH 粵海置地控股有限公司
Guangdong Land Holdings Limited